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): September 23, 2005

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)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] 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

(i) On September 23, 2005, Churchill Downs Incorporated (the "Company") as Borrower entered into an Amended and Restated Credit Agreement (the "Agreement") with JPMorgan Chase Bank, N.A. and the other lending institutions listed in the Agreement (the "Lenders"), JPMorgan Chase Bank, N.A. as Agent and Collateral Agent (the "Agent"), with PNC Bank, National Association as Syndication Agent and National City Bank of Kentucky as Documentation Agent. JPMorgan Securities Inc. and PNC Capital Markets, Inc. acted as co-lead Arrangers and Joint Book Runners under the Agreement. The Guarantors under the Agreement are Company subsidiaries Churchill Downs Management Company, Churchill Downs Investment Company, Churchill Downs Simulcast Productions, LLC, Charlson Industries, Inc., Racing Corporation of America, Calder Race Course, Inc., Tropical Park, Inc., 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.

The Agreement amends, supersedes and restates in its entirety a previous credit agreement dated as of April 3, 2003 by and among the Company, the guarantors party thereto, the lenders party thereto and the Agent, as the same had been amended prior to September 23, 2005 (the "Previous Credit Agreement"). All loans made and secured obligations incurred under the Previous Credit Agreement which were outstanding on September 23, 2005 continue as loans and secured obligations under the Agreement. The Agreement provides for a maximum borrowing of $200,000,000 (including a letter of credit subfacility not to exceed $25,000,000 and a swing line commitment up to a maximum principal amount of $15,000,000). The facility terminates on September 23, 2010. The Company may at any time, with the consent of the Agent but without the consent of the Lenders except as set forth in the Agreement, increase the aggregate commitment up to an amount not to exceed $250,000,000, subject to satisfaction of the requirements set forth in the Agreement. This maximum borrowing amount may be reduced from time to time according to the terms of the Agreement. Borrowings made pursuant to the Agreement may be revolving loans or swing line loans, the combined sum of which may not exceed the maximum borrowing amount. Amounts borrowed under the Agreement may be borrowed, repaid and reborrowed from time to time until September 23, 2010.

Borrowings made pursuant to the Agreement will bear interest, payable the last day of each calendar quarter on floating rate advances or at the end of any interest period on Eurodollar advances, at either (a) the floating rate, described in the Agreement as the higher of the Agent’s prime rate or the federal funds rate plus 0.50%, or (b) the applicable margin (the "Applicable Margin") of 75 to 150 additional basis points (determined with reference to the Company’s leverage ratio) plus a rate based upon the Eurodollar rate (a publicly published rate). Swing line loans bear interest at the prime rate of the swing line lender. Under the Agreement, the

Company agreed to pay a commitment fee, payable on the last day of each calendar quarter, at rates that range from 0.15% to 0.375% of the available aggregate commitment, depending on the Company's leverage ratio.

The Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on the Company and its subsidiaries with respect to indebtedness, liens, investments, mergers and acquisitions, disposition of assets, sale-leaseback transactions, and transactions with affiliates. The covenants permit the Company to use proceeds of the credit extended under the Agreement for the repayment of all amounts under the Company's $100.0 million Floating Rate Senior Secured Notes due March 31, 2010 (the "Senior Notes"), for working capital, for general corporate purposes and acquisition needs. The Agreement also contains financial covenants that require the Company (i) to maintain an interest coverage ratio of consolidated adjusted EBITDA to consolidated interest expense to be greater than 3.5 to 1.0; (ii) not to permit the leverage ratio of consolidated funded indebtedness to consolidated adjusted EBITDA to be greater than 3.25 to 1.0; and (iii) to maintain consolidated net worth of not less than $190,000,000 as of September 23, 2005, increasing for fiscal years ending after December 31, 2005 by 50% of consolidated net income and increasing by 100% of the net proceeds of any future debt and equity offerings.

The Agreement provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, failure to comply with covenants, any representation or warranty made by the Company being materially false on the date made, certain insolvency or receivership events affecting the Company or its subsidiaries, defaults relating to other indebtedness of at least $3,000,000 in the aggregate (with certain exceptions contained in the Agreement), and a change in control of the Company (as defined in the Agreement).

In the event of a default by the Company, the requisite number of Lenders, or the Agent at their request, may declare all obligations under the Agreement immediately due and payable, terminate the Lenders' commitments to make loans under the Agreement, and make demand on the Company to pay to the collateral agent the Collateral Shortfall Amount (as defined in the Agreement). For certain events of default related to insolvency and receivership, the commitments of Lenders will be automatically terminated and all outstanding obligations of the Company will become immediately due and payable.

Certain of the Lenders party to the Agreement, and their respective affiliates, have performed, and may in the future perform for the Company and its subsidiaries, various commercial banking, investment banking, underwriting and other financial advisory services, for which they have received, and will receive, customary fees and expenses.

The foregoing description of the Agreement and related matters is qualified in its entirety by reference to the Agreement, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

(ii) On September 23, 2005, in connection with the closing of the transactions contemplated by the Asset Purchase Agreement, as amended, between Churchill Downs California Company ("CDCC") and Bay Meadows Land Company, LLC ("Bay Meadows") dated as of July 6, 2005, described further under Item 2.01 of this Current Report on Form 8-K, CDCC and Hollywood Park Land Company, LLC (the "Purchaser"), the assignee of Bay Meadows, entered into a letter agreement (the "Letter Agreement") modifying the Asset Purchase Agreement between CDCC and Bay Meadows (as amended, the "Purchase Agreement"). Pursuant to the Letter Agreement, the parties agreed at closing of the Purchase Agreement to reduce the purchase price of the assets acquired by the Purchaser by $2.5 million to address environmental remediation issues and to provide a working capital adjustment in favor of the Purchaser in the amount of $2.5 million. In addition, as of the closing, the parties agreed that CDCC would retain certain immaterial liabilitites and certain simulcast receivables and payables. The foregoing description of the Letter Agreement is qualified in its entirety by reference to the Letter Agreement, which is filed as Exhibit 10.2 hereto and incorporated herein by reference.

(iii) On September 23, 2005, in connection with the closing of the transactions contemplated by the Purchase Agreement, Bay Meadows, Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, L.P., Stockbridge Real Estate Fund II-T, LP, Stockbridge Hollywood Park Co-Investors, LP, Stockbridge HP Holdings Company, LLC and Churchill Downs Investment Company entered into a reinvestment agreement (the "Reinvestment Agreement"). Pursuant to the Reinvestment Agreement, Churchill Downs Investment Company, a wholly owned subsidiary of the Company, will have the option to reinvest in the Hollywood Park Racetrack business, in the event of certain triggering events which would allow the Hollywood Park Racetrack business to engage in electronic gaming, or other significant gaming and/or subsidies not currently authorized.

The foregoing description of the Reinvestment Agreement is qualified in its entirety by reference to the Reinvestment Agreement, which is filed as Exhibit 10.3 hereto and incorporated herein by reference.

ITEM 1.02. TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

In connection with our entry into the new credit agreement described under Item 1.01(i) above, we repaid the $100.0 million in Senior Notes with a seven year term issued pursuant to that certain Note Purchase Agreement dated April 3, 2003, as amended by the First Amendment Agreement dated as of October 14, 2004 to Note Purchase Agreement 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, Sun America Life Insurance Company and Prudential Retirement Ceded Business Trust. The $100.0 million Senior Notes bore interest based on LIBOR plus a spread of 155 to 280 basis points determined by the Company meeting certain financial requirements.

The information included in Item 1.01(i) of this Report with respect to the repayment of the Senior Notes is incorporated by reference into this Item 1.02.

ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On September 23, 2005, CDCC, a wholly-owned subsidiary of the Company, completed the disposition of the Hollywood Park Racetrack horse racing facility and the Hollywood Park Casino facility located in Inglewood, California ("Hollywood Park") to the Purchaser pursuant to the Purchase Agreement dated July 6, 2005. Pursuant to the Purchase Agreement, the Purchaser acquired substantially all of the assets of CDCC used in its operation of the Hollywood Park Racetrack, which includes land, buildings, improvements and equipment, and the building in which the Hollywood Park Casino is operated and related fixtures for a purchase price of $257.5 million cash (the "Assets"), and, in addition, the Purchaser agreed to assume certain liabilities of CDCC related to the Assets, subject to certain adjustments contained in the Purchase Agreement. The actual cash proceeds received by CDCC on September 23, 2005, including the amounts applied to payoff indebtedness, was $254.6 million after adjustment.

The Purchase Agreement was previously described in a Form 8-K filed July 12, 2005, as amended on Form 8-K/A filed July 18, 2005. The foregoing description of the Purchase Agreement is qualified in its entirety by reference to the Purchase Agreement, as amended, which is included as Exhibit 10.4, Exhibit 10.5 and Exhibit 10.2 hereto and incorporated herein by reference.

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

The information described above under Part (i) of "Item 1.01 Entry Into a Material Definitive Agreement" is incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(b) Pro forma financial information

The following unaudited pro forma condensed financial information gives effect to CDCC's disposition of the Assets to the Purchaser on September 23, 2005. The unaudited pro forma condensed consolidated statements of operations for each of the years in the three-year period ended December 31, 2004 include the effects of the disposition as if the disposition had occurred on January 1, 2002. The following unaudited pro forma condensed financial information, consisting of the unaudited pro forma condensed consolidated balance sheet as of June 30, 2005, the unaudited pro forma condensed consolidated statements of operations, and the accompanying notes, should be read in conjunction with the historical annual and quarterly financial statements and accompanying notes of the Company. An unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2005 and 2004 is not included as the effects of the disposition are already reflected as a discontinued operation in the Company's financial statements included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2005. The pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the future results of operations of the Company after disposition of the Assets, or of the results of operations of the Company that would have occurred had the disposition been effected on the dates described above.

CHURCHILL DOWNS INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
June 30, 2005
(in thousands)

	Historical	Purchase Agreement Amendment (2)	Pro Forma Adjustment (1)		Pro Forma
ASSETS					
Current assets:					
Cash and cash equivalents	$ 14,568	$ (4,681)	$ 249,402	(3)	$ 39,902
			(220,368)	(4)	
			981	(5)	
Restricted cash	9,107	-	-		9,107
Accounts receivable, net	35,544	5,426	-		40,970
Deferred income taxes	3,618	-	131	(3)	3,749
Other current assets	6,615	-	-		6,615
Assets held for sale	167,380	4,681	(166,635)	(3)	-
		(5,426)			
Total current assets	236,832	-	(136,489)		100,343
Other assets	17,678	-	(682)	(4)	16,996
Plant and equipment, net	348,604	-	-		348,604
Goodwill	53,528	-	-		53,528
Other intangible assets, net	18,660	-	-		18,660
Total assets	$ 675,302	$ -	$ (137,171)		$ 538,131
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 37,535	$ 2,945	-		$ 40,480
Purses payable	17,022	-	-		17,022
Accrued expenses and other liabilities	42,064	966	$ (887)	(4)	42,489
			346	(5)	
Income taxes payable	4,859	-	43,498	(3)	48,357
Deferred revenue	7,148	-	-		7,148
Liabilities associated with assets held for sale	29,888	(2,945)	(25,977)	(3)	-
		(966)			
Total current liabilities	138,516	-	16,980		155,496
Long-term debt	237,462	-	(219,481)	(4)	17,981
Other liabilities	21,876	-	-		21,876
Deferred revenue	18,792	-	-		18,792
Deferred income taxes	8,677	-	-		8,677
Total liabilities	425,323	-	(202,501)		222,822
Shareholders' equity:					
Common stock	115,624	-	-		115,624
Retained earnings	135,902	-	65,246	(3)	201,301
			(682)	(4)	
			981	(5)	
			(146)	(6)	
Unearned compensation	(1,762)	-	146	(6)	(1,616)
Accumulated other comprehensive income	215	-	(215)	(5)	-
Total shareholders' equity	249,979	-	65,330		315,309
Total liabilities and shareholders' equity	$ 675,302	$ -	$ (137,171)		$ 538,131

See notes to unaudited pro forma condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2004
(in thousands, except per share data)

	Historical	Pro Forma Adjustment (1)		Pro Forma
Net revenues	$ 463,113	$ (101,997)	(7)	$ 361,116
Operating expenses	383,463	(89,430)	(7)	294,033
Gross profit	79,650	(12,567)		67,083
Selling, general and administrative expenses	42,759	(6,592)	(7)	36,167
Asset impairment loss	6,202	-		6,202
Operating income	30,689	(5,975)		24,714
Other income (expense):				
Interest income	435	(22)	(7)	413
Interest expense	(6,690)	7,862	(8)	1,172
Unrealized loss on derivative instruments	(4,254)	-		(4,254)
Miscellaneous, net	2,725	(3)	(7)	2,722
	(7,784)	7,837		53
Earnings before provision for income taxes	22,905	1,862		24,767
Provision for income taxes	(13,990)	443	(7)	(13,547)
Net earnings	8,915	2,305		11,220
Net earnings per common share data:				
Basic	$0.67			$0.85
Diluted	$0.67			$0.84
Weighted average shares outstanding:				
Basic	13,196			13,196
Diluted	13,372			13,372

See notes to unaudited pro forma condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2003
(in thousands, except per share data)

	Historical	Pro Forma Adjustment (1)		Pro Forma
Net revenues	$ 444,056	$ (95,551)	(7)	$ 348,505
Operating expenses	366,906	(85,835)	(7)	281,071
Gross profit	77,150	(9,716)		67,434
Selling, general and administrative expenses	34,091	(3,723)	(7)	30,368
Operating income	43,059	(5,993)		37,066
Other income (expense):				
Interest income	1,316	(19)	(7)	1,297
Interest expense	(6,221)	5,305	(8)	(916)
Miscellaneous, net	1,028	-		1,028
	(3,877)	5,286		1,409
Earnings before provision for income taxes	39,182	(707)		38,475
Provision for income taxes	(15,803)	636	(7)	(15,167)
Net earnings	23,379	(71)		23,308
Net earnings per common share data:				
Basic	$1.77			$1.77
Diluted	$1.75			$1.74
Weighted average shares outstanding:				
Basic	13,189			13,189
Diluted	13,392			13,392

See notes to unaudited pro forma condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2002
(in thousands, except per share data)

	Historical	Pro Forma Adjustment (1)		Pro Forma
Net revenues	$ 458,383	$ (101,497)	(7)	$ 356,886
Operating expenses	375,417	(86,047)	(7)	289,370
Gross profit	82,966	(15,450)		67,516
Selling, general and administrative expenses	35,296	(3,776)	(7)	31,520
Asset impairment loss	4,500	-		4,500
Operating income	43,170	(11,674)		31,496
Other income (expense):				
Interest income	332	(31)	(7)	301
Interest expense	(8,830)	7,946	(8)	(884)
Miscellaneous, net	(1,405)	-		(1,405)
	(9,903)	7,915		(1,988)
Earnings before provision for income taxes	33,267	(3,759)		29,508
Provision for income taxes	(13,632)	1,652	(7)	(11,980)
Net earnings	19,635	(2,107)		17,528
Net earnings per common share data:				
Basic	$1.50			$1.34
Diluted	$1.47			$1.31
Weighted average shares outstanding:				
Basic	13,123			13,123
Diluted	13,359			13,359

See notes to unaudited pro forma condensed consolidated financial statements.

(1) The pro forma adjustments give effect to CDCC's disposition of the Assets to the Purchaser. The disposition was accounted for as a discontinued operation in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005. The pro forma adjustments for the consolidated balance sheet are reflected as if the disposition had occurred on the consolidated balance sheet date of June 30, 2005. The pro forma adjustments for the consolidated statements of operations reflect the disposition as if the disposition had occurred on January 1, 2002. These unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical annual and quarterly financial statements and accompanying notes of the Company. The pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the future results of operations of the Company after disposition of the Assets or of the result of operations of the Company that would have occurred had the disposition been effected on the dates described above.

(2) The adjustment reflects a modification to assets being sold and liabilities associated with assets being sold as detailed in the Letter Agreement described in Item 1.01(ii) of this Current Report on Form 8-K.

(3) The adjustment reflects recording the cash proceeds from the sale calculated as if the sale had closed on June 30, 2005 (in thousands):

Detail of current and non-current assets sold:		
Cash and cash equivalents		$ 11,587
Restricted cash		15,285
Accounts receivable, net		6,941
Other current assets		957
Plant and equipment, net		131,865
Total assets sold		166,635
Detail of current liabilities associated with assets sold:		
Accounts payable		19,085
Accrued expenses		6,563
Deferred revenue		329
Total liabilities assumed		25,977
Assets sold less liabilities assumed		140,658
Cash proceeds	254,602	
Less: estimated direct transaction costs	5,200	
Net cash proceeds		249,402
Pre-tax gain on the disposition of the Assets		108,744
Income tax expense		43,498
Net gain on the disposition of the Assets		$ 65,246

(4) The adjustment reflects recording the pay-off of outstanding debt balances, related deferred finance costs of $682 thousand and accrued interest expense of $887 thousand under the Company's revolving loan facility and the Senior Notes in accordance with the requirement under existing debt agreements for the Company's use of proceeds from the disposition of the Assets (in thousands):

Detail of long-term debt paid off as of June 30, 2005:	
$100 million Senior Notes	$ 100,000
$200 million revolving loan facility	119,481
Total long-term debt paid off	$ 219,481

(5) The adjustment reflects recording the termination of the interest rate swap contracts used to mitigate market risk on the variable rate debt paid off in connection with the disposition of the Assets as follows (in thousands):

Swap asset	$346
Deferred income tax liability	$131
Deferred gain included in accumulated other comprehensive income	$215
Cash proceeds received	$981
Gain on termination	$981

(6) The adjustment relates to the acceleration of the vesting of restricted stock held by certain key employees of $146 thousand.

(7) To eliminate the operations of the Assets from the historical operating results.

(8) To eliminate interest expense incurred in connection with the Company's revolving loan facility and variable rate senior notes as a result of the requirement under existing debt agreements for the Company to use the proceeds from the disposition of the Assets to pay off the debt balances under the facilities.

(c) Exhibits

Numbers	Description
10.1	Amended and Restated Credit Agreement among Churchill Downs Incorporated, the guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as agent and collateral agent, with PNC Bank, National Association, as Syndication Agent, and National City Bank of Kentucky, as Documentation Agent, dated September 23, 2005
10.2	Letter Agreement dated September 23, 2005 between Hollywood Park Land Company, LLC and Churchill Downs California Company
10.3	Reinvestment Agreement dated as of September 23, 2005 among Bay Meadows Land Company, LLC, Stockbridge HP Holdings Company, LLC, Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, LP, Stockbridge Real Estate Fund II-T, LP, Stockbridge Hollywood Park Co-Investors, LP and Churchill Downs Investment Company
10.4	Asset Purchase Agreement between Churchill Downs California Company and Bay Meadows Land Company, LLC dated as of July 6, 2005, incorporated by reference to Exhibit 10.1 to the Registrant's Report on Form 8-K/A filed July 18, 2005
10.5	Letter Agreements between Churchill Downs California Company and Bay Meadows Land Company, LLC, dated each of August 1, 2005, August 8, 2005, August 12, 2005 and September 7, 2005, each amending the Asset Purchase Agreement between Churchill Downs California Company and Bay Meadows Land Company, LLC, dated July 6, 2005
99.1	Press release dated September 23, 2005

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 thereunto duly authorized.

CHURCHILL DOWNS INCORPORATED

September 29, 2005

/s/ Michael W. Anderson
Michael W. Anderson
Vice President Finance and Treasurer

Numbers	Description	By Reference To
10.1	Amended and Restated Credit Agreement among Churchill Downs Incorporated, the guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as agent and collateral agent, with PNC Bank, National Association, as Syndication Agent, and National City Bank of Kentucky, as Documentation Agent, dated September 23, 2005.	
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10.4	Asset Purchase Agreement between Churchill Downs California Company and Bay Meadows Land Company, LLC dated as of July 6, 2005.	Exhibit 10.1 to Report on Form 8-K/A filed July 18, 2005.
10.5	Letter Agreements between Churchill Downs California Company and Bay Meadows Land Company, LLC, dated each of August 1, 2005, August 8, 2005, August 12, 2005 and September 7, 2005, each amending the Asset Purchase Agreement between Churchill Downs California Company and Bay Meadows Land Company, LLC, dated July 6, 2005.	
99.1	Press release dated September 23, 2005	

AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF SEPTEMBER 23, 2005

AMONG

CHURCHILL DOWNS INCORPORATED,

THE LENDERS,

THE GUARANTORS,

AND

JPMORGAN CHASE BANK, N.A.
(successor by merger to Bank One, NA)
AS AGENT AND COLLATERAL AGENT

WITH

PNC BANK, NATIONAL ASSOCIATION
AS SYNDICATION AGENT

AND

NATIONAL CITY BANK OF KENTUCKY
AS DOCUMENTATION AGENT

J.P. MORGAN SECURITIES INC. AND PNC CAPITAL MARKETS, INC.
AS CO-LEAD ARRANGERS AND JOINT BOOK RUNNERS

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AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement, dated as of September 23, 2005, is among CHURCHILL DOWNS INCORPORATED, the GUARANTORS party hereto, the LENDERS party hereto, the DEPARTING LENDERS, if any, party hereto and JPMORGAN CHASE BANK, N.A. (successor by merger to Bank One, NA), a national banking association, as AGENT and as COLLATERAL AGENT to amend and restate the Previous Credit Agreement, which is hereby amended and restated in its entirety.

WHEREAS, the Borrower has requested, and the Agent, the Collateral Agent, the Departing Lenders and the Lenders have agreed, to amend the Previous Credit Agreement;

WHEREAS, the Borrower, the Lenders, the Departing Lenders, the Collateral Agent and the Agent have agreed (a) to enter into this Agreement in order to (i) amend and restate the Previous Credit Agreement in its entirety; (ii) re-evidence the Obligations, which shall be repayable in accordance with the terms of this Agreement; and (iii) set forth the terms and conditions under which the Lenders will, from time to time, make loans and extend other financial accommodations to or for the benefit of the Borrower and (b) that each Departing Lender shall cease to be a party to the Previous Credit Agreement, as evidenced by its execution and delivery of its Departing Lender Signature Page; and

WHEREAS, it is the intention of the parties to this Agreement that this Agreement not constitute a novation and that, from and after the Closing Date, the Previous Credit Agreement shall be amended and restated hereby and all references herein to “hereunder,”“hereof,” or words of like import and all references in any other Loan Document to the “Credit Agreement” or words of like import shall mean and be a reference to the Previous Credit Agreement as amended and restated hereby (and any section references to the Previous Credit Agreement shall refer to the applicable equivalent provision set forth herein although the section number thereof may have changed);

NOW, THEREFORE, in consideration of the terms and conditions contained herein, and of any loans or extensions of credit heretofore, now or hereafter made to or for the benefit of the Borrower by the Lenders and the Agent, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Defined Terms. As used in this Agreement:

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any other Loan Party (i) acquires any going business or all or substantially all of the assets of any Person, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Acquisition Compliance Certificate" has the meaning given it in Section 6.13.

“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 Churchill Downs Louisiana Horseracing Company, L.L.C., Churchill Downs Louisiana Video Poker Company, L.L.C. and Video Services, Inc. (whether positive or negative) for any period prior to October 14, 2004 will not be included in the Adjusted EBITDA of those entities.

"Advance" means a borrowing hereunder, (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurodollar Loans, for the same Interest Period. The term "Advance" shall include Swing Line Loans unless otherwise expressly provided.

"Affected Lender" has the meaning given it in Section 2.21.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" means JPMorgan in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders, as reduced or increased from time to time pursuant to the terms hereof.

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all the Lenders.

"Agreement" means this Amended and Restated Credit Agreement, as it may be amended or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (a) the Prime Rate in effect for such date and (b) the sum of the Federal Funds Effective Rate in effect for such day plus 1/2% per annum.

"Applicable Fee Rate" means, at any time, the percentage rate per annum at which the Commitment Fee is accruing on the unused portion of the Aggregate Commitment at such time as set forth in the Pricing Schedule.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means collectively, J.P. Morgan Securities Inc., and its successors, and PNC Capital Markets, Inc., a Pennsylvania corporation, and its successors, in their capacity as Co-Lead Arrangers and Joint Book Runners.

"Assignment of Patents, Trademarks and Copyrights" shall mean the Assignment of Patents, Trademarks and Copyrights from time to time executed by the Loan Parties in favor of the Collateral Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Authorized Officer" means any of the chief executive officer, chief financial officer, any executive vice president, any senior vice president, the treasurer, and any other officer designated as such by the board of directors of the Borrower, acting singly.

"Available Aggregate Commitment" means, at any time, the Aggregate Commitment then in effect minus the Aggregate Outstanding Credit Exposure at such time.

"Benefit Arrangement" shall mean at any time an "employee benefit plan," within the meaning of Section 3(3) of ERISA, which is neither a Plan nor a Multiemployer Plan and which is maintained, sponsored or otherwise contributed to by any member of the Controlled Group.

"Borrower" means Churchill Downs Incorporated, a Kentucky corporation, and its successors and assigns.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.10, and shall be in a form satisfactory to the Agent, generally in the form of Exhibit R.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Louisville and New York City for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Louisville for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"CDMC" shall mean Churchill Downs Management Company, a Kentucky corporation, and wholly owned subsidiary of the Borrower.

"Calder" means Calder Race Course, Inc., a Florida corporation.

“Calder Financing Statements” is defined in Section 6.21.

"Calder Mortgage" means the Mortgage executed by Calder in favor of the Collateral Agent with respect to the Real Property owned by Calder. Calder executed the Calder Mortgage and delivered such Calder Mortgage to the Agent on the Previous Closing Date in a form sufficient for recordation and the Agent may hereafter record such Mortgage at any time pursuant to Section 6.21.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, and (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of $100,000,000; *provided* in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

"Change in Control" means the occurrence of any of the following: Any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing Date) or related Persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act), other than a group including, and under the general supervision of, the Excluded Group: (i) become the "beneficial owners" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing Date), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the voting stock or membership or other equity interests of the Borrower, or (ii) acquire after the date of the Closing Date (x) the power to elect, appoint or cause the election or appointment of at least a majority of the members of the board of directors of the Borrower, through beneficial ownership of the capital stock of the Borrower or otherwise, or (y) all or substantially all of the properties and assets of the Borrower.

"Change" has the meaning given it in Section 3.2.

"Closing Date" means September 23, 2005.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" means and includes, collectively but without limitation, all property and assets in which the Loan Parties grant the Collateral Agent for the benefit of the Lenders an interest as collateral or other security for all or any of the Secured Obligations, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention, contract, lease or consignment agreement intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract or otherwise and is intended to and shall include all real and personal property, tangible and intangible, of the Loan Parties; *provided*, *however*, the term Collateral shall not include (i) the Horseman's Account, (ii) the bond issued under the Master Plan Bond Transaction and payments owed by one Loan Party to another Loan Party in connection with the Master Plan Bond Transaction, (iii) ownership interests of any Loan Party in any (a) Excluded Subsidiary, (b) any Excluded Entity, and (c) those Persons listed on Schedule 3 hereto in which, as of the Closing Date, a Loan Party directly or indirectly owns less than 100% of the outstanding interest of such Person and in which the organizational agreements governing such Person prohibit the applicable Loan Party from granting a security interest in such ownership interest, and (iv) any chattel paper, contract rights or other general intangibles which are now held or hereafter acquired by any Loan Party to the extent that such chattel paper, contract rights or other general intangibles (including, but not limited to, licenses) are not assignable or capable of being encumbered (a) as a matter of law or (b) under the terms of any agreement applicable thereto (but solely to the extent that any such restriction is enforceable and not ineffective under applicable law) without the consent of the other party to such agreement where such consent has not been obtained after the applicable Loan Party has made a reasonably diligent effort satisfactory to the Agent to obtain such consent.

"Collateral Agent" means JPMorgan in its capacity as contractual representative of the Lenders as Collateral Agent hereunder, and not in its individual capacity as a Lender.

“Collateral Documents” means, collectively, all of the instruments, documents and agreements executed in connection with this Agreement or the Previous Credit Agreement 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 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.

"Collateral Shortfall Amount" is defined in Section 8.1.

"Commitment" means, for each Lender, the obligation of such Lender to make Revolving Loans to, and participate in Facility LCs issued upon the application of, the Borrower in an aggregate amount not exceeding the amount set forth opposite its signature below, as it may be modified as a result of any assignment that has become effective pursuant to Section 12.3.2 or as otherwise modified from time to time pursuant to the terms hereof.

"Commitment Fee" is defined in Section 2.7.

"Consolidated Adjusted EBITDA" for any Period means the consolidated Adjusted EBITDA of all of the Loan Parties for that period, consolidated in accordance with Agreement Accounting Principles. The EBITDA of the Excluded Subsidiaries shall not be included in Consolidated Adjusted EBITDA, but EBITDA attributable to the Borrower’s interest in Wagerco shall be included in Consolidated Adjusted EBITDA in an amount not to exceed the amount of dividends and other similar distributions actually received in cash by a Loan Party from Wagerco.

"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 Loan Parties calculated on a consolidated basis as of such time in accordance with Agreement Accounting Principles.

"Consolidated Interest Expense" means, with reference to any period, the interest expense of the Loan Parties calculated on a consolidated basis for such period in accordance with Agreement Accounting Principles. The interest expense paid by an Excluded Subsidiary shall not be included in Consolidated Interest Expense.

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of all of the Loan Parties calculated on a consolidated basis for such period in accordance with Agreement Accounting Principles.

"Consolidated Net Worth" means as of any date of determination total stockholders' equity of all of the Loan Parties as of such date determined and consolidated in accordance with Agreement Accounting Principles.

"Consolidated Rentals" means, with reference to any period, the Rentals of the Loan Parties calculated on a consolidated basis for such period in accordance with Agreement Accounting Principles.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any guaranty, comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.11, and shall be in a form satisfactory to this Agent, generally in the form of Exhibit S.

"Credit Extension" means the making of an Advance or the issuance of a Facility LC hereunder.

"Credit Extension Date" means the Borrowing Date for an Advance or the issuance date for a Facility LC.

"Current Fields of Enterprise" means those fields of enterprise that each Loan Party is engaged in as of the date of this Agreement, and activities related thereto, including, but not limited to the acquisition of Persons that provide wagering platforms, and shall not include any mode of gambling other than pari-mutuel wagering on horse racing and Permitted Alternative Gaming which, in each case, is conducted in full compliance with applicable law.

"Default" means one or more of the events described in Article VII.

“Departing Lender” means each lender under the Previous Credit Agreement that executes and delivers to the Agent a Departing Lender Signature Page.

“Departing Lender Signature Page” means each signature page to this Agreement on which it is indicated that the Departing Lender executing the same shall cease to be a party to the Previous Credit Agreement on the Closing Date.

“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, (vi) the one-time contribution by the Borrower of up to $10,000,000 to the Churchill Downs Foundation and (vii) in the case of Ellis Park Race Course, Inc., 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 and other than extraordinary gains arising from “business interruption” insurance proceeds in connection with the Fair Grounds Race Course and its related operations, in each case for such period determined, in accordance with Agreement Accounting Principles.

"Environmental Laws" means all applicable federal, provincial, state and local laws, rules, regulations, reported and publicly available orders, reported judicial determinations, and reported and publicly available decisions of an executive body or any governmental or quasi-governmental entity, whether in the past, the present or the future, pertaining to health and/or the environment in effect in any and all jurisdictions in which the Borrowers are at any time leasing equipment pursuant to a Lease or otherwise doing business. The Environmental Laws shall include, but shall not be limited to, the following: (1) the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Sections 9601, et seq.; the Superfund Amendments and Reauthorization Act, Public Law 99-499, 100 Stat. 1613; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; the National Environmental Policy Act, 42 U.S.C. Section 4321; the Safe Drinking Water Act, 42 U.S.C. Sections 300F, et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251; et seq.; the Clean Air Act, 42 U.S.C. Section 7401, et seq.; and the regulations promulgated in connection therewith; and (2) Environmental Protection Agency regulations pertaining to asbestos (including 40 C.F.R. Part 61, Subpart M); Occupational Safety and Health Administration regulations pertaining to asbes-tos (including 29 C.F.R. Sections 1910.1001 and 1926.58); and any state, province and local laws and regulations pertaining to Hazardous Materials and/or asbestos.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means an Advance which, except as otherwise provided in Section 2.13, bears interest at the applicable Eurodollar Rate.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the applicable British Bankers' Association LIBOR rate for deposits in U.S. dollars as reported on Page 3750 of the Dow Jones Market Service or, if such service is not available, by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, *provided* that, if no such British Bankers' Association LIBOR rate is available to the Agent, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the rate determined by the Agent to be the rate at which JPMorgan or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of JPMorgan's relevant Eurodollar Loan and having a maturity equal to such Interest Period.

"Eurodollar Loan" means a Loan which, except as otherwise provided in Section 2.13, bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin.

"Exchange Act" means the Securities Exchange Act of 1934.

"Excluded Entities" means any corporation, partnership, limited liability company or other Person in which the Loan Parties hold an ownership interest, either directly or indirectly, and which is not a Loan Party.

“Excluded Group” means and includes Duchossois Industries, Inc. and its Affiliates.

“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 Pennsylvania Company (formerly known as Churchill Downs California Foodservices Company), Tracknet, LLC, Churchill Downs California Company, Churchill Downs California Fall Operating Company, Anderson Park, Inc. Fair Grounds International Ventures, L.L.C., a Louisiana limited liability company, and F.G. Staffing Services, Inc., a Louisiana corporation.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Agent is incorporated or organized or (ii) the jurisdiction in which the Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Facility LC" is defined in Section 2.3.1.

"Facility LC Application" is defined in Section 2.3.3.

"Facility LC Collateral Account" is defined in Section 2.3.11.

"Facility Termination Date" means September 23, 2010, or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

“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.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published on the next succeeding day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Louisville time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Financial Contract" of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics, and/or (ii) any Rate Management Transaction.

“First Amendment” means the 2004A Amendment to Loan Documents, dated as of June 1, 2004 among the Agent, the Guarantors party thereto and the Borrower.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.13, bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan which, except as otherwise provided in Section 2.13, bears interest at the Floating Rate.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Guarantor Joinder" is defined in Section 9.14.

"Guarantors" means, subject to Section 6.12(iii) collectively, Churchill Downs Management Company, Churchill Downs Investment Company, Churchill Downs Simulcast Productions, LLC, Charlson Industries, Inc., Racing Corporation of America, Calder Race Course, Inc., Tropical Park, Inc., 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., Video Services, Inc., any Person who becomes a Guarantor under Section 9.14, and the successors and assigns of any of them, and "Guarantor" means any one or more of these.

"Guaranty" means that certain Amended and Restated Guaranty dated as of the Closing Date, executed by the Guarantors in favor of the Collateral Agent, entered into pursuant to this Agreement, as amended, restated, supplemented or otherwise modified and in effect from time to time.

"Hazardous Materials" means any substance, chemical, wastes (medical or otherwise), or con-taminants, including, without limitation, asbestos, polychlorinated biphenyls (“PCBs”), paint containing lead, gasoline or other petroleum products, radioactive material, urea formaldehyde foam insulation, and discharges of sewage or effluent that is designated or defined (either by inclusion in a list of materials or by reference to exhibited characteristics) as hazardous, toxic or dangerous, or as a designated or prohibited substance, in any federal, state, provincial, municipal or local law, by-law, code having the force of law, or ordinance, including, without limitation, the applicable Environmental Laws, now existing or hereafter in effect, and all rules having the force of law and regulations promulgated thereunder.

"Horseman’s Account" means refundable deposits and amounts held by a Loan Party for the benefit of horsemen, ownership of which deposits and amounts is vested in such horsemen.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) obligations of such Person to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) LC Obligations, (viii) aggregate undrawn stated amount under Letters of Credit that are not Facility LCs, plus the aggregate amount of all reimbursement obligations in connection therewith, and (ix) any other obligation for borrowed money or other financial accommodation which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person, but the term "Indebtedness" does not include trade payables and accrued expenses, deferred revenue related to the annual running of the Kentucky Derby, deferred revenue from the leasing or licensing of personal seat licenses, and obligations not exceeding $3,000,000 under outstanding pari-mutuel tickets that are payable with respect to races run not more than one year prior to the date of determination which were incurred in the ordinary course of business, which are not represented by a promissory note or other evidence of indebtedness and (other than pari-mutuel tickets) which are not more than thirty (30) days past due, all determined in accordance with Agreement Accounting Principles.

"Indemnity Agreement" shall mean the Environmental Indemnity Agreement, dated as of the Previous Closing Date, among the Agent, the Borrower and the Guarantors party thereto.

"Intercompany Subordination Agreement" shall mean a subordination agreement among the Loan Parties in the form attached hereto as Exhibit H.

“Interest Coverage Ratio” means, as of any date of calculation, the ratio of (a) Consolidated Adjusted EBITDA to (b) Consolidated Interest Expense, in each instance computed as provided in Section 6.24.1 and in accordance with Agreement Accounting Principles.

"Interest Period" means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, *provided, however,* that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, *provided, however,* that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

“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.

“JPMorgan” means JPMorgan Chase Bank, N.A. (successor by merger to Bank One, NA), a national banking association, in its individual capacity, and its successors.

"LC Fee" is defined in Section 2.3.4.

"LC Issuer" means PNC Bank (or any subsidiary or affiliate of PNC Bank designated by PNC Bank) in its capacity as issuer of Facility LCs hereunder.

"Investment Compliance Certificate" is defined in Section 6.13(ii)(c).

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time (including without limitation increases, if any, in the stated amount provided in any Facility LC, whether or not the time for such increase has occurred) plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"LC Payment Date" is defined in Section 2.3.5.

“LC Reimbursement Agreement” is defined in Section 2.3.3.

"Lenders" means the lending institutions (other than the Departing Lenders) listed on the signature pages of this Agreement and their respective successors and assigns, together with any lending institution that becomes a Lender under Section 12.3. Unless otherwise specified, the term "Lenders" includes PNC Bank in its capacity as Swing Line Lender.

"Lending Installation" means, with respect to a Lender or the Agent, the office, branch, subsidiary or Affiliate of such Lender or the Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Agent pursuant to Section 2.19.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"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 6.24.2 and Agreement Accounting Principles.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means a Revolving Loan or a Swing Line Loan.

"Loan Documents" means this Agreement, the Facility LC Applications, the LC Reimbursement Agreement, any Notes issued pursuant to Section 2.15, the Collateral Documents, the Guaranty, and all other documents (excluding the Working Cash Sweep Rider) and/or instruments executed and delivered pursuant to and/or in connection with the Previous Credit Agreement or this Agreement.

"Loan Parties" means the Borrower and the Guarantors from time to time.

“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, as they may be amended and/or supplemented from time to time.

"Master Plan Bond Rentals" means rentals payable under the Master Plan Bond Transaction.

"Master Plan Bond Transaction" means the transaction through which the City of Louisville, Kentucky (n/k/a Louisville/Jefferson County Metro Government) Taxable Industrial Building Revenue Bond, Series 2002 (Churchill Downs Incorporated Project) was issued.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects, of the Loan Parties taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents to which it is a party, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent, the LC Issuer, the Collateral Agent or the Lenders thereunder.

"Material Indebtedness" means Indebtedness in an outstanding principal amount of $3,000,000.00 or more in the aggregate (or the equivalent thereof in any currency other than U.S. dollars), but does not include the Indebtedness under the Convertible Promissory Note in the principal amount of $16,669,379.87 dated October 19, 2004 payable to Brad M. Kelley.

"Material Indebtedness Agreement" means any agreement under which any Material Indebtedness was created or is governed or which provides for the incurrence of Indebtedness in an amount which would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

"Modify" and "Modification" are defined in Section 2.3.1.

"Moody's" means Moody's Investors Service, Inc.

"Mortgages" shall mean the Mortgages and Deeds of Trust in substantially the form of collective Exhibit I previously executed and delivered by each of the applicable Loan Parties with respect to each of the parcels of Real Property Collateral to the Collateral Agent for the benefit of the Lenders. The Calder Mortgage with respect to the Real Property in Florida was not recorded on the Previous Closing Date, but the Agent may cause the Collateral Agent to record the Calder Mortgage at any time pursuant to Section 6.21.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Negative Pledge Agreement" means that certain Negative Pledge Agreement in substantially the form of Exhibit J executed and delivered by Calder and all the Loan Parties in favor of the Agent with respect to all interest of the Loan Parties in any Property of Calder, including without limitation any Property subject to the Calder Mortgage and/or any Calder Financing Statements.

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" is defined in Section 2.15(iv).

"Notice of Acquisition" is defined in Section 6.13(iii)(b).

"Obligations" means, collectively, all unpaid principal of and accrued and unpaid interest on the Loans, all obligations, contingent or otherwise, under and/or in connection with any Notes and/or to or for the benefit of any Lender and/or the LC Issuer under and/or in connection with the other Loan Documents, all Reimbursement Obligations, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Agent, the Collateral Agent for the benefit of any Lender or the LC Issuer, the LC Issuer or any indemnified party arising under the Loan Documents, whether they exist on the date of this Agreement or the Previous Credit Agreement, or arise or are created or acquired after the date of this Agreement or the Previous Credit Agreement.

"Off-Balance Sheet Liability" of a Person means (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any Sale and Leaseback Transaction which is not a Capitalized Lease, (iii) any liability under any so-called "synthetic lease" transaction entered into by such Person, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person, but excluding from this clause (iv) Operating Leases.

"Operating Lease" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Loans outstanding at such time, plus (ii) an amount equal to its Pro Rata Share of the LC Obligations at such time, plus (iii) an amount equal to its Pro Rata Share of the aggregate principal amount of Swing Line Loans outstanding at such time.
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"Participants" is defined in Section 12.2.1.

"Payment Date" means the last day of each calendar quarter.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Acquisitions" has the meaning given it in Section 6.13(iii).

"Permitted Alternative Gaming" means slot machines and/or video lottery terminals and/or electronic gaming machines operated by one or more of the Loan Parties at a facility owned or leased by, and operated by one or more of the Loan Parties, and at which either (1) live horse racing is underway at that facility and pari-mutuel wagering is being conducted with respect to those races; and/or (2) live horse racing is being simulcast at that facility and pari-mutuel wagering is being conducted with respect to those races.

“Permitted Investment” means a possible investment of up to $50,000,000 in Wagerco.

"Permitted Liens" is defined in Section 6.16.

"Permitted Secured Rate Management Transaction" has the meaning given it in Section 6.16(vii).

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"Pledge and Security Agreement" means the Amended and Restated Pledge and Security Agreement in substantially the form of Exhibit K dated as of the Closing Date and executed and delivered by each of the applicable Loan Parties to the Collateral Agent for the ratable benefit of the Lenders, as amended, restated, supplemented or otherwise modified and in effect from time to time.

"PNC Bank" means PNC Bank, National Association, a national banking association having its principal office in Pittsburgh, Pennsylvania, and having an office in Louisville, Kentucky, in its individual capacity, and its successors.

“Previous Closing Date” means April 3, 2003.

“Previous Credit Agreement” means that certain Credit Agreement dated as of April 3, 2003 by and among the Borrower, the Guarantors party thereto, the Lenders party thereto and the Agent, as the same has been amended prior to the Closing Date.

“Pricing Schedule” means the Pricing Schedule attached to this Agreement.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Prohibited Transaction" shall mean any prohibited transaction as defined in Section 4975 of the Internal Revenue Code or Section 406 of ERISA for which neither an individual nor a class exemption has been issued by the United States Department of Labor.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Commitment and the denominator of which is the Aggregate Commitment.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“PSL” means any agreement between any Loan Party and a Person providing for a right to purchase or otherwise use seating accommodations in certain seating locations at the Borrower's Property located on Central Avenue in Louisville, Kentucky, known as the Churchill Downs racetrack facility, and which agreement does not conflict with any of the Loan Documents, and/or result in a Default or Unmatured Default, and expressly does not result in, or require, the creation or imposition of any Lien in, leasehold interest in, rights in, claim to, easement or easement by estoppel over, or similar rights or interests in any Property of any such Loan Party, or result in, or require, the creation or imposition of any right to possess specific property (other than the contractual right to purchase or otherwise use the subject seating accommodations subject to the terms of such agreement).

“PSL Buyback/Guarantee” means any promise to repurchase or buy back, guarantee or otherwise provide credit support, directly or indirectly, given by any Loan Party in favor of any financial institution or other Person in connection with an obligation arising under a PSL Financing.

“PSL Financing” means any instance in which, pursuant to a PSL Financing Program, a PSL Purchaser finances its obligations under a PSL, in whole or in part, and which does not conflict with any of the Loan Documents, and/or result in a Default or Unmatured Default.

“PSL Financing Program” means a financing arrangement program established by any Loan Party with a financial institution or other Person pursuant to which such financial institution or other Person agrees to finance, in whole or in part, PSL Purchasers’ obligations under the PSLs, and which arrangement does not conflict with any of the Loan Documents, and/or result in a Default or Unmatured Default.

“PSL Purchaser” means the Person who enters into a PSL with any Loan Party.

"Purchasers" is defined in Section 12.3.1.

"Rate Management Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing including, without limitation, those transactions described on Schedule 6.22 or hereafter entered by the Borrower which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Real Property" means, collectively, each of the parcels of owned and/or leased real property of any of the Loan Parties, all of which is listed on Schedule 5.23.

"Real Property Collateral" means each of the parcels of owned Real Property listed on Schedule 5.23 except as set forth on such Schedule.

"Recorded Mortgages" means each of the Mortgages, except for the Calder Mortgage, but if the Calder Mortgage is subsequently recorded in accordance with Section 6.21, Recorded Mortgage shall include such Calder Mortgage on and after the date of such recordation.

“Refinanced Indebtedness” means the Indebtedness and all other monetary obligations under the Borrower’s “Term Notes” as defined in the Previous Credit Agreement.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U, T, G or X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.3 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

"Rentals" of a Person means the aggregate fixed amounts payable by such Person under any Operating Lease but shall not include Master Plan Bond Rentals or Tote Rentals or rental or lease payments for the lease of Louisiana Downs or some other facility for the conduct of the Fair Grounds winter 2005-2006 meet.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, *provided, however,* that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Reports" is defined in Section 9.6.

"Required Lenders" means Lenders in the aggregate having at least fifty-one percent (51%) of the Aggregate Outstanding Credit Exposure, or if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least fifty-one percent (51%) of the aggregate principal amount of all of the Loans plus all of the LC Obligations.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Restricted Assets" has the meaning given it in Section 6.13.

"Revolving Loan" means, with respect to a Lender, such Lender's Loan made pursuant to its Commitment to lend set forth in Section 2.1 (or any conversion or continuation thereof) and includes any “Revolving Loan” made pursuant to the Previous Credit Agreement and outstanding on the Closing Date.

"Risk-Based Capital Guidelines" has the meaning given it in Section 3.2

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

“SEC” means the Securities and Exchange Commission, or any governmental authority succeeding to any of its principal functions.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Secured Obligations" means, collectively, (i) all Obligations, (ii) all Rate Management Obligations owing to one or more Lenders or any affiliate of any Lender, and (iii) any and all other indebtedness and/or obligations to or for the benefit of the Agent and/or one or more Lenders and/or the LC Issuer secured by and/or in all or any of the Collateral Documents, in each case whether they exist on the date of this Agreement, or arise or are created or acquired after the date of this Agreement.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its direct or indirect Subsidiaries or by such Person and one or more of its direct or indirect Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Swing Line Borrowing Notice" is defined in Section 2.2.2.

"Swing Line Commitment" means the obligation of the Swing Line Lender in Section 2.2 to make Swing Line Loans up to a maximum principal amount of $15,000,000.

"Swing Line Lender" means PNC Bank, or such other Lender which may succeed to its rights and obligations as Swing Line Lender pursuant to the terms of this Agreement.

"Swing Line Loan" means a Loan made available to the Borrower by the Swing Line Lender pursuant to Section 2.2.3 and includes any “Swing Line Loan” made pursuant to the Previous Credit Agreement and outstanding on the Closing Date.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but *excluding* Excluded Taxes and Other Taxes.

"Term Substantial Portion" means, with respect to the Property of the Borrower and the other Loan Parties, collectively, Property which represents 20% or more of Consolidated Net Worth or Property which is responsible for 20% of the Consolidated Net Income, in each case, as would be shown in the consolidated financial statements of the Loan Parties as at the end of the fiscal month next preceding the Closing Date (or if financial statements have not been delivered

hereunder for that month, then the financial statements delivered hereunder for the quarter ending immediately prior to that month). For purposes of determining Term Substantial Portion of the Property of the Borrower and the other Loan Parties, the value of any Property of Ellis Park Race Course, Inc. and/or Racing Corporation of America sold, transferred or otherwise disposed of in connection with the sale, transfer or other disposition of Ellis Park Race Course, Inc. or Racing Corporation of America in compliance with this Agreement shall not be considered.

"Title Insurer" is defined in Section 4.1.

"Tote Rentals" means all amounts paid by a Person for rental of equipment and/or the provision of services under any agreement between such Person and a totalisator company.

"Transferee" is defined in Section 12.4.

"Twelve Month Substantial Portion" means, with respect to the Property of the Borrower and the other Loan Parties, collectively, Property which represents 10% or more of Consolidated Net Worth or Property which is responsible for 10% of the Consolidated Net Income, in each case, as would be shown in the consolidated financial statements of the Loan Parties as at the beginning of the twelve-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for that month which begins the twelve-month period, then the financial statements delivered hereunder for the quarter ending immediately prior to that month). For purposes of determining Twelve Month Substantial Portion of the Property of the Borrower and the other Loan Parties, the value of any Property of Ellis Park Race Course, Inc., and/or Racing Corporation of America sold, transferred or otherwise disposed of in connection with the sale, transfer or other disposition of Ellis Park Race Course, Inc. or Racing Corporation of America, in compliance with this Agreement shall not be considered.

“2004B Amendment” means the 2004B Amendment to Loan Documents, dated as of October 14, 2004, among the Agent, the Guarantors party thereto 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, 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 party thereto.

“2004B Guarantor Joinder” shall mean the Guarantor Joinder, dated October 14, 2004, among the Collateral Agent, the Borrower and the Guarantors party thereto.

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance and with respect to any Loan, its nature as a Floating Rate Loan or a Eurodollar Loan.

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans using PBGC actuarial assumptions for single employer plan terminations.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

“Wagerco” means an entity or entities existing or to be formed to consolidate racing signals, wagering rights, account wagering and related businesses of the Borrower and its Subsidiaries and third parties.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Working Cash Sweep Rider" is defined in Section 2.2.5.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

1.2 Amendment and Restatement of Previous Credit Agreement. The parties to this Agreement agree that, upon (i) the execution and delivery by each of the parties hereto of this Agreement and (ii) satisfaction of the conditions set forth in Sections 4.1 and 4.2, the terms and provisions of the Previous Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation. All Loans made and Secured Obligations incurred under the Previous Credit Agreement which are outstanding on the Closing Date shall continue as Loans and Secured Obligations under (and shall be governed by the terms of) this Agreement. Without limiting the foregoing, upon the effectiveness hereof: (a) all Letters of Credit issued (or deemed issued) under the Previous Credit Agreement which remain outstanding on the Closing Date shall continue as Facility LCs under (and shall be governed by the terms of) this Agreement, (b) all Secured Obligations constituting Rate Management Obligations with any Lender or any Affiliate of any Lender which are outstanding on the Closing Date shall continue as Secured Obligations under this Agreement and the other Loan Documents, (c) the Agent shall make such reallocations of each Lender’s “Outstanding Credit Exposure” under the Previous Credit Agreement as are necessary in

order that each such Lender's Outstanding Credit Exposure hereunder reflects such Lender's Pro Rata Share of the outstanding Aggregate Outstanding Credit Exposure and (d) the Previous Revolving Loans (as defined in Section 2.1) of each Departing Lender shall be repaid in full (accompanied by any accrued and unpaid interest and fees thereon), each Departing Lender's "Commitment" under the Previous Credit Agreement shall be terminated and each Departing Lender shall not be a Lender hereunder.

ARTICLE II

THE CREDITS

2.1 Revolving Loan Commitment. Prior to the Closing Date, revolving loans were previously made to the Borrower under the Previous Credit Agreement which remain outstanding as of the date of this Agreement (such outstanding revolving loans being hereinafter referred to as the "Previous Revolving Loans"). Subject to the terms and conditions set forth in this Agreement, the Borrower and each of the Lenders agree that on the Closing Date but subject to the satisfaction of the conditions precedent set forth in Section 4.1 and 4.2 (as applicable), the Previous Revolving Loans shall be reevidenced as Revolving Loans under this Agreement, the terms of the Previous Revolving Loans shall be restated in their entirety and shall be evidenced by this Agreement. From and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding the amount of its Commitment. On the date of this Agreement, the amount of the Aggregate Commitment is $200,000,000. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date. The Commitments to lend hereunder shall expire on the Facility Termination Date. The Aggregate Commitment may be increased up to a total of $250,000,000 upon compliance with Section 2.22 below. No Lender shall have any obligation to increase its Commitment; any such increase shall be at the sole discretion of such Lender.

2.2 Swing Line Loans.

2.2.1 Amount of Swing Line Loans. Upon the satisfaction of the conditions precedent set forth in Section 4.2 and, if such Swing Line Loan is to be made on the date of the initial Advance hereunder, the satisfaction of the conditions precedent set forth in Section 4.1 as well, from and including the date of this Agreement and prior to the Facility Termination Date, the Swing Line Lender agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Loans to the Borrower from time to time in an aggregate principal amount not to exceed the Swing Line Commitment, *provided* that the Aggregate Outstanding Credit Exposure (including without limitation Swing Line Loans) shall not at any time exceed the Aggregate Commitment, and *provided further* that at no time shall the sum of (i) the Swing Line Lender's Pro Rata Share of the Swing Line Loans, *plus* (ii) the outstanding Revolving Loans made by the Swing Line Lender pursuant to Section 2.1, exceed the Swing Line Lender's Commitment at such time. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Swing Line Loans at any time prior to the Facility Termination Date.

2.2.2 Borrowing Notice. The Borrower shall deliver to the Agent and the Swing Line Lender irrevocable notice (a "Swing Line Borrowing Notice") not later than noon (Louisville time) on the Borrowing Date of each Swing Line Loan, specifying (i) the applicable Borrowing Date (which date shall be a Business Day), and (ii) the aggregate amount of the requested Swing Line Loan which shall be an amount not less than $100,000. The Swing Line Loans shall bear interest at a rate per annum equal to the prime rate of interest announced by the Swing Line Lender from time to time, plus the Applicable Margin set forth in the Pricing Schedule for the Floating Rate at that time.

2.2.3 Making of Swing Line Loans. Promptly after receipt of a Swing Line Borrowing Notice, the Agent shall notify each Lender by fax, or other similar form of transmission, of the requested Swing Line Loan. Not later than 2:00 p.m. (Louisville time) on the applicable Borrowing Date, the Swing Line Lender shall make available the Swing Line Loan, in funds immediately available in Louisville, to the Agent at its address specified pursuant to Article XIII. The Agent will promptly make the funds so received from the Swing Line Lender available to the Borrower on the Borrowing Date at the Agent's aforesaid address.

2.2.4 Repayment of Swing Line Loans. Each Swing Line Loan shall be paid in full by the Borrower on or before the fifth (5th) Business Day after the Borrowing Date for such Swing Line Loan. In addition, the Swing Line Lender (i) may at any time in its sole discretion with respect to any outstanding Swing Line Loan, or (ii) shall, except when a Working Cash Sweep Rider is in effect, on the fifth (5th) Business Day after the Borrowing Date of any Swing Line Loan, require each Lender (including the Swing Line Lender) to make a Revolving Loan in the amount of such Lender's Pro Rata Share of such Swing Line Loan (including, without limitation, any interest accrued and unpaid thereon), for the purpose of repaying such Swing Line Loan. Not later than noon (Louisville time) on the date of any notice received pursuant to this Section 2.2.4, each Lender shall make available its required Revolving Loan, in funds immediately available in Louisville to the Agent at its address specified pursuant to Article XIII. Revolving Loans made pursuant to this Section 2.2.4 shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Eurodollar Loans in the manner provided in Section 2.11 and subject to the other conditions and limitations set forth in this Article II. Unless a Lender shall have notified the Swing Line Lender, prior to its making any Swing Line Loan, that any applicable condition precedent set forth in Sections 4.1 or 4.2 had not then been satisfied, such Lender's obligation to make Revolving Loans pursuant to this Section 2.2.4 to repay Swing Line Loans shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstance, including, without limitation, (a) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Agent, the Swing Line Lender or any other Person, (b) the occurrence or continuance of a Default or Unmatured Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, or (d) any other circumstance, happening or event whatsoever. In the event that any Lender fails to make payment to the Agent of any amount due under this Section 2.2.4, the Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Lender fails to make payment to the Agent of any amount due under this Section 2.2.4, such Lender shall be deemed, at the option of the Agent, to have unconditionally and irrevocably purchased from the Swing Line Lender, without recourse or warranty, an undivided interest and participation in the applicable Swing Line Loan in the amount of such Revolving Loan, and such interest and participation may be recovered from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand and ending on the date such amount is received. On the Facility Termination Date, the Borrower shall repay in full the outstanding principal balance of the Swing Line Loans.

2.2.5 Working Cash Sweep Rider. Any provision of this Section 2.2 to the contrary notwithstanding, the Agent and each Lender acknowledges that, at the request of the Borrower, the Swing Line Lender has linked the Swing Line Loans to the Borrower's demand deposit account with the Swing Line Lender. The Agent and the Lenders further acknowledge that the Borrower has entered into a Working Cash, Line of Credit, Investment Sweep Rider ("Working Cash Sweep Rider") with the Swing Line Lender, pursuant to which certain cash management activities, including the making of Swing Line Loans, will occur automatically in amounts that may be less than the stated minimum Swing Line Loan set forth in Section 2.2.2 above, and without the need for a Swing Line Borrowing Notice. Each Lender agrees that it shall be obligated, pursuant to and in accordance with Section 2.2.4, to fund

such Lender's Pro Rata Share of any such automatically-made Swing Line Loans on the fifth (5^{th}) Business Day following the day such advances are made, unless the Agent shall have given the Swing Line Lender written notice prior to the date the Swing Line Loan was made that any applicable condition precedent set forth in Sections 4.1 or 4.2 had not then been satisfied, and the Swing Line Lender has had a reasonable amount of time, not to exceed two (2) Business Days from such notice, within which to act. In the event of termination of the Working Cash Sweep Rider by either the Borrower or the Swing Line Lender, the Swing Line Lender will promptly notify the Agent of such termination.

2.3 Letter of Credit Subfacility.

2.3.1 Issuance. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby and commercial letters of credit (each such Letter of Credit, together with each Letter of Credit issued or deemed to be issued pursuant to the Previous Credit Agreement and outstanding on the Closing Date, a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of the Borrower; *provided* that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed $25,000,000 and (ii) the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. No Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Facility Termination Date and (y) one year after its issuance; *provided* that any Facility LC with an expiry date one year after issuance may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (x) above).

2.3.2 Participations. Upon (a) the Closing Date with respect to each Facility LC issued and outstanding under the Previous Credit Agreement and (b) the issuance or Modification by the LC Issuer of each other Facility LC in accordance with this Section 2.3, the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

2.3.3 Notice. Subject to Section 2.3.1, the Borrower shall give the LC Issuer and the Agent notice prior to 10:00 a.m. (Louisville time) at least three Business Days, or such shorter period of time as may be acceptable to the LC Issuer in its discretion, prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon Agent's receipt of such notice, the Agent shall promptly notify the LC Issuer if the proposed amount of such Facility LC will cause the Aggregate Outstanding Credit Exposure to equal or exceed the Aggregate Commitment. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which the LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the Borrower shall have executed and delivered a Reimbursement Agreement ("LC Reimbursement Agreement") in the form of Exhibit Q, and such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each, a "Facility LC Application"). The terms of the LC Reimbursement Agreement and Facility LC Application shall supplement the terms of this Agreement, but in the event of any conflict between the terms of this Agreement and the terms of any LC Reimbursement Agreement and/or any Facility LC Application, the terms of this Agreement shall control. On the date of issuance or Modification by the LC Issuer of any Facility LC, the LC Issuer shall notify the Agent, and the Agent shall promptly notify each Lender of the issuance or Modification of each Facility LC, specifying the beneficiary, the date of issuance (or Modification) and the expiry date of such Facility LC, the terms of the Facility LC and the nature of the transactions supported by the Facility LC.

2.3.4 LC Fees. The Borrower shall pay to the Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Facility LC, a letter of credit fee at a per annum rate equal to the Applicable Margin for Eurodollar Loans in effect from time to time on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on each Payment Date, and such fee to be payable on the date of such issuance or increase (each such fee described in this sentence an "LC Fee"). In addition, the Borrower shall pay to the LC Issuer for its own account a fronting fee equal to 12.5 basis points (0.125%) multiplied by the daily average Letters of Credit Outstanding, payable quarterly in arrears commencing on the first Business Day of each October, January, April and July following issuance of each Facility LC and on the Facility Termination Date. As used herein, "Letters of Credit Outstanding" means the aggregate amount available to be drawn on all Facility LCs issued and outstanding (including any amounts drawn thereunder and not reimbursed, regardless of the existence or satisfaction of any conditions or limitations on drawing).

2.3.5 Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment in connection with a presentation of documents under such Facility LC, the LC Issuer shall notify the Agent and the Agent shall promptly notify the Borrower and each other Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.3.6 below, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Louisville time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances.

2.3.6 Reimbursement by Borrower. The Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amounts to be paid by the LC Issuer upon any drawing under any Facility LC, without presentment, demand, protest or other formalities of any kind; *provided* that neither the Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower or such Lender to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the rate applicable to Floating Rate Advances for such day if such day falls on or before the applicable LC Payment Date and (y) the sum of 2% plus the rate applicable to Floating Rate Advances for such day if such day falls after such LC Payment Date. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.3.5. Subject to the terms and conditions of this Agreement (including without limitation the submission of

a Borrowing Notice in compliance with Section 2.10 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Borrower may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

2.3.7 Obligations Absolute. The Borrower's obligations under this Section 2.3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrower further agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and the Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrower and shall not put the LC Issuer or any Lender under any liability to the Borrower. Nothing in this Section 2.3.7 is intended to limit the right of the Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.3.6.

2.3.8 Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.3, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

2.3.9 Indemnification. The Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses which such Lender, the LC Issuer or the Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; *provided* that the Borrower shall not be required to indemnify any Lender, the LC Issuer or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC. Nothing in this Section 2.3.9 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

2.3.10 Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Section 2.3 or any action taken or omitted by such indemnitees hereunder.

2.3.11 Facility LC Collateral Account. The Borrower agrees that it will, upon the request of the Agent or the Required Lenders and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuer or the Lenders in respect of any Facility LC, maintain a special collateral account pursuant to arrangements satisfactory to the Agent (the "Facility LC Collateral Account") at the Agent's office at the address specified pursuant to Article XIII, in the name of the Borrower but under the sole dominion and control of the Agent, for the benefit of the Lenders and the LC Issuer and in which the Borrower shall have no interest other than as set forth in Section 8.1. The Borrower hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Lenders, and the LC Issuer, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of JPMorgan having a maturity not exceeding 30 days. Nothing in this Section 2.3.11 shall either obligate the Agent to require the Borrower to deposit any funds in the Facility LC Collateral Account or limit the right of the Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 8.1.

2.3.12 Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

2.4 Required Payments; Termination. Any outstanding Advances and all other unpaid Obligations shall be paid in full by the Borrower on the Facility Termination Date.

2.5 Ratable Loans. Each Advance hereunder shall consist of Loans made from the several Lenders ratably according to their Pro Rata Shares.

2.6 Types and Number of Eurodollar Advances. The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.10 and 2.11, or Swing Line Loans selected by Borrower in accordance with Section 2.2. The Borrower may have no more than six (6) Eurodollar Advances outstanding at any one time.

2.7 Commitment Fee; Reductions in Aggregate Commitment. The Borrower agrees to pay to the Agent for the account of each Lender according to its Pro Rata Share a commitment fee (the "Commitment Fee") in arrears at a per annum rate equal to the Applicable Fee Rate in effect from time to time on the average daily Available Aggregate Commitment of such Lender from the date hereof to and including the Facility Termination Date, payable on each Payment Date hereafter and on the Facility Termination Date. Swing Line Loans shall not count as usage of any Lender's Commitment for the purpose of calculating the commitment fee due hereunder. In addition, on the Closing Date, the Borrower shall pay to the Agent for the ratable account of the lenders then party to the Previous Credit Agreement, the accrued and unpaid commitment fees under the Previous Credit Agreement through Closing Date. The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in integral multiples of $5,000,000, upon at least one Business Days' written notice to the Agent, which

notice shall specify the amount of any such reduction, *provided, however,* that the amount of the Aggregate Commitment may not be reduced below the Aggregate Outstanding Credit Exposure. All accrued Commitment Fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Credit Extensions hereunder.

2.8 Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of $500,000 (and in multiples of $100,000 if in excess thereof), and each Floating Rate Advance (other than an advance to repay Swing Line Loans) shall be in the minimum amount of $500,000 (and in multiples of $100,000 if in excess thereof), *provided, however,* that any Floating Rate Advance may be in the amount of the Available Aggregate Commitment.

2.9 Optional Principal Payments. The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances (other than Swing Line Loans), or, in a minimum aggregate amount of $1,000,000 or any integral multiple of $1,000,000 in excess thereof, any portion of the outstanding Floating Rate Advances (other than Swing Line Loans) upon one Business Day's prior notice to the Agent. The Borrower may at any time pay, without penalty or premium, all outstanding Swing Line Loans, or, in a minimum amount of $100,000 and increments of $50,000 in excess thereof, any portion of the outstanding Swing Line Loans, with notice to the Agent and the Swing Line Lender by 11:00 a.m. (Louisville Time) on the date of repayment. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurodollar Advances or any portion of the outstanding Eurodollar Advances upon three (3) Business Days' prior notice to the Agent.

2.10 Method of Selecting Types and Interest Periods for New Advances. Each Type of Advance shall bear interest according to its Type, from the date the Advance is made until it is repaid. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 11:00 a.m. (Louisville time) at least one Business Day before the Borrowing Date of each Floating Rate Advance and three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than 1:00 p.m. (Louisville time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available in Louisville to the Agent at its address specified pursuant to Article XIII. The Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address.

2.11 Conversion and Continuation of Outstanding Advances. Floating Rate Advances (other than Swing Line Loans) shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.11 or are repaid in accordance with Section 2.9. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.9 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.10, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance (other than a Swing Line Loan) into a Eurodollar Advance. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 11:00 a.m. (Louisville time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.12 Changes in Interest Rate, etc. Each Floating Rate Advance (other than a Swing Line Loan) shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.11, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.11 hereof, at a rate per annum equal to the Floating Rate for such day. Each Swing Line Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made to but excluding the date it is paid, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Agent as applicable to such Eurodollar Advance based upon the Borrower's selections under Sections 2.10 and 2.11 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date.

2.13 Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.10, 2.11 or 2.12, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum, and (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum and (iii) the LC Fee shall be increased by 2% per annum, *provided* that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above and the increase in the LC Fee set forth in clause (iii) above shall be applicable to all Credit Extensions without any election or action on the part of the Agent or any Lender.

2.14 Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (local time) on the date when due and shall (except with respect to repayments of Swing Line Loans, and in the case of Reimbursement Obligations for which the LC Issuer has not been fully indemnified by the Lenders, or as otherwise specifically required hereunder) be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender, in the same type of funds that the Agent received, at such Lender's address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. The Agent is hereby authorized to charge the account of the Borrower maintained with JPMorgan for each payment of principal, interest Reimbursement Obligations and fees as it becomes due hereunder. Each reference to the Agent in this Section 2.14 shall also be deemed to refer, and shall apply equally, to the LC Issuer, in the case of payments required to be made by the Borrower to the LC Issuer pursuant to Section 2.3.6.

2.15 Noteless Agreement; Evidence of Indebtedness.

(i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period (if applicable) with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (c) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, and (d) the amount of any sum received by the Agent hereunder from the Borrower and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however,* that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loans be evidenced by a promissory note or, in the case of the Swing Line Lender, promissory notes representing its Revolving Loans and Swing Line Loans, respectively, substantially in the form of Exhibit E, with appropriate changes for notes evidencing Swing Line Loans (each, a "Note"). In such event, the Agent shall prepare and forward to the Borrower for execution and delivery to such Lender a Note or Notes payable to the order of such Lender. Thereafter, the Loans evidenced by each such Note and interest thereon shall at all times (prior to any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein, except to the extent that any such Lender subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (i) and (ii) above.

2.16 Telephonic Notices. The Borrower hereby authorizes the Lenders and the Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Agent a written confirmation signed by an Authorized Officer, if such confirmation is requested by the Agent or any Lender, of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error.

2.17 Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, on each date set forth in the Working Cash Sweep Rider, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and on the Facility Termination Date. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than a Payment Date shall be payable on the date of conversion. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and on the Facility Termination Date. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest, Commitment Fees and LC Fees shall be calculated for actual days elapsed on the basis of a 360-day year, except for interest payable on Advances at the Alternate Base Rate which shall accrue on the basis of the actual number of days elapsed over a year of 365 or 366 days, as appropriate. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.18 Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. Promptly after notice from the LC Issuer, the Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.19 Lending Installations. Each Lender may book its Loans and its participation in any LC Obligations and the LC Issuer may book the Facility LCs at any Lending Installation selected by such Lender or the LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility LCs, participations in LC Obligations and any Notes issued hereunder shall be deemed held by each Lender or the LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and the LC Issuer may, by written notice to the Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs will be issued by it and for whose account Loan payments or payments with respect to Facility LCs are to be made.

2.20 Non-Receipt of Funds by the Agent. Unless the Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.21 Replacement of Lender. If the Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.3 (any Lender so affected an "Affected Lender"), the Borrower may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, *provided* that no Default or Unmatured Default shall have occurred and be continuing at the time of such replacement, and *provided further* that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Agent shall agree, as of such date, to purchase for cash the Advances and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit C and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender.

2.22 Increase in Commitments.

2.22.1 Amount of Increase in Commitments. The Borrower may at any time, with the consent of the Agent but without the consent of the Lenders except as provided in Sections 2.22.2 and 2.22.5(i), increase the Aggregate Commitment up to an amount not to exceed $250,000,000, subject to satisfaction of each and all of the requirements contained in this Section 2.22.

2.22.2 Eligibility. Each Lender who provides an increase in the Aggregate Commitment (each a "New Commitment Provider") shall be either an existing Lender at the time of the increase (each an "Existing Lender") or a financial institution reasonably acceptable to the Agent and the Borrower (and the Borrower’s acceptance shall not be unreasonably withheld) that is not then currently a Lender (each a "New Lender") provided, that the Borrower shall first offer any increase in the Commitments to the Existing Lenders by giving notice thereof to each of the Existing Lenders and fifteen (15) Business Days to respond to such notice (failure to respond on a timely basis shall be deemed a rejection). Any notice given hereunder shall not be deemed to be a request for, or requirement of, consent from any Existing Lender who is not a New Commitment Provider to the increase in the Aggregate Commitment.

2.22.3 Notice. The Borrower and the Agent jointly shall notify the Lenders at least fifteen (15) Business Days before the date ("Commitment Increase Effective Date") any increase in the Aggregate Commitment shall become effective. Such notice shall state the amount of the increase in the Aggregate Commitment, the names of the Lenders providing the additional Commitments and the Commitment Increase Effective Date.

2.22.4 Minimum Amount. Any increase in the Aggregate Commitment provided by any individual Lender shall be in an amount not less than $5,000,000 and integral multiples of $1,000,000 in excess thereof.

2.22.5 Implementation of Increase. On the Commitment Increase Effective Date:

(i) Joinder. Each New Commitment Provider shall execute and deliver to the Agent two Business Days prior to the Commitment Increase Effective Date a Joinder in the form attached as Exhibit L ("Lender Joinder"), which shall become effective on the Commitment Increase Effective Date. The Lender Joinder shall set forth the Commitment provided by the New Commitment Provider if it is a New Lender and the new amount of the Commitment and the increase in the Commitment to be provided if it is an Existing Lender. If the New Commitment Provider is a New Lender it shall on the Effective Date join and become a party to this Agreement and the other Loan Documents as a Lender for all purposes hereunder and thereunder, subject to the provisions of this Section 2.22, having a Commitment as set forth in the Lender Joinder tendered by the same. Any Lender whose Commitment shall remain unaffected shall be deemed to have consented and agreed to such Lender Joinder.

(ii) Floating Rate Loans. Each New Commitment Provider shall (i) purchase from the other Lenders such New Commitment Provider's Pro Rata Share in any Floating Rate Loans outstanding on the Commitment Increase Effective Date, and (ii) share ratably in all Floating Rate Loans borrowed by the Borrower after the Commitment Increase Effective Date.

(iii) Eurodollar Rate Loans. Each New Commitment Provider shall (a) purchase from the other Lenders such New Commitment Provider's Pro Rata Share in each outstanding Eurodollar Loan on the date on which the Borrower either renews its Eurodollar Loan election with respect to the Eurodollar Loan in question or converts such Eurodollar Loan to a Floating Rate Loan, *provided* that the New Commitment Providers shall not purchase an interest in such Loans from the other Lenders on the Commitment Increase Effective Date (unless the Commitment Increase Effective Date is a renewal or conversion date, as applicable, in which case the preceding sentence shall apply), and (b) shall participate in all new Eurodollar Loans borrowed by the Borrower on and after the Commitment Increase Effective Date.

(iv) Facility LCs. Each New Commitment Provider shall participate in all Facility LCs outstanding on the Commitment Increase Effective Date according to its Pro Rata Share and in accordance with the terms of this Agreement.

(v) Limit on Amount. Any increase in the Commitments pursuant to this Section 2.22 may not cause the total amount of the Commitments to exceed $250,000,000.

(vi) No Default or Unmatured Default; Representations and Warranties. There shall exist no Default or Unmatured Default on the Commitment Increase Effective Date. Without limiting that sentence, the representations and warranties contained in Article V must be true and correct in all material respects as of such Commitment Increase Effective Date except to the extent any such representation is stated to relate solely to an earlier date, in which case such representation shall have been true and correct on and as of such earlier date. If a Default or Unmatured Default exists on such Commitment Increase Effective Date, or such representations and warranties are not true and correct to the extent and as required in the second sentence of this Section 2.22.5(vi), the Borrower shall not request an increase of, and may not increase, the Aggregate Commitment.

(vii) No Obligation. No Existing Lender shall be required to increase its Commitment in the event that the Borrower asks such Existing Lender to provide all or a portion of any increase in the Aggregate Commitment desired by the Borrower.

ARTICLE III

YIELD PROTECTION; TAXES

3.1 Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation or the LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender or any applicable Lending Installation or the LC Issuer to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender or the LC Issuer in respect of its Eurodollar Loans, Facility LCs or participations therein, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or the LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation or the LC Issuer of making, funding or maintaining its Eurodollar Loans, or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or the LC Issuer in connection with its Eurodollar Loans, Facility LCs or participations therein, or requires any Lender or any applicable Lending Installation or the LC Issuer to make any payment calculated by reference to the amount of Eurodollar Loans, Facility LCs or participations therein held or interest received by it, by an amount deemed material by such Lender or the LC Issuer, as the case may be,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation Lender or the LC Issuer, as the case may be, of making or maintaining its Eurodollar Loans or Commitment or of issuing or participating in Facility LCs or to reduce the return received by such Lender or applicable Lending Installation or the LC Issuer, as the case may be, in connection with such Eurodollar Loans, Commitment, Facility LCs or participations therein, then, within 15 days of demand by such Lender or the LC Issuer, as the case may be, the Borrower shall pay such Lender or the LC Issuer, as the case may be, such additional amount or amounts as will compensate such Lender, or the LC Issuer, as the case may be, for such increased cost or reduction in amount received.

3.2 Changes in Capital Adequacy Regulations. If a Lender or the LC Issuer determines the amount of capital required or expected to be maintained by such Lender or the LC Issuer, any Lending Installation of such Lender or the LC Issuer or any corporation controlling such Lender or the LC Issuer is increased as a result of a Change, then, within 15 days of demand by such Lender or the LC Issuer, the Borrower shall pay such Lender or the LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or the LC Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Facility LCs, as the case may be, hereunder (after taking into account such Lender or the LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or the LC Issuer or any Lending Installation or any corporation controlling any Lender or the LC Issuer. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3 Availability of Types of Advances. If any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (ii) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Agent shall suspend the availability of Eurodollar Advances and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4 Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5 Taxes.

(i) All payments by the Borrower to or for the account of any Lender, the LC Issuer or the Agent hereunder or under any Note or Facility LC Application shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, the LC Issuer or the Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, the LC Issuer or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Facility LC Application or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note or any Facility LC Application ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Agent, the LC Issuer and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Agent, the LC Issuer or such Lender as a result of its Commitment, any Loans made by it hereunder, or otherwise in connection with its participation in this Agreement and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Agent, the LC Issuer or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement, (i) deliver to the Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to the Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, *unless* an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; *provided* that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv), above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6 Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Initial Credit Extension. The effectiveness of this Agreement and the obligation of the Lenders to make the initial Credit Extension hereunder, which initial Credit Extension shall occur no later than September 23, 2005, shall be subject to the satisfaction of the following conditions precedent and, if applicable, the delivery by the Borrower to the Agent with sufficient copies for the Lenders of the following:

(i) the Borrower has furnished to the Agent, with sufficient copies for the Lenders, the following, in each case satisfactory to the Agent, in its discretion, and its counsel:

(a) Copies of the articles or certificate of incorporation of the Borrower and each other Loan Party, together with all amendments, and a certificate of good standing (or comparable certificate in the case of those governmental offices which do not issue good standing certificates), each certified by the appropriate governmental officer in its jurisdiction of incorporation or formation.

(b) Copies, certified by the Secretary or Assistant Secretary (or Person serving an equivalent function) of the Borrower and each other Loan Party, of its by-laws or operating agreement, as applicable, and of its board of directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which the Borrower and each other Loan Party is a party.

(c) An incumbency certificate, executed by the Secretary or Assistant Secretary (or Person serving an equivalent function) of, as applicable, the Borrower and each other Loan Party, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers or Persons of the Borrower and each other Loan Party authorized to sign the Loan Documents to which, as applicable, the Borrower and each other Loan Party is a party, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower and each other Loan Party.

(d) A certificate, signed by the chief financial officer of the Borrower, in the form of Exhibit P stating that on the initial Credit Extension Date no Default or Unmatured Default has occurred and is continuing.

(e) A written opinion of the Borrower's and the Guarantors' counsel, addressed to the Lenders in substantially the form of Exhibit A.

(f) Any Notes requested by a Lender pursuant to Section 2.15 payable to the order of each such requesting Lender.

(g) Written money transfer instructions from the Borrower, in substantially the form of Exhibit D, addressed to the Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Agent may have reasonably requested.

(h) If the initial Credit Extension will be the issuance of a Facility LC, a properly completed Facility LC Application.

(i) All Collateral Documents and other Loan Documents executed by the Borrower or the Guarantors, as the case may be, including without limitation any amendments, reaffirmations or supplements to the Pledge and Security Agreement, the Guaranty, the Mortgages, the Negative Pledge Agreement, the Indemnity Agreement, the Assignment of Patents, Trademarks and Copyrights and the Intercompany Subordination Agreement requested by the Collateral Agent to be executed and delivered on the Closing Date.

(j) Intentionally Omitted.

(k) Intentionally Omitted.

(l) Intentionally Omitted.

(m) Intentionally Omitted.

(n) The insurance certificate described in Section 5.20 and 6.6(ii).

(o) Intentionally Omitted.

(p) Reports of searches of personal property of records from the appropriate reporting agencies listed on Schedule 4.1(i)(p). The 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 the Loan Parties' personal property prior to the Collateral Agent's security interest therein other than Permitted Liens.

(q) All material third-party consents required to effectuate the transactions under the Loan Documents, including without limitation those described on Schedule 4.1(i)(q).

(r) Evidence satisfactory to the Agent that no action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed before any court, governmental agency or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of, this Agreement, the other Loan Documents or the consummation of the transactions contemplated hereby or thereby or which, in the Agent's sole discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement or any of the other Loan Documents.

(s) Evidence satisfactory to the Agent with respect to the proper perfection and priority of all of the Liens created in favor of the Collateral Agent securing all of the Secured Obligations.

(t) Evidence satisfactory to the Agent that prior to, or simultaneously with the closing of the transactions described herein, the Borrower has paid all of the Refinanced Indebtedness and shall have delivered to the Agent a copy of a payoff letter, in a form satisfactory to the Agent, in its discretion, signed by the “Term Note Purchasers” as defined in the Previous Credit Agreement and evidencing the payoff and termination of such Refinanced Indebtedness, as well as termination of their interest in any Liens in connection therewith.

(u) Intentionally Omitted.

(v) Unqualified audited financial statements for the Borrower dated as of December 31, 2004.

(w) A certificate in the form of Exhibit P signed by the chief financial officer of the Borrower stating that at the initial Credit Extension no Material Adverse Effect has occurred since December 31, 2004 or is occurring, and all of the representations and warranties made by or on behalf of any of the Loan Parties relating to this Agreement and/or any of the other Loan Documents remain true, correct and complete.

(x) Payment or reimbursement of expenses as and to the extent required under Section 9.6 and payment of fees under Section 10.13.

(y) Such other documents as the Agent, any Lender or their counsel may have reasonably requested.

(ii) The Agent and the Lenders shall have determined to their satisfaction:

(a) There exists no Default or Unmatured Default.

(b) No Material Adverse Effect shall have occurred since December 31, 2004.

(c) The Loan Parties have complied with all applicable requirements of Regulation U.

(d) All legal and regulatory matters (including those relating to taxes) are satisfactory.

(e) No injunctions or temporary restraining orders against any Loan Party exist which would prohibit a Credit Extension.

(f) No existing or potential environmental liability with respect to any Loan Party and/or any Collateral exists that would have a Material Adverse Effect.

4.2 Each Credit Extension. The Lenders shall not be required to make any Credit Extension unless on the applicable Credit Extension Date:

(i) There exists no Default or Unmatured Default.

(ii) The representations and warranties contained in Article V are true and correct in all material respects as of such Credit Extension Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

(iii) All legal matters incident to the making of such Credit Extension shall be satisfactory to the Lenders and their counsel.

Each Borrowing Notice or request for issuance of a Facility LC with respect to each such Credit Extension shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2(i) and (ii) have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Loan Parties jointly and severally represent and warrant to the Agent and the Lenders that:

5.1 Existence and Standing. Each of the Loan Parties and its Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its respective business in each jurisdiction in which its respective business is conducted and where the failure to do so would cause a Material Adverse Effect.

5.2 Authorization and Validity. Each Loan Party has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Loan Party of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which the Loan Party is a party constitute legal, valid and binding obligations of the applicable Loan Party enforceable against the applicable Loan Party in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3 No Conflict; Government Consent. Neither the execution and delivery by a Loan Party of the Loan Documents to which it is a party, nor the consummation by it of the transactions therein contemplated, nor compliance with the provisions thereof by it will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on any such Loan Party or (ii) any such Loan Party's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which any such Loan Party is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or except for the Liens required by the terms of Loan Documents, result in, or require, the creation or imposition of any Lien in, of or on the Property of any such Loan Party pursuant to the terms of any such indenture, instrument or agreement. Except for the recordation of any applicable Collateral Documents with any applicable governmental authority, no order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by any Loan Party, is required to be obtained by any Loan Party in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents. Notwithstanding anything in this Agreement or the other Loan Documents to the contrary, the parties to this Agreement and the other Loan Documents acknowledge that (i) the transfer, assignment, change of ownership or interest, foreclosure or realization on any of the Collateral or the stock of Churchill Downs Management Company or (ii) any transfer, assignment, or change of ownership or interest in any pari-mutuel permits or licenses must comply with applicable law, which may require prior approval by the Florida Division of Pari-Mutuel Wagering or comparable governmental authority in the applicable State.

5.4 Financial Statements. The December 31, 2004 consolidated financial statements of the Loan Parties heretofore delivered to the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Loan Parties at such date and the consolidated results of their operations for the period then ended.

5.5 Material Adverse Change. Since December 31, 2004 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Loan Parties taken as a whole, which could reasonably be expected to have a Material Adverse Effect.

5.6 Taxes. Each Loan Party has filed all United States federal tax returns and all other tax returns which are required to be filed and has paid all taxes due pursuant to said returns or pursuant to any assessment received by such Loan Party, except such taxes, if any, as are being contested in good faith and as to which

adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. The United States income tax returns of each Loan Party and the other Loan Parties have been audited by the Internal Revenue Service through the fiscal year ended December 31, 2000. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of each Loan Party in respect of any taxes or other governmental charges are adequate.

5.7 Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting any Loan Party which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, the Loan Parties have no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8 Subsidiaries. Schedule 1 contains an accurate list of all Subsidiaries of the Loan Parties as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by each Loan Party. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9 ERISA. Except for any Multiemployer Plan, none of the Loan Parties sponsors or contributes to a Plan that is covered by Title IV of ERISA or that is subject to the minimum funding standards under Section 412 of the Code. Neither any Loan Party nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, any withdrawal liability to Multiemployer Plans in excess of $10,000,000.00 in the aggregate. No Loan Party has any knowledge that any Plan fails to comply in all material respects with all applicable requirements of law and regulation. Neither the Borrower nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to reorganize or terminate any Plan.

5.10 Accuracy of Information. No information, exhibit or report furnished by the Borrower or any of the other Loan Parties to the Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any misstatement of material fact or omitted to state a material fact necessary to make the statements contained therein not misleading.

5.11 Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Loan Parties which are subject to any limitation on sale, pledge, or other restriction hereunder.

5.12 Material Agreements. Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

5.13 Compliance With Laws. The Loan Parties have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.14 Ownership of Properties. Except as set forth on Schedule 2, on the date of this Agreement, the Loan Parties will have good title, free of all Liens other than Permitted Liens, to all of the Property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Agent as owned by the Loan Parties. Except for the Permitted Liens, liens granted to the Collateral Agent for the benefit of the Lenders pursuant to the Mortgages do constitute and will constitute valid first priority Liens under applicable law. Borrower will take all such action as will be necessary or advisable to establish such Lien of the Collateral Agent and its priority as described in the preceding sentence at or prior to the time required for such purpose, and there will be as of the date of execution and delivery of the Mortgages no necessity for any further action in order to protect, preserve and continue such Lien and such priority except for (i) the filing of continuation statements to continue financing statements (filed as fixture filings) upon the expiration thereof and (ii) for the recordation of the Calder Mortgage and for the recording of the Mortgages (other than the Calder Mortgage) all of which recordation of such Mortgages (other than the Calder Mortgage and Mortgages entered into after the Previous Closing Date) shall have occurred on the Previous Closing Date (or within one Business Day following the Previous Closing Date *provided* that the title insurance policy relating to such Mortgages (other than the Calder Mortgage and Mortgages entered into after the Previous Closing Date) provides coverage as of the Previous Closing Date based on pro forma policies delivered and accepted on or before the Previous Closing Date).

5.15 Plan Assets; Prohibited Transactions. The Borrower (a) is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and assuming the source of the Loans does not in any case include the assets of any employee benefit plan, neither the execution of this Agreement nor the making of Credit Extensions hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code, and (b) the Borrower is an "operating company" as defined in 29 C.F.R 2510-101 (c) or "benefit plan investors" (as defined in 29 C.F.R. § 2510.3-101(f)) do not own 25% or more of the value of any class of equity interests in the Borrower.

5.16 Environmental Matters. In the ordinary course of its business, the officers of the Borrower consider the effect of Environmental Laws on the business of the Loan Parties, in the course of which they identify and evaluate potential risks and liabilities accruing to the Borrower due to Environmental Laws. On the basis of this consideration, the Borrower has concluded that Environmental Laws cannot reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.17 Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.18 Public Utility Holding Company Act. Neither the Borrower nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19 Post-Retirement Benefits. The present value of the expected cost of post-retirement medical and insurance benefits payable by the Loan Parties to their employees and former employees, as estimated by the Borrower in accordance with procedures and assumptions deemed reasonable by the Required Lenders,

does not exceed $10,000,000.00.

5.20 Insurance. The certificate signed by the President or chief financial officer of the Borrower, that attests to the existence and adequacy of, and summarizes, the property and casualty insurance program carried by the Borrower with respect to itself and the other Loan Parties and that has been furnished by the Borrower to the Agent and the Lenders, is complete and accurate. This summary includes the insurer's or insurers' name(s), policy number(s), expiration date(s), amount(s) of coverage, type(s) of coverage, exclusion(s), and deductibles. This summary also includes similar information, and describes any reserves, relating to any self-insurance program that is in effect.

5.21 Solvency. (i) Immediately after the consummation of the transactions to occur on the date hereof and immediately following the making of each Loan, if any, made on the date hereof and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of the Loan Parties on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Loan Parties on a consolidated basis; (b) the present fair saleable value of the Property of the Loan Parties on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Loan Parties on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Loan Parties on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Loan Parties on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(ii) The Borrower does not intend to, or to permit any of the other Loan Parties to, and does not believe that it or any of the other Loan Parties will, incur debts beyond such Person's ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Loan Party and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Loan Party.

5.22 Intellectual Property. Schedule 5.22 sets forth a true and complete list, differentiated by each Loan Party, of all of the patents, trademarks, licenses not included in Schedule 5.25, copyrights and other intellectual property owned by any of the Loan Parties or which any of them has an interest.

5.23 Properties. Schedule 5.23 sets forth a true and complete list, differentiated by each Loan Party, of the addresses of all Real Property.

5.24 Operating Locations. Schedule 5.24 sets forth a true and complete list, differentiated by each Loan Party, of the street addresses of each of the Loan Parties' operating locations.

5.25 Certain Licenses. Schedule 5.25 sets forth a true and complete list, differentiated by each Loan Party of all licenses or other authorities under which any Loan Party is a licensee from any racing commission or authority or holder of other racing rights.

5.26 Predecessor Entities of the Loan Parties. Schedule 5.26 sets forth a list of any and all predecessors and/or prior names of any Loan Party within the past five (5) years, including any entity or entities which may no longer exist, whether by reason of merger, acquisition, consolidation, sale of its material assets, dissolution, bankruptcy, reorganization, which may have or had an interest in the Collateral or any part thereof, together with such predecessor's (1) state of incorporation, (2) the jurisdictional location of all of such entities offices and locations and (3) all jurisdictional locations where any Collateral may have been kept.

ARTICLE VI

COVENANTS

From and after the date of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1 Financial Reporting. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with Agreement Accounting Principles, and furnish to the Lenders:

(i) Within ninety (90) days after the close of each of Borrower's fiscal years, an unqualified (except for qualifications relating to changes in Agreement Accounting Principles or practices reflecting changes in generally accepted accounting principles and required or approved by the Borrower's independent certified public accountants) audit report certified by PriceWaterhouseCoopers or such other independent certified public accountants acceptable to the required Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated basis for itself and the other Loan Parties, including consolidated balance sheets as of the end of such period, related consolidated profit and loss and reconciliation of surplus statements, and a consolidated statement of cash flows, accompanied by any management letter prepared by said accountants, *provided* that satisfaction of the requirements of this Section 6.1(i) shall be deemed to have been met by delivery within the time frame specified above of (a) copies of the Borrower's Annual Report on Form 10-K for such fiscal year prepared in accordance with the requirements therefor and filed with the SEC, and (b) the financial statements and reports otherwise required in this Section 6.1(i), consolidated as to the Borrower and the other Loan Parties, except that such financial statements and reports need not be audited and may be internally prepared.

(ii) Within forty-five (45) days after the close of the first three quarterly periods of each of its fiscal years, for itself and the other Loan Parties, consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss statements and a consolidated statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer, *provided* that satisfaction of the requirements of this Section 6.1(ii) shall be deemed to have been met by delivery within the time frame specified above of copies of (a) the Borrower's Quarterly Report on Form 10-Q prepared in accordance with the requirements therefor and filed with the SEC, and (b) the financial statements and reports otherwise required in this Section 6.1(ii), consolidated as to the Borrower and the other Loan Parties.

(iii) As soon as available, but in any event within ninety (90) days after the beginning of each fiscal year of the Borrower, a copy of the plan and budget (including, at a minimum, a projected consolidated balance sheet for the following fiscal year end and projected quarterly income statements) of the Borrower and the other Loan Parties for such fiscal year.

(iv) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate, in substantially the form of Exhibit

B attached hereto, 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.

(v) Within two hundred seventy (270) days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Single Employer Plan, if any, certified as correct by an actuary enrolled under ERISA.

(vi) If the Borrower has established a Plan, as soon as possible and in any event within 10 days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.

(vii) As soon as possible and in any event within 10 days after receipt by the Borrower, a copy of (a) any notice or claim to the effect that the Borrower or any of the other Loan Parties is or may be liable to any Person as a result of the release by the Borrower, any of the other Loan Parties, or any other Person of any Hazardous Materials into the environment, and (b) any notice alleging any violation of any Environmental Laws by the Borrower or any of the other Loan Parties, which, in either case, could reasonably be expected to have a Material Adverse Effect.

(viii) Promptly upon request, copies of all annual reports to shareholders (including without limitation annual reports to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act), financial statements, reports and proxy statements so furnished and which are not otherwise available on the SEC's Edgar (or its successor) system.

(ix) Promptly upon request, copies of all registration statements and annual, quarterly, monthly or other regular reports which any of the Loan Parties files with the SEC and which are not otherwise available on the SEC's Edgar (or its successor) system.

(x) Such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request.

6.2 Use of Proceeds. The Borrower and each other Loan Party will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions to (a) repay in full the Refinanced Indebtedness outstanding on or prior to the Closing Date (without giving effect to the initial Credit Extensions hereunder) and expenses incurred in connection with such repayment and (b) for general corporate purposes, including for working capital and Acquisition needs. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances to purchase or carry any "margin stock" (as defined in Regulation U).

6.3 Notice of Default. The Borrower and each other Loan Party will give prompt notice in writing to the Agent of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4 Conduct of Business. The Borrower and each other Loan Party will, and will cause each Subsidiary (other than the Excluded Subsidiaries) to, carry on and conduct its respective business in substantially the same manner and in substantially the Current Fields of Enterprise, and in any other mode of gambling, including pari-mutuel wagering on horse racing and Permitted Alternative Gaming which, in each case, is conducted in full compliance with applicable law, and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its respective business is conducted in each case in which the failure to so maintain such authority would have a Material Adverse Effect.

6.5 Taxes. The Borrower and each other Loan Party will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon such Loan Party or such Loan Party's income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

6.6 Insurance.

(i) The Borrower and each other Loan Party will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

(ii) All insurance which the Loan Parties are required to maintain shall be satis-factory to the Agent in form, amount and insurer. Such insur-ance shall provide that any loss thereun-der shall be payable notwithstanding any action, inaction, breach of warranty or condition, breach of declarations, misrepresentation or negligence of any of the Loan Parties. Each policy shall contain an agreement by the insurer that, notwithstanding lapse of a policy for any reason, or right of cancellation by the insurer or any cancellation by any Loan Party such policy shall continue in full force for the benefit of the Collateral Agent for at least thirty (30) days after written notice thereof to the Agent and the applicable Loan Party, and no alteration in any such policy shall be made except upon thirty (30) days written notice of such proposed alteration to the Agent and the applicable Loan Party and written approval by the Agent. At or before the making of the first Credit Extension, each Loan Party shall provide the Agent with certificates evidencing its due compliance with the requirements of this Section.

6.7 Compliance with Laws. The Borrower and each other Loan Party will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which such party may be subject including, without limitation, all Environmental Laws, *provided* that it shall not be deemed to be a violation of this Section 6.7 if any failure to comply with any law would not result in fines, penalties, remediation costs, other similar liabilities or injunctive relief which in the aggregate would constitute a Material Adverse Effect.

6.8 Maintenance of Properties. The Borrower and each other Loan Party will, and will cause each Subsidiary (other than the Excluded Subsidiaries) to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, normal wear and tear excepted and taking into account the age and condition of such Property and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

6.9 Inspection. The Borrower and each other Loan Party will, and will cause each Subsidiary to, permit the Agent, the Collateral Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Borrower and each Subsidiary, to examine

and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Agent, the Collateral Agent or any Lender may designate; *provided*, *however*, so long as no Default or Unmatured Default has occurred or is continuing, no such inspections, examinations, or discussions shall occur during the two week period preceding, or on the day of, the running of the [i] Kentucky Derby or [ii] Breeder's Cup, if the Breeder's Cup is to be held at Churchill Downs.

6.10 Indebtedness. The Borrower and the other Loan Parties will not, nor will they permit any Subsidiary (other than Excluded Subsidiaries) to, create, incur or suffer to exist any Indebtedness, except:

(i) The Loans and the Reimbursement Obligations.

(ii) Indebtedness existing on the date hereof and described in Schedule 2.

(iii) Indebtedness arising under Rate Management Transactions related to the Loans to the extent permitted under Section 6.22.

(iv) Indebtedness secured by any purchase money security interests not exceeding $5,000,000;

(v) Capitalized Lease Obligations in an amount not exceeding $5,000,000;

(vi) Indebtedness to sellers in connection with Permitted Acquisitions in an aggregate amount not to exceed $10,000,000 *provided* that such Indebtedness is subordinated to the Indebtedness hereunder pursuant to subordination provisions acceptable to the Required Lenders in the Required Lenders' reasonable discretion;

(vii) Indebtedness secured by any Lien permitted pursuant to Section 6.16;

(viii) Intentionally Omitted;

(ix) Indebtedness of not greater than $153,000,000 under the Master Plan Bond Transaction;

(x) Indebtedness permitted under Section 6.15, reduced by the amounts of Indebtedness actually outstanding at any time that is described in or subject to clauses (iv), (v) and/or (vi) of this Section 6.10.

6.11 Merger. Without the consent of the Required Lenders, the Borrower will not, nor will it permit any Subsidiary (other than the Excluded Subsidiaries) to, merge or consolidate with or into any other Person, except that a Loan Party may merge into the Borrower or a Wholly-Owned Subsidiary that is or becomes a Loan Party *provided* that at least ten (10) Business Days before the date of such consolidation or merger, the applicable parties shall have delivered to the Agent all of the new Mortgages, amendments to Mortgages, financing statements, amendments thereto and other amendments to the Loan Documents and the schedules thereto required to reflect such consolidation or merger and to perfect or confirm the Liens of the Collateral Agent for the benefit of the Lenders in the assets of the Loan Parties which are parties thereto.

6.12 Sale of Assets.

(i) The Borrower will not, nor will it permit any Subsidiary (other than the Excluded Subsidiaries (including, without limitation, the sale of the assets and facilities commonly known as Hollywood Park)) to, lease, sell or otherwise dispose of its Property to any other Person, except:

(a) Sales of inventory in the ordinary course of business.

(b) Leases, sales or other dispositions of its Property (including ownership interests in Guarantors described in Subsection 6.12(iii)(a) and/or (b)) that, together with all other Property of the Loan Parties previously leased, sold or disposed of (other than inventory in the ordinary course of business) as permitted by this Section, in the aggregate, (1) during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Twelve Month Substantial Portion of the Property of the Loan Parties, or (2) from and after the Closing Date does not constitute a Term Substantial Portion of the Property of the Loan Parties, in each case (subject to subsection (ii) below); *provided* that prior to and upon completion of such lease, sale or other disposition no Default or Unmatured Default would exist, including after giving effect to such sale, transfer or other disposition.

(c) Without regard to, and in addition to the limits of Section 6.12(i)(b), the sale, transfer or other disposition of the assets of, or ownership interests in, Ellis Park Race Course and/or Racing Corporation of America, *provided* that prior to and upon completion of such sale, transfer or other disposition no Default or Unmatured Default would exist, including after giving effect to such sale, transfer or other disposition, and *provided further* that the full amount of the cash proceeds realized on such sale, transfer or other disposition are applied to reduce the Aggregate Outstanding Credit Exposure.

(ii) Intentionally Omitted.

(iii) (a) Upon the sale of Property permitted under and in accordance with Subsection 6.12(i)(c) above, the Agent is hereby authorized by the Lenders to instruct the Collateral Agent to cause Racing Corporation of America and Ellis Park Race Course, Inc. to be released from their obligations under the Guaranty without the need for any further authorization from the Lenders.

(b) Upon consummation of the sale or other disposition of Property that (1) consists of (A) all of the interests of all Loan Parties in a Guarantor, including, without limitation, all of the capital stock, LLC or partnership (as applicable) and other equity interests in that Guarantor, or (B) all of the Property of a Guarantor, and (2) is permitted under and consummated in accordance with Subsections 6.12(i)(b) and (ii) above, the Agent is hereby authorized by the Lenders to instruct the Collateral Agent to cause that particular Guarantor to be released from its obligations under the Guaranty without the need for any further authorization from

the Lenders, *provided* that no Default or Unmatured Default shall exist and be continuing or result from that sale or other disposition of that Property and/or the release of that Guarantor from its obligations under the Guaranty.

Notwithstanding the foregoing provisions of this Section 6.12, nothing contained in this Section 6.12 or this Agreement shall prevent the Borrower nor any other Loan Party or any Subsidiary from conducting its revenue producing activities in the ordinary course of its respective business, including, but not limited to, the (a) leasing or licensing of parking facilities, banquet facilities, boxes, suites or other facilities to the patrons of the Borrower, each Loan Party and each Subsidiary (collectively, the "Patrons"), (b) granting of personal suite licenses to Patrons, (c) granting of licenses to Patrons to use space in the "marquee village" and other similar facilities, and (d) the license or use for a fee of simulcast signals, trademarks, copyrights, and other similar assets, and (e) prepaying and/or forgiving any amounts owed under or canceling the bond or the Lease issued or entered into in connection with the Master Plan Bond Transaction.

6.13 Investments and Acquisitions. The Borrower will not, nor will it permit any other Loan Party to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

(i) (a) Cash Equivalent Investments and (b) Permitted Investments.

(ii) Any Investment (a) in existence on the date hereof (including without limitation existing Investments in Subsidiaries) and described in Schedule 1, (b) in any Subsidiary that is a Loan Party if such Investment is not an Acquisition, and (c) so long as no Default or Unmatured Default has occurred and is continuing, in an Excluded Entity that is not an Acquisition if, but only if, the aggregate amount of all Investments in all Excluded Entities under this clause (ii)(c) after the date of this Agreement, when aggregated with all of the Acquisitions and/or Investments under clauses (iii)(d)(4), (iii)(e) and (iii)(f) of this Section 6.13 made after the date of this Agreement (including such proposed Investment), shall not exceed 20% of Consolidated Net Worth at the time of the proposed Investment in such Excluded Entity. 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 all provisions of this Agreement after giving effect to any Investment permitted by this clause 6.13 (ii)(c) by delivering, at least five (5) Business Days prior to making or closing such Investment a certificate in the form of Exhibit O (each an "Investment Compliance Certificate") evidencing such compliance.

(iii) The Borrower or any Loan Party may effect an Acquisition through a merger, consolidation or by purchase, lease or otherwise of the capital stock or ownership interest of another Person, or of Property of another Person (each a "Permitted Acquisition"), to the extent, but only to the extent, such Loan Party shall have complied with all of the applicable following provisions:

(a) In the case of a Permitted Acquisition by the Borrower, the Borrower shall be the surviving entity in any merger or consolidation.

(b) At least thirty (30) Business Days before the date of the proposed Acquisition, the Borrower shall have delivered to the Agent a notice of acquisition substantially in the form of Exhibit F attached hereto (a "Notice of Acquisition") describing in detail the proposed Acquisition.

(c) (1) Such Person is either (A) an existing Guarantor or (B) has executed a Guarantor Joinder to join this Agreement as a Guarantor pursuant to Section 9.14, or shall have done so on or before the date of such Permitted Acquisition, or, (2) in the alternative, upon request provided in the Notice of Acquisition of the Loan Party acquiring such Person, on or before the date of closing of such Permitted Acquisition, the Required Lenders shall have consented, in their discretion, in writing, to permit such acquired Person to be an Excluded Entity.

(d) If the Person to be acquired is not to be an Excluded Entity, then clauses (1), (2), (3) and (4) of this subsection apply:

(1) The Loan Party which acquires such ownership interest in such Person shall pledge such ownership interests to the Collateral Agent pursuant to the Pledge and Security Agreement and Section 9.14 on or before the date of the closing of such Permitted Acquisition, except as provided in clauses (iii)(d)(3) or (iii)(e) below; and such Person shall, on or before the date of the closing of such Permitted Acquisition execute and deliver a Guarantor Joinder and otherwise comply with the requirements of Section 9.14;

(2) No Default or Unmatured Default shall exist prior to and/or after giving effect to such Permitted Acquisition;

(3) If such Person is engaged in a Current Field of Enterprise and applicable laws relating to horse racing or gaming prohibit the pledge of the ownership interests of such Person or the grant of Liens in one or more assets of such Person (such stock and assets, collectively, the "Restricted Assets"), such Person and its owners shall not be obliged to grant Liens in the Restricted Assets, *provided* that the Loan Parties shall use their best efforts with respect to the matters within their respective control to obtain, within ninety (90) days after the date of such Permitted Acquisition (A) the consent of the applicable regulatory authority to the pledge or grant of first and prior Liens in the Restricted Assets of such Person to the Collateral Agent, or (B) the acknowledgement by such regulatory authority that such a pledge or grant of security interests does not require such consent; and the applicable Loan Parties shall within ten (10) days after receiving any such acknowledgement or consent take all steps necessary or appropriate to pledge and grant first and prior Liens, other than Permitted Liens, in favor of the Collateral Agent in, as applicable, the Restricted Assets pursuant to the Pledge and Security Agreement and any other applicable Collateral Documents, other Loan Documents, and/or other documents in the form of the Collateral Documents except for the name of the applicable Loan Party and the description of the Property; and

(4) If such Person is not engaged in a Current Field of Enterprise, the aggregate consideration paid for the Acquisition of and Investment in that Person, together with all other Acquisitions under this clause (iii)(d)(4) previous to the Acquisition in question, when aggregated with all of the Investments under clause(ii)(c) and Acquisitions under clauses (iii)(e) and (iii)(f) of this Section 6.13, shall not exceed 20% of Consolidated Net Worth at the time of the proposed Acquisition of such Person.

(e) If the acquired Person is to be an Excluded Entity, then clauses (1), (2), (3) and (4) of this subsection apply:

(1) The board of directors or other equivalent governing body of such Person shall have approved such Permitted

Acquisition and, if the Loan Parties shall use any portion of the Loans to fund such Permitted Acquisition, the Loan Parties shall also have delivered to the Lenders written evidence of the approval of the board of directors (or equivalent body) of such Person for such Permitted Acquisition;

(2) No Default or Unmatured Default shall exist prior to and/or after giving effect to such Permitted Acquisition;

(3) The Loan Parties shall have delivered to the Agent at least five (5) Business Days before such Permitted Acquisition copies of any agreements entered into or proposed to be entered into by such Loan Parties in connection with such Permitted Acquisition and shall deliver to the Agent for its review such other information about such Person or its Property as the Agent may reasonably require; and

(4) The aggregate consideration paid for the Acquisition of and Investment in all Persons pursuant to this clause (iii)(e) of this Section 6.13, when aggregated with all other consideration paid for the Acquisition of and Investments in any Person under this clause (iii)(e) and when aggregated with all Investments under clause (ii)(c) and all Acquisitions under clauses (iii)(d)(4) and (iii)(f) of this Section, shall not exceed 20% of Consolidated Net Worth at the time of the Proposed Acquisition of such Person.

(f) If the Permitted Acquisition is through purchase, lease or other acquisition of Property of a Person by a Loan Party, then clauses (1), (2) and (3) of this subsection apply:

(1) No Default or Unmatured Default shall exist prior to and/or after giving effect to such Permitted Acquisition.

(2) That Loan Party shall pledge such Property pursuant to the Pledge and Security Agreement and/or Mortgage(s), as appropriate, and Section 6.29, unless such Loan Party is engaged in a Current Field of Enterprise and applicable laws relating to horse racing or gaming cause the Property, or some part of it, being acquired to be Restricted Assets, in which case such Loan Party shall not be obliged to grant Liens in the Restricted Assets, *provided* that the Loan Parties shall use their best efforts with respect to the matters within their respective control to obtain, within ninety (90) after the date of such Permitted Acquisition (A) the consent of the applicable regulatory authority to the pledge or grant of first and prior Liens, other than Permitted Liens, in the Restricted Assets of such Loan Party to the Collateral Agent, or (B) the acknowledgement by such regulatory authority that such a pledge or grant of security interests does not require such consent, and that Loan Party shall within ten (10) days after receiving any such acknowledgement or consent take all steps necessary or appropriate to pledge and grant first and prior Liens, other than Permitted Liens, in favor of the Collateral Agent in, as applicable, the Restricted Assets pursuant to the Pledge and Security Agreement and any other applicable Collateral Documents, other Loan Documents, and/or documents consistent with the Collateral Documents.

(3) If that Loan Party is not engaged in a Current Field of Enterprise both before and after the Permitted Acquisition, the aggregate consideration paid for the Acquisition of Property of such Person by such Loan Party pursuant to this clause (iii)(f) of this Section 6.13, when aggregated with all other consideration paid for the Investment in any Person under clause (ii)(c) and when further aggregated with all other Acquisitions and Investments under clauses (iii)(d)(4) and (iii)(e) of this Section, shall not exceed 20% of Consolidated Net Worth at the time of the proposed Acquisition of such Property.

(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, 6.18, 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 M hereto (each an "Acquisition Compliance Certificate") evidencing such compliance.

6.14 Subsidiaries. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, own or create, directly or indirectly, any Subsidiaries other than (a) any Subsidiary on the Closing Date, and (b) any Subsidiary formed or acquired after the Closing under this Agreement pursuant to a Permitted Acquisition. Unless the Subsidiary so acquired is an Excluded Entity with respect to which the Loan Parties have complied with Section 6.13, such newly formed or acquired Subsidiary and the applicable Loan Party, as applicable, shall grant and cause to be perfected first and prior Liens (other than Permitted Liens) in favor of the Collateral Agent in the assets held by, and stock of or other ownership interest in, such Subsidiary, subject to Section 6.13(iii)(d)(3). Except as otherwise permitted under Section 6.13 of this Agreement, each of the Loan Parties shall not become or agree to become (1) a general or limited partner in any general or limited partnership, except that Loan Parties may be general or limited partners in other Loan Parties, (2) become a member or manager of, or hold a limited liability company interest in, a limited liability company, except that the Loan Parties may be members or managers of, or hold limited liability company interest in, other Loan Parties, or (3) become a joint venturer or hold a joint venture interest in any joint venture.

6.15 Certain Transactions. Except for the Sale and Leaseback Transaction that is a part of the Master Plan Bond Transaction, the Borrower and the other Loan Parties collectively, in the aggregate, may not incur Indebtedness under Sections 6.10(x) or Off Balance Sheet Liabilities under Section 6.23 (ii), which, at any one time, aggregate for the Borrower and all of the other Loan Parties, collectively, in an amount more than $40,000,000.00.

6.16 Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except (collectively, "Permitted Liens"):

(i) Liens for taxes, assessments or governmental charges or levies on such Loan Party's Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on such Loan Party's books.

(ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business which secure payment of obligations not more than sixty (60) days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on such Loan Party's books.

(iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or its Subsidiaries.

(v) Liens existing on the date hereof and described in Schedule 2 and any Lien filed or which arises, at any time solely against Property of any Excluded Subsidiary.

(vi) Liens in favor of the Collateral Agent, for the benefit of the Lenders, granted pursuant to any Collateral Document.

(vii) Liens, security interests and mortgages for the benefit of any individual Lender which provides a Rate Management Transaction permitted under Section 6.22 (each a "Permitted Secured Lender Rate Management Transaction") between one or more of the Loan Parties and such Lender, *provided* that any such Liens shall be pari passu with the Liens securing the other Secured Obligations hereunder. The parties to a "Permitted Secured Rate Management Transaction" shall state in the documentation governing such agreement that such agreement is intended to be a "Permitted Secured Rate Management Transaction" hereunder, and upon doing so such agreement shall be treated as a "Permitted Secured Rate Management Transaction" for all purposes hereunder and under each of the other Loan Documents and such agreement shall be entitled to share in the Collateral as more fully provided for herein and therein.

(viii) Liens created in connection with assets leased under Capitalized Leases described in and permitted under Section 6.10(v).

(ix) Purchase money security interests described in and permitted under Section 6.10(iv).

(x) So long as, (A) the validity or amount thereof is being contested in good faith by appropriate and lawful proceedings diligently conducted and so long as levy and execution thereon have been stayed and continue to be stayed or (B) if a final judgment is entered, such judgment is discharged within thirty (30) days of entry, and in either case they do not in the aggregate, materially impair the ability of the Borrower to perform its Obligations hereunder and under the other Loan Documents, then the following:

(a) Claims or Liens for taxes, assessments or charges due and payable and subject to interest or penalty, *provided* that the applicable Loan Party maintains such reserves or other appropriate provisions as shall be required by Agreement Accounting Principles and pays all such taxes, assessments or charges forthwith upon the commencement of proceedings to foreclose any such Lien *provided* that, notwithstanding any such reserves, the Loan Parties shall pay any Liens related to recording or related taxes (including documentary stamp taxes or intangible taxes), immediately upon the existence of any Default or immediately upon the request of the Agent if the Collateral Agent has recorded or is recording a Mortgage with respect to such realty;

(b) Claims, Liens or encumbrances upon, and defects of title to, real or personal property other than the Collateral, including any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits;

(c) Claims or Liens of mechanics, materialmen, warehousemen, carriers, or other statutory nonconsensual Liens; or

(d) Claims or Liens resulting from judgments or orders which, in the aggregate, do not exceed $5,000,000.00.

(xi) Liens permitted under the title policies referred to in Section 4.1(i) hereof.

6.17 Intentionally Omitted.

6.18 Rentals. The Borrower will not, nor will it permit any Loan Party to, create, incur or suffer to exist obligations for Consolidated Rentals in excess of $10,000,000.00 in any one fiscal year for the Borrower and its Subsidiaries in the aggregate.

6.19 Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except (i) in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and (ii) upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction.

6.20 No Prepayment of Material Indebtedness. The Loan Parties shall not, nor will any of them permit any Subsidiary to, prepay, anticipate, defease, purchase, redeem or acquire any Material Indebtedness (other than Obligations hereunder), either in whole or in part, directly or indirectly, prior to the scheduled maturity thereof, except for payment of regularly scheduled installments of principal and/or interest thereon as and when those installments come due in the regular course, and not by acceleration thereof, provided that nothing in this Section 6.20 shall prohibit an Excluded Subsidiary to prepay any Indebtedness with respect to which it, but not any Loan Party, is obligated.

6.21 Recordation of Calder Mortgage. The Agent may, and at the direction of the Required Lenders shall, direct the Collateral Agent to record the Calder Mortgage; and appropriate UCC fixture filings. The other financing statements for filing in Florida (the “Calder Financing Statements”) have been filed concurrently with the Previous Closing Date. The Loan Parties shall take all such steps as the Agent, the Collateral Agent or the Required Lenders request and shall otherwise cooperate in connection with the recordation of the Calder Mortgage, and related documents pursuant to the preceding sentence, including (i) obtaining title insurance for the benefit of the Collateral Agent and the Lenders in an amount not less than the appraised value of the property covered by such Calder Mortgage (which the Loan Parties shall be required to pay for) and (ii) if a Default exists at the time of such recordation or if a Default should occur following such recordation, the Loan Parties shall pay (or reimburse the Agent for) all documentary stamp taxes, intangible asset taxes or other fees and expenses associated with such recordation. The Calder Mortgage shall be treated as a "Recorded Mortgage" for purposes of this Agreement including the warranty in Section 5.14 relating to the Recorded Mortgages.

6.22 Financial Contracts. The Borrower has entered into the transactions of the type described in the definition of “Rate Management Transactions” described on Schedule 6.22, and may enter into one or more transactions of the type described in the definition of "Rate Management Transactions" with one or more

of the Lenders after the date of this Agreement, but the Borrower shall not, nor will it permit any Subsidiary to enter into or remain liable under any Financial Contract that is speculative in nature.

6.23 Sale and Leaseback Transactions and other Off-Balance Sheet Liabilities. The Borrower will not, nor will it permit any Subsidiary to, enter into or suffer to exist any (i) Sale and Leaseback Transaction except the Sale and Leaseback Transaction that is a part of the Master Plan Bond Transaction or (ii) any other transaction pursuant to which it incurs or has incurred Off-Balance Sheet Liabilities, except for (a) Rate Management Obligations permitted to be incurred under the terms of Section 6.22 and (b) as provided in Section 6.15.

6.24 Financial Covenants.

6.24.1 Interest Coverage Ratio. The Borrower will maintain the Interest Coverage Ratio, determined as of the end of each of its fiscal quarters for the then most-recently ended four fiscal quarters, of (i) Consolidated Adjusted EBITDA, to (ii) Consolidated Interest Expense, all calculated for the Loan Parties on a consolidated basis and in accordance with Agreement Accounting Principles, to be greater than 3.5 to 1.0.

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 to (ii) Consolidated Adjusted EBITDA for the then most-recently ended four fiscal quarters to be greater than 3.25 to 1.0.

6.24.3 Minimum Net Worth. The Borrower will at all times maintain Consolidated Net Worth of not less than (a) $190,000,000 as of the Closing Date, and (b) beginning with Borrower's fiscal year ending December 31, 2005, the sum of (i) $190,000,000 plus (ii) 50% of Consolidated Net Income earned in each fiscal year (without deduction for losses), plus (iii) 100% of the proceeds from any public and/or private offering and/or sale of any common and/or preferred stock and/or other equity security, and/or any note, debenture, or other security convertible, in whole or in part, to common and/or preferred stock and/or other equity security, net of reasonable expenses, commissions and fees associates with such sale, from and after the date of this Agreement.

6.25 Loan Parties shall enter into Collateral Documents. The Borrower and each of the other Loan Parties shall grant to the Collateral Agent, for the benefit of the Lenders, a first priority perfected security interest in all of the Property of the Borrower and each of the Loan Parties, *provided* that (i) recordation of the Calder Mortgage and UCC fixture filings for filing in Florida may be delayed pursuant to and in accordance with Section 6.21, and (ii) Racing Corporation of America, Churchill Downs Simulcast Productions, LLC, Charlson Industries, Inc. and Ellis Park Race Course, Inc. shall not, so long as the assets of such Subsidiaries are not pledged or otherwise subject to any lien for the benefit of any other creditors, be required to execute or deliver any Collateral Document other than the Guaranty. To that end, each of the Loan Parties shall duly authorize, execute and promptly deliver the Guaranty to the Agent and deliver to the Collateral Agent the Mortgages, the Pledge and Security Agreement, the Assignments of Patents, Trademarks and Copyrights, the Intercompany Subordination Agreement and any and all other Collateral Documents, including without limitation all documents or instruments necessary or appropriate to create and/or perfect or otherwise protect the Liens in the Collateral in favor of the Collateral Agent for the benefit of the Lenders.

6.26 Maintenance of Patents, Trademarks, Etc. Each Loan Party shall, and shall cause each of its Subsidiaries (except for the Excluded Subsidiaries) to, maintain in full force and effect all patents, trademarks, service marks, trade names, copyrights, licenses, franchises, permits and other authorizations necessary for the ownership and operation of its properties and business if the failure so to maintain the same would constitute a Material Adverse Effect.

6.27 Plans and Benefit Arrangements. The Borrower shall, and shall cause each other member of the Controlled Group to, comply with ERISA, the Code and other applicable Laws applicable to Plans, or Benefit Arrangements except where such failure, alone or in conjunction with any other failure, would not result in a Material Adverse Effect. Without limiting the generality of the foregoing, the Borrower shall make, and cause each member of the Controlled Group to make, in a timely manner, all contributions due to Plans, Benefit Arrangements and Multiemployer Plans.

6.28 Compliance with Laws. Each Loan Party shall, and shall cause each of its Subsidiaries to, comply with all applicable all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property, including all Environmental Laws, in all respects, *provided* that it shall not be deemed to be a violation of this Section 6.28 if any failure to comply with any of the foregoing would not result in fines, penalties, remediation costs, other similar liabilities or injunctive relief which in the aggregate would constitute a Material Adverse Effect.

6.29 Further Assurances. Each Loan Party shall, from time to time, at its expense, (i) take such steps as may be necessary and/or appropriate to faithfully preserve and protect the Lien in favor of the Collateral Agent, for the benefit of the Lenders, on and security interest in the Collateral more fully described in the Collateral Documents as a continuing first priority perfected Lien, subject only to Permitted Liens, (ii) shall do such other acts and things as the Agent in its sole discretion may deem necessary or advisable from time to time in order to preserve, perfect and protect the Liens granted under the Loan Documents and to exercise and enforce its rights and remedies thereunder with respect to the Collateral (including without limitation the execution and/or delivery of such amendments and supplements to the Collateral Documents and related instruments and documents to the extent, and within such time periods, as are reasonably requested by the Collateral Agent), and (iii) as Property is acquired and as required by the other provisions of this Agreement, enter into additional documents from time to time in the form of the Collateral Documents (except as to the applicable Loan Party and the Property subject thereto) and take such other steps to grant and perfect first priority Liens on those assets to the Collateral Agent, for the benefit of the Lenders.

6.30 Subordination of Intercompany Loans. Each Loan Party shall cause any intercompany Indebtedness, and loans or advances owed by any Loan Party to any other Loan Party to be subordinated pursuant to the terms of the Intercompany Subordination Agreement.

6.31 Plans and Benefit Arrangements. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to:

(i) engage in a Prohibited Transaction with any Plan, Benefit Arrangement or Multiemployer Plan which, alone or in conjunction with any other circumstances or set of circumstances resulting in liability under ERISA, would constitute a Material Adverse Effect;

(ii) fail to make when due any contribution to any Multiemployer Plan that the Borrower or any member of the Controlled Group may be required to make under any agreement relating to such Multiemployer Plan, or any Law pertaining thereto;

(iii) withdraw (completely or partially) from any Multiemployer Plan where any such withdrawal is likely to result in a material liability under Section 4063 of ERISA of the Borrower or any member of the Controlled Group that would constitute a Material Adverse Effect;

(iv) terminate, or institute proceedings to terminate, any Plan, where such termination is likely to result in a material liability to the Borrower or any member of the Controlled Group that would constitute a Material Adverse Effect;

(v) make any amendment to any Plan with respect to which security is required under Section 307 of ERISA;

(vi) fail to give any and all notices and make all disclosures and governmental filings required under ERISA or the Code, where such failure is likely to result in a Material Adverse Effect; or

(vii) create or enter into any Plan subject to the minimum funding requirements of ERISA, without the prior written consent of the Required Lenders.

6.32 Issuance of Stock. Except as may be permitted in Section 6.13, each of the Loan Parties other than the Borrower shall not issue any additional shares of such Loan Party's capital stock or any options, warrants or other rights in respect thereof to any Person not a Loan Party, *provided* that the Borrower shall deliver stock powers and the original certificates evidencing such new shares in such Loan Party and shall take any other steps necessary to grant security interests in such shares in favor of the Collateral Agent prior to issuing such shares.

6.33 Changes in Organizational Documents. Except as provided in the next sentence, each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, amend in any respect its certificate of incorporation (including any provisions or resolutions relating to capital stock), by-laws, certificate of limited partnership, partnership agreement, articles or certificate of formation, limited liability company agreement or other organizational documents without providing at least ten (10) calendar days' prior written notice to the Agent and, in the event such change would be materially adverse to the Lenders as determined by the Agent in its sole discretion, obtaining the prior written consent of the Required Lenders. The Borrower may amend its articles of incorporation to do any or all of the following: (1) in connection with a public offering of shares of its capital stock to provide for an increase in the number of authorized shares of such stock or (2) in connection with such a public offering to increase the total number of shares issuable as Series 1998 Preferred Stock to reflect the increase in the number of shares of the Borrower's common stock outstanding, and (3) delete any provisions related to cumulative voting by shareholders in the election or removal of directors.

6.34 Contingent Obligations. The Borrower will not, nor will it permit any Subsidiary (except for the Excluded Subsidiaries) to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except (i) by endorsement of instruments for deposit or collection in the ordinary course of business, (ii) the Reimbursement Obligations, (iii) for the Guaranty; (iv) for PSL Buyback/Guarantee(s) not to exceed $20,000,000 at any one time in the aggregate for all such PSL Buyback/Guarantees; (v) guaranties of the obligations of Loan Parties not to exceed $10,000,000 at any one time in the aggregate for all such guaranties; and (vi) potential withdrawal liability under Multiemployer Plans related to the Hollywood Park operation in an aggregate amount not to exceed $10,000,000.

6.35 Other Agreements. The Loan Parties will not enter into any agreement containing any provision which would be violated or breached by the performance of their obligations hereunder or under any instrument or document delivered or to be delivered by them hereunder or in connection herewith.

6.36 Preservation of Existence. Each Loan Party shall, and shall cause each of its Subsidiaries (other than the Excluded Subsidiaries) to maintain its legal existence as a corporation, limited partnership or limited liability company and its license or qualification and good standing in each jurisdiction in which its ownership or lease of property or the nature of its business makes such license or qualification necessary, except (i) as otherwise may be expressly be permitted in Sections 6.11, 6.12. 6.13 and/or 6.14, (ii) upon a sale of Ellis Park Race Course, Inc., Racing Corporation of America, or their respective assets as contemplated in Section 6.12(i)(c), Racing Corporation of America and/or Ellis Park Race Course, Inc. would no longer be subject to the requirements and/or limitations of this Section 6.36, and (iii) where such failure to do so shall not have a Material Adverse Effect.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1 Any representation or warranty made or deemed made by or on behalf of the Loan Parties to the Lenders or the Agent under or in connection with this Agreement, any Credit Extension, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2 Nonpayment of principal of any Loan when due, or nonpayment of any Reimbursement Obligation in or of any interest upon any Loan or Reimbursement Obligation within one Business Day after the same becomes due, or of any commitment fee, LC Fee or other obligations under any of the Loan Documents within five days after the same becomes due.

7.3 The breach by the Borrower and/or any Loan Party of any of the terms or provisions of Sections 6.2, 6.3, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.18, 6.19, 6.20, 6.22, 6.23, 6.24, 6.25, 6.26, 6.27, 6.28, 6.29, 6.30, 6.31, 6.32, 6.33, 6.34, 6.35 and/or 6.36.

7.4 The breach by the Borrower and/or any Loan Party (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement and/or any other Loan Document which is not remedied within five days after written notice from the Agent or any Lender.

7.5 Failure of the Borrower or any of the other Loan Parties to pay when due any Material Indebtedness; or the default by the Borrower or any of the other Loan Parties in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement, or any other event shall occur or condition exist, the effect of which default, event or condition is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, such Material Indebtedness to become due prior to its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated prior to its stated expiration date; or any Material Indebtedness of

the Borrower or any of the other Loan Parties shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Subsidiaries or any Guarantor shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6 The Borrower or any of the other Loan Parties shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Term Substantial Portion or Twelve Month Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7 Without the application, approval or consent of the Borrower or any of the other Loan Parties, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of the other Loan Parties or any Term Substantial Portion or Twelve Month Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower or any of the other Loan Parties and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 consecutive days.

7.8 Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of any of the Loan Parties which, when taken together with all other Property of the Loan Parties so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Term Substantial Portion or Twelve Month Substantial Portion.

7.9 The Borrower or any of the other Loan Parties shall fail within thirty (30) days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of $5,000,000.00 (or the equivalent thereof in currencies other than U.S. Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

7.10 Nonpayment by the Borrower or any Loan Party of any Rate Management Obligation when due or the breach by the Borrower or any Subsidiary of any term, provision or condition contained in any Rate Management Transaction or any transaction of the type described in the definition of "Rate Management Transactions," whether or not any Lender or Affiliate of a Lender is a party thereto.

7.11 Any Change in Control shall occur.

7.12 The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), exceeds $10,000,000.00 or requires payments exceeding $10,000,000.00 per annum.

7.13 The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $10,000,000.00.

7.14 The Borrower or any of the other Loan Parties shall (i) be the subject of any proceeding or investigation pertaining to the release by the Borrower, any of the other Loan Parties or any other Person of any toxic or hazardous waste or substance into the environment, or (ii) violate any Environmental Law, which, in the case of an event described in clause (i) or clause (ii), could reasonably be expected to have a Material Adverse Effect.

7.15 The occurrence of any "default," as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided.

7.16 Any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of any Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect.

7.17 Any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any Collateral purported to be covered thereby, except as permitted by the terms of any Collateral Document, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or the Borrower shall fail to comply with any of the terms or provisions of any Collateral Document.

7.18 The representations and warranties set forth in Section 5.15 (Plan Assets; Prohibited Transactions) shall at any time not be true and correct.

7.19 The Borrower or any Loan Party shall fail to pay when due any Operating Lease Obligation, obligation with respect to a Letter of Credit, obligation under a Sale and Leaseback Transaction or Contingent Obligation which in any of those cases involves a Material Indebtedness.

7.20 Intentionally Omitted.

7.21 The occurrence of any default under or breach of any of the terms or provisions of the applicable documents in the Master Plan Bond Transaction, which default or breach continues beyond any period of grace therein provided.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1 Acceleration; Facility LC Collateral Account.

(i) If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent, the Collateral Agent, the LC Issuer or any Lender and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Collateral Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount on deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default occurs, the Required Lenders (or the Agent with the consent of the Required Lenders) may (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives, and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Collateral Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(ii) If at any time while any Default is continuing, the Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Agent may make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Collateral Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(iii) The Collateral Agent may at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Obligations and any other amounts as shall from time to time have become due and payable by the Borrower to the Lenders or the LC Issuer.

(iv) At any time while any Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Commitment has been terminated, any funds remaining in the Facility LC Collateral Account shall be distributed to Borrower or paid to whomever may be legally entitled thereto at such time.

(v) If, within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligation and power of the LC Issuer to issue Facility LCs hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

(vi) The Collateral Agent shall have the right to exercise the remedies and other rights with respect to the Collateral provided in and subject to the Collateral Documents.

8.2 Amendments. Subject to the provisions of this Section 8.2, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; *provided, however,* that no such supplemental agreement shall, without the consent of all of the Lenders:

(i) Extend the final maturity of any Loan, or extend the expiry date of any Facility LC to a date after the Facility Termination Date or postpone any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or Reimbursement Obligation related thereto.

(ii) Reduce the percentage specified in the definition of Required Lenders.

(iii) Extend the Facility Termination Date, or reduce the amount or extend the payment date for, the mandatory payments required under Section 2.4, or increase the amount of the Aggregate Commitment, except as provided in Section 2.22, or of the Commitment of any Lender hereunder or the commitment to issue Facility LCs, or permit the Borrower to assign its rights under this Agreement.

(iv) Amend this Section 8.2.

(v) Release any Guarantor except as provided in Section 6.12(iii) or, except as provided in the Collateral Documents, agree to subordinate the Lenders' Liens with respect to all or substantially all of the Collateral.

(vi) Release substantially all of the Collateral, *provided* that the Lenders acknowledge that the Agent may alone instruct the Collateral Agent to release any Collateral as and to the extent provided in Section 10.16.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent, and no amendment of any provision relating to the LC Issuer shall be effective without the written consent of the LC Issuer. The Agent may (i) waive payment of the fee required under Section 12.3.3 and (ii) implement any flex pricing provisions contained in the fee letter described in Section 10.13 or any commitment letter delivered in connection with the transaction which is the subject of this Agreement without obtaining the consent of any other party to this Agreement so long as, in the case of any implementation of any flex-pricing provisions, the Agent's actions would not require consent of all of the Lenders pursuant to the foregoing provisions of this Section.

8.3 Preservation of Rights. No delay or omission of the Lenders, the LC Issurer, the Agent or the Collateral Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension

notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent, the LC Issuer, the Lenders and the Collateral Agent until the Secured Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1 Survival of Representations. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4 Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent, the Collateral Agent, the LC Issuer and the Lenders and supersede all prior agreements and understandings among the Borrower, the Agent, the LC Issuer and the Lenders relating to the subject matter thereof other than those contained in the fee letter described in Section 10.13 and any flex pricing provisions contained in any commitment letter entered into in connection with the transactions that are the subject of this Agreement, all of which survives and remains in full force and effect during the term of this Agreement.

9.5 Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, *provided, however,* that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6 Expenses; Indemnification.

(i) The Borrower shall reimburse the Agent (the term “Agent” in this Section 9.6 also being used to refer to the Agent in its capacity as Collateral Agent) and J.P. Morgan Securities Inc. for any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Agent, J.P. Morgan Securities Inc., the LC Issuer and the Lenders for any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Agent, J.P. Morgan Securities Inc., the LC Issuer and the Lenders, which attorneys may be employees of the Agent, J.P. Morgan Securities Inc., or the Lenders) paid or incurred by the Agent, J.P. Morgan Securities Inc., the LC Issuer or any Lender in connection with the collection and enforcement of the Loan Documents. Expenses being reimbursed by the Borrower under this Section include, without limitation, the cost and expense of obtaining an appraisal, if any, of any parcel of real property or interest in real property described in any relevant Collateral Documents which appraisal, if any, shall be in conformity with the applicable requirements of any law or any governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, including, without limitation, the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, reformed or otherwise modified from time to time, and any rules promulgated to implement such provisions and costs and expenses incurred in connection with the Reports described in the following sentence. The Borrower acknowledges that from time to time the Agent may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") and/or the Collateral Agent may prepare and distribute Reports to the Agent (but the Collateral Agent shall have no obligation or duty to prepare or distribute such Reports, nor shall the Agent have any obligation or duty to distribute such Reports to the Lenders as it may receive from the Collateral Agent) pertaining to the Borrower's Property for internal use by the Agent from information furnished to it by or on behalf of the Borrower, after the Agent or the Collateral Agent has exercised its rights of inspection pursuant to this Agreement.

(ii) The Borrower hereby further agrees to indemnify the Agent, the Arranger, the LC Issuer and each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent, the Arranger, the LC Issuer any Lender or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification.

(iii) The Agent and the Lenders shall not be liable for, and the Loan Parties agree that they shall immediately pay to the Agent and the Lenders when incurred and shall indemnify, defend and hold the Lenders harmless from and against, all loss, cost, liability, damage and expense (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense and settlement of claims) that the Agent or the Lenders may suffer or incur as mortgagees as a result of, or in connection in any way with any applicable Environmental Laws (including the assertion that any lien existing pursuant to the Environmental Laws takes priority over the lien or security interests of the Collateral Agent or Lenders), or any environmental assessment or study from time to time reasonably undertaken or requested by the Agent or any Lenders or breach of any covenant or undertaking by the Loan Parties. The obligations of the Loan Parties under this Section 9.6 shall survive the termination of this Agreement.

9.7 Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

9.8 Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles, except that any calculation or determination which is to be made on a consolidated basis shall be made for the Borrower and the other Loan Parties.

9.9 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10 Nonliability of Lenders. The relationship between the Borrower on the one hand and the Lenders, the LC Issuer and the Agent on the other hand shall be solely that of borrower and lender. Neither the Agent, the Arranger, the LC Issuer nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Agent, the Arranger, the LC Issuer nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Agent, the Collateral Agent, the Arranger, the LC Issuer nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final nonappealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Agent, the Collateral Agent, the Arranger, the LC Issuer nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11 Confidentiality. Each Lender agrees to, and to cause its Affiliates to, hold any confidential information which it may receive from the Borrower pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law or regulation, (v) to any Person in connection with any legal proceeding to which such Lender is a party, to the extent required by law or legal process, *provided that* such Lender shall have used its best reasonable efforts to provide notice to the Borrower of the legal process requesting disclosure of such confidential information prior to disclosure, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, *provided that* such Lender is a party to a Rate Management Transaction with the Borrower, (vii) permitted by Section 12.4, and (viii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances hereunder.

9.12 Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Credit Extensions provided for herein.

9.13 Disclosure. The Borrower and each Lender hereby acknowledge and agree that the Agent and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates.

9.14 Joinder of Guarantors. If a Subsidiary is required to join this Agreement as a Guarantor pursuant to Section 6.14 (regarding Subsidiaries) and/or 6.13 (regarding Permitted Acquisitions) then (a) such Subsidiary shall execute and deliver to the Agent (1) a Guarantor Joinder in substantially the form attached hereto as Exhibit N (a "Guarantor Joinder") pursuant to which it shall join as a Guarantor each of the documents to which the Guarantors are parties; (2) documents in the forms described in Section 4.1 modified as appropriate to relate to such Subsidiary, including opinions of counsel with respect to each Subsidiary; (3) documents necessary to grant and perfect first and prior Liens (other than Permitted Liens) in favor of the Collateral Agent in all property and assets held by such Subsidiary and in the ownership interests in such Subsidiary, and (b) to the extent required under this Agreement, the Loan Party which holds the ownership interest in such Subsidiary shall take such steps as are necessary to pledge such interests pursuant to the Pledge and Security Agreement and grant to the Collateral Agent first and prior Liens (other than Permitted Liens) therein, except to the extent such grant of security interests is excused or delayed under Section 6.13(iii)(d)(3) of this Agreement. In the case of any Subsidiary formed after the date of this Agreement, the Loan Parties shall deliver such Guarantor Joinder and related documents to the Agent within five (5) business days after the date of the filing of such Subsidiary's Articles of Incorporation if the Subsidiary is a corporation, the date of the filing of its certificate of limited partnership if it is a limited partnership, or the date of its organization if it is an entity other than a limited partnership or corporation, or the closing date of the acquisition agreement in the case of a Permitted Acquisition.

9.15 Business Days. Except as provided in the definition of "Interest Period" in Article I above, if any provision of this Agreement or any of the other Loan Documents requires that the Borrower perform any act (other than to make a payment) on a day that is not a Business Day, then the action shall be deemed to be due on the first day thereafter that is a Business Day; and in the case of a payment, shall be due on the last Business Day prior to the date that is not a Business Day but upon which the payment is due.

9.16 No Course of Dealing. No course of dealing between the Borrower and the Lenders, the Agent or the Collateral Agent shall operate as a waiver of any of the rights of the Lenders, the Agent and the Collateral Agent under any of the Loan Documents.

9.17 Waivers by the Borrower. The Borrower hereby waives, to the extent permitted by applicable law, (a) all presentments, demands for performances, notices of nonperformance (except to the extent specifically required by this Agreement or any other of the Loan Documents), protests, notices of protest and notices of dishonor in connec-tion with this Agreement or any Notes, (b) any requirement of diligence or promptness on the part of any Lender in enforcement of rights under the provisions of any of the Loan Documents, and (c) any requirement of marshaling assets or proceed-ing against Persons or assets in any particular order.

9.18 Incorporation by Reference. All schedules, annexes or other attachments to this Agreement are incorporated into this Agreement as if set out in full at the first place in this Agreement that reference is made thereto.

9.19 USA Patriot Act Notification. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each Person that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product.

Accordingly, when the Borrower opens an account, the Agent and the Lenders will ask for the Borrower's name, tax identification number, business address, and other information that will allow the Agent and the Lenders to identify the Borrower. The Agent and the Lenders may also ask to see the Borrower's legal organizational documents or other identifying documents.

ARTICLE X

THE AGENT

10.1 Appointment; Nature of Relationship. JPMorgan is hereby re-appointed by each of the Lenders as its contractual representative and as Collateral Agent (herein referred to collectively in this Article X as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, and (ii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives. Except as expressly set forth herein, the Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any other Loan Party that is communicated to or obtained by the bank servicing as Agent or any of its Affiliates in any capacity.

10.2 Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

10.3 General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4 No Responsibility for Loans, Recitals, etc Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrower or any Guarantor of any of the Obligations or of any of the Borrower's or any such Guarantor's respective Subsidiaries. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as Agent, or as Collateral Agent, or in its individual capacity).

10.5 Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6 Employment of Agents and Counsel. The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

10.7 Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8 Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, *provided* that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

10.10 Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Agent, in its individual capacity, is not obligated to be remain a Lender.

10.11 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12 Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrower and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least $100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Agent. Upon the effectiveness of the resignation of the Agent, the resigning Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Agent, the provisions of this Article X shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Agent by merger, or the Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Agent.

10.13 Agent and Arranger Fees. The Borrower agrees to pay to the Agent and the Arranger, for their respective accounts, the fees agreed to by the Borrower, the Agent and the Arranger pursuant to that certain letter agreement dated August 26, 2005, or as otherwise agreed from time to time.

10.14 Delegation to Affiliates. The Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles IX and X.

10.15 Execution of Collateral Documents. The Lenders hereby empower and authorize the Agent to cause the Collateral Agent, to execute and deliver to the Borrower on their behalf the Security Agreement(s) and all related financing statements and any financing statements, agreements, documents or instruments as shall be necessary or appropriate to effect the purposes of the Security Agreement(s).

10.16 Collateral Releases. The Lenders acknowledge that the Collateral Agent is authorized to execute and deliver to the Borrower on their behalf any agreements, documents or instruments as shall be necessary or appropriate to effect any releases of Collateral which shall be permitted by the terms of this Agreement (including, for example, lease, sale or other disposition of Property permitted in Section 6.12) or of any other Loan Document or which shall otherwise have been approved by the Required Lenders (or, if required by the terms of Section 8.2, all of the Lenders) in writing, without further authorization or consent from the Lenders; and without limiting any other consents or authorizations provided by the Lenders, the Lenders hereby consent to the Collateral Agent having and exercising that authority.

10.17 Co-Agents, Documentation Agent, Syndication Agent, etc. Neither any of the Lenders identified in this Agreement as a "co-agent" nor the Documentation Agent or the Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Agent in Section 10.11.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1 Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available, but not including funds held by a Loan Party which are held by that Loan Party only as custodian or trustee (and in which that Loan Party does not have a beneficial interest) such as, (by way of example and not limitation), Horseman’s Accounts, and which are clearly labeled to indicate that such funds are so held by the Loan Party) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise,

receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower, each other Loan Party and the Lenders and their respective successors and assigns permitted hereby, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by Participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 12.3.3. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; *provided, however,* that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; *provided, however,* that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2 Participations.

12.2.1 Permitted Participants; Effect. Any Lender may at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower, the Agent and the Collateral Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Extension or Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2 or of any other Loan Document.

12.2.3 Benefit of Certain Provisions. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, *provided* that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of and bound by the provisions of Section 2.21 and Sections 3.1, 3.2, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3, *provided* that (i) a Participant shall not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower, and (ii) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender.

12.3 Assignments.

12.3.1 Permitted Assignments. Any Lender may at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit C or in such other form as may be agreed to by the parties thereto. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender or an Approved Fund shall either be in an amount equal to the entire applicable Commitment and Loans of the assigning Lender or (unless each of the Borrower and the Agent otherwise consents) be in an aggregate amount not less than $5,000,000. The amount of the assignment shall be based on the Commitment or outstanding Loans (if the Commitment has been terminated) subject to the assignment, determined as of the date of such assignment or as of the "Trade Date," if the "Trade Date" is specified in the assignment.

12.3.2 Consents. The consent of the Borrower shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund, *provided* that the consent of the Borrower shall not be required if a Default has occurred and is continuing. The consent of the Agent shall be required for each assignment. Any consent required under this Section 12.3.2 shall not be unreasonably withheld or delayed.

12.3.3 Effect; Effective Date. Upon (i) delivery to the Agent of an assignment, together with any consents required by Sections 12.3.1 and 12.3.2, and (ii) payment of a $3,500 fee to the Agent (payable by a party other than a Loan Party) for processing such assignment (unless such fee is waived by the Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Outstanding Credit

Exposure under the applicable assignment agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Commitment and Outstanding Credit Exposure assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Agent. In the case of an assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the applicable agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.3 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.3, the transferor Lender, the Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

12.3.4 Register. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Louisville, Kentucky a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

12.4 Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries, including without limitation any information contained in any Reports; *provided* that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5 Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII

NOTICES

13.1 Notices. Except as otherwise permitted by Section 2.10 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower, any other Loan Party, or the Agent, at the address of Borrower or facsimile number of Borrower set forth on the signature pages hereof, (y) in the case of any Lender, at its address or facsimile number set forth below its signature hereto, or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; *provided* that notices to the Agent under Article II shall not be effective until received.

13.2 Change of Address. The Borrower, any other Loan Party, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

COUNTERPARTS; INTEGRATION; EFFECTIVENESS

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Article IV, this Agreement shall become effective when it shall have been executed by the Borrower, the Agent, the Collateral Agent, the LC Issuer, the Lenders and the Departing Lenders and when the Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of such parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1 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.

15.2 CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS 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 DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT 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 THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER 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.

15.3 WAIVER OF JURY TRIAL. THE BORROWER, 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 BLANK
AND SIGNATURES BEGIN ON THE FOLLOWING PAGE.]**

IN WITNESS WHEREOF, the Borrower, the Guarantors, the Lenders, the Departing Lenders, the LC Issuer, the Collateral Agent and the Agent have executed this Agreement as of the date first above written.

CHURCHILL DOWNS INCORPORATED

By /s/Michael E. Miller
Michael E. Miller
Title Executive Vice President & CFO
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

GUARANTORS:

CHURCHILL DOWNS MANAGEMENT COMPANY

By /s/ Michael W. Anderson
Michael W. Anderson
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

CHURCHILL DOWNS INVESTMENT COMPANY

By /s/Michael W. Anderson
Michael W. Anderson
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

CHURCHILL DOWNS SIMULCAST PRODUCTIONS, LLC

By /s/ Michael W. Anderson
Michael W. Anderson
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

CHARLSON INDUSTRIES, INC.

By /s/ Michael W. Anderson
Michael W. Anderson
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

RACING CORPORATION OF AMERICA

By /s/ Michael W. Anderson
Michael W. Anderson
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

CALDER RACE COURSE, INC.

By /s/ Michael E. Miller
Michael E. Miller
Title: Vice President
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

TROPICAL PARK, INC.

By /s/ Michael E. Miller
Michael E. Miller
Title: Vice President
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

ARLINGTON PARK RACECOURSE, LLC

By /s/ Michael E. Miller
Michael E. Miller
Title: Vice President
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

ARLINGTON MANAGEMENT SERVICES, LLC

By /s/ Michael E. Miller
Michael E. Miller
Title: Vice President
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

ARLINGTON OTB CORP.

By /s/ Debra A. Wood
Debra A. Wood
Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

QUAD CITY DOWNS, INC.

By /s/ Debra A. Wood
Debra A. Wood
Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

CDIP, LLC

By /s/ Michael E. Miller
Michael E. Miller
Title: Vice President
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

CDIP HOLDINGS, LLC

By /s/ Michael E. Miller
Michael E. Miller
Title: Vice President
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

ELLIS PARK RACE COURSE, INC.

By /s/ Michael E. Miller
Michael E. Miller
Title: Vice President
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

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

By /s/ Michael E. Miller
Michael E. Miller
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

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

By /s/ Michael E. Miller
Michael E. Miller
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

VIDEO SERVICES, INC.

By /s/ Michael E. Miller
Michael E. Miller
Title: Treasurer
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4501
FAX: (502) 636-4439

Commitment

$30,000,000

JPMORGAN CHASE BANK, N.A. (successor by merger to Bank One, NA),
Individually, as a Lender and as Agent

By /s/ H. Joseph Brenner
H. Joseph Brenner
First Vice President
416 W. Jefferson Street
Louisville, Kentucky 40202
Attention: H. Joseph Brenner
Telephone: (502) 566-2789
FAX: (502) 566-8339

JPMORGAN CHASE BANK, N.A. (successor by merger to Bank One, NA),
as Collateral Agent

By /s/ H. Joseph Brenner
H. Joseph Brenner
First Vice President
416 W. Jefferson Street
Louisville, Kentucky 40202
Attention: H. Joseph Brenner
Telephone: (502) 566-2789
FAX: (502) 566-8339

Commitment

$30,000,000

PNC BANK, NATIONAL ASSOCIATION
As a Lender, as LC Issuer and as Syndication Agent

By /s/ Richard M. Ellis
Richard M. Ellis
Senior Vice President
500 West Jefferson Street, 2nd Floor
Louisville, Kentucky 40296
Attention: Shelly Stephenson, Vice President
Telephone: (502) 581-4522
FAX: (502) 581-3355

Commitment

$25,000,000

NATIONAL CITY BANK OF KENTUCKY
As a Lender and as Documentation Agent

By /s/ Rob King
Rob King
Senior Vice President
101 South Fifth Street, 37th Floor
Louisville, Kentucky 40202
Attention: Rob King
Telephone: (502) 581-4024
FAX: (502) 581-6454

Commitment

$22,500,000

FIFTH THIRD BANK, KENTUCKY, INC.

By /s/ Jeffery G. Goodwin
Jeffery G. Goodwin
Vice President
401 South 4th Avenue
Louisville, Kentucky 40202-3411
Attention: Jeffery G. Goodwin
Telephone: (502) 562-8228
FAX: (502) 562-5540

Commitment

$18,500,000

BRANCH BANKING & TRUST COMPANY

By /s/ Johnny L. Perry
Johnny L. Perry
Senior Vice President
P.O. Box 1101
Louisville, Kentucky 40201
Attention: Johnny L. Perry
Telephone: (502) 562-5877
FAX: (502) 562-6990

Commitment

$18,500,000

COMERICA BANK

By /s/ Heather A. Whiting
Heather A. Whiting
Account Officer
500 Woodward Avenue
MC 3269 - 9th Floor
Detroit, Michigan 48214
Attention: Heather A. Whiting
Telephone: (313) 222-7046
FAX: (313) 222-9516

Commitment

$18,500,000

U.S. BANK NATIONAL ASSOCIATION

By /s/ David Wombwell
David Wombwell
Senior Vice President
One Financial Square
Louisville, Kentucky 40202-3322
Attention: David Wombwell
Telephone: (502) 565-6685
FAX: (502) 565-6460

Commitment

$18,500,000

SUN TRUST BANK

By /s/ Anson Lewis
Anson Lewis
Vice President
201 4th Avenue N., 3rd Floor
Nashville, Tennessee 37219
Attention: Anson Lewis
Telephone: (615) 748-4108
FAX: (615) 748-5269

Commitment

$18,500,000

BANK OF AMERICA

By /s/ Brian Sallee
Brian Sallee
Vice President
414 Union Street
TN1-100-04-04
Nashville, Tennessee 37239
Attention: Brian Sallee
Telephone: (615) 749-3769
FAX: (615) 749-4762

Exhibits and schedules to Exhibit 10.1, other than the Pricing Schedule, 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.

PRICING SCHEDULE

Applicable Margin	**Level I Status**	**Level II Status**	**Level III Status**	**Level IV Status**
Eurodollar Rate	*.75%*	*1.00%*	*1.25%*	*1.50%*
Floating Rate	*0%*	*0%*	*0%*	*0%*

Applicable Fee Rate	**Level I Status**	**Level II Status**	**Level III Status**	**Level IV Status**
Commitment Fee	*.15%*	*.20%*	*.25%*	*.375%*

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 1.00 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 2.00 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 the Borrower has not qualified for Level I Status, Level II Status or Level III Status.

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

September 23, 2005

Churchill Downs California Company
c/o Churchill Downs Incorporated
700 Central Avenue
Louisville, KY 40208
Attn: Rebecca C. Reed

Re Final Modifications to Asset Purchase Agreement

Ladies and Gentlemen:

Reference is made to that certain Asset Purchase Agreement dated as of July 6, 2005, as modified by those certain letter agreements dated August 1, 2005, August 8, 2005, August 12, 2005 and September 7, 2005 (as so amended and assigned and as in effect on the date hereof, the "**APA**"), between Hollywood Park Land Company, LLC ("**Buyer**") and Churchill Downs California Company ("**Seller**"). Capitalized terms not defined herein shall have the meanings ascribed thereto in the APA.

Pursuant to Section 13.4 of the APA, Buyer and Seller agree to amend the APA as follows:

Changes to HSR Provisions

1. Deletion of Certain HSR Provisions: The following provisions are hereby deleted in their entirety: (i) Section 3.7.1(f), (ii) clause (i) of Section 4.4, (iii) Section 8.1.1 and (iv) Section 8.2.1.

2. Modification to Section 5.4: Section 5.4 is hereby revised, in its entirety, to read as follows:

"5.4 Approvals. Except as set forth in Section 5.4 of the Disclosure Schedule, no approval, authorization, consent or order or action of or filing with any Governmental Authority is required to be obtained by Buyer for the execution and delivery by Buyer of the Transaction Documents to which it is a party or the consummation by it of the Transactions. Buyer has received all required consents from its lender(s) necessary for Buyer to execute this Agreement and consummate the Transactions. To the knowledge of Buyer, there are no facts relating to the identity or circumstances of Buyer that would prevent or materially delay obtaining any of the required consents."

3. Modification to Section 8.1.4: Section 8.1.4 is hereby revised, in its entirety, to read as follows:

"8.1.4 Actions or Proceedings. There shall not be instituted or pending any action or proceeding by any Person before any Governmental Authority, (i) seeking to restrain, prohibit or otherwise interfere with the ownership or operation by Buyer or any of its Affiliates of all or any material portion of the Assets or the Racetrack Business or assets of Buyer or any of its Affiliates or to compel Buyer or any of its Affiliates to dispose of all or any material portion of the Assets or of Buyer or any of its Affiliates or (ii) seeking to require divestiture by Buyer or any of its Affiliates of any Assets or any portion of the Racetrack Business. There shall not be any action taken, or any Laws enacted, enforced, promulgated, issued or deemed applicable to the purchase of the Assets, by any Governmental Authority, that, in the reasonable judgment of Buyer could, directly or indirectly, result in any of the consequences referred to in subsections (i) and (ii) of this Section; provided that Buyer acknowledges the application of this Section to Laws in effect as of the date hereof would not have such consequences."

4. New Buyer Representation: A new Section 5.11 is hereby added to the Buyer's representations:

"5.11. HSR Representation. The California Public Employees Retirement System ("**CalPERS**"), Buyer's ultimate parent entity for purposes of the HSR Act, is a unit of the State and Consumer Services Agency of the State of California. Counsel for CalPERS confirmed a conversation between counsel and the Federal Trade Commission, Bureau of Competition, Premerger Notification Office ("**PNO**"), wherein the PNO advised counsel for CalPERS that, so long as CalPERS itself is not a separate corporation (which it is not), CalPERS is deemed an agency or political subdivision of a state government for purposes of the HSR Act and, as such, is not an "entity" so far as the HSR Act is concerned. As a result, CalPERS, is not a "person" required to file notification under the HSR Act. All of the entities directly or indirectly controlled by CalPERS, and which will directly or indirectly control the Assets upon consummation of the transaction, including Buyer, are unincorporated entities."

Changes to Purchase Price

5. Purchase Price Reduction: Section 3.3.1(c) is hereby deleted and replaced in its entirety with the following:

"(c) $2,500,000, the amount of the reduction referenced in Section 12.2. "

Changes to Jensen Box Clean-up Obligations

6. Changes to Section 3.4.10: Section 3.4.10 is hereby deleted and replaced in its entirety with the following:

"3.4.10 Certain Environmental Liabilities. Any and all liabilities, claims, demands, losses, costs, damages, injuries, obligations, judgments, actions, causes of action, fines, assessments, penalties or expenses, including consultants' and attorneys' fees resulting from (a) the direct or indirect disposal or arrangement for the disposal of Hazardous Substances from the Real Property to, at or onto a location other than the Real Property from September 10, 1999 through the Closing Date, including without limitation to the Dominguez Channel Watershed/Consolidated Slip, or (b) any property owned, leased or operated by Seller (other than the Real Property).

7. Changes to Section 3.3.2(e): Section 3.3.2(e) of the APA is hereby amended by adding, at the end thereof, the following clause (5) (and the word "and" is moved from the end of clause (3) to the end of clause (4)):

"(5) claims for the disposal, depositing, placing, presence, storage, dumping or other release of any material or substance in, to, at, onto, from or under any waste pits located at the northeast corner of the training track on the Real Property prior to or subsequent to the Closing Date including, without limitation, any related investigation, remediation, clean-up, removal, disposal, transportation of waste and closure activities relating to the contamination identified in the sampling conducted of the waste pits in July 2005."

8. Deletion of Section 9.3.6: Section 9.3.6 of the APA is hereby deleted.

Changes to Working Capital Provisions

9. Changes to Section 3.7.3: Section 3.7.3 is hereby deleted and replaced in its entirety with the following:

"3.7.3 Closing Statement.

(a) At least one (1) business day prior to the Closing Date, Seller in good faith shall prepare and deliver to Buyer a preliminary closing statement, consistent with the provisions of Section 3.7.2 (the **"Preliminary Closing Statement"**) and otherwise consistent with this Agreement, that shows the working capital needs of the Racetrack Business (based on current assets and liabilities) (the "**Required Working Capital**") and includes a statement of each component of Working Capital as of the Closing, giving effect to the transfer of the Assets and assumption of the Assumed Liabilities (the "**Final Working Capital**") together with a representation that the Final Working Capital was determined in accordance with GAAP applied on a basis consistent with those used in preparation of the Transaction Financial Statements and Balance Sheet (except as required to comply with the definition of Working Capital).

(b) The Required Working Capital and Final Working Capital as agreed to by the parties on the Closing Date is as set forth in Exhibit 3.7.3(b) (attached hereto), and there shall be no further rights of dispute or adjustments from the amounts so agreed to by the parties as of the Closing Date, unless arising out of any breach of a representation contained in the APA.

At Closing Seller will either contribute or provide a credit in immediately available funds to working capital in the amounts of (a) $2,493,609.00 and (b) $100,000 for remediation costs on the waste pit, each as shown on Exhibit 3.73(b).

Changes to Calculation Period for Withdrawal Liability

10. Modification to Section 11.2.3: The last sentence of 11.2.3 is hereby revised to read as follows:

"The Withdrawal Liability Cap shall be calculated in good faith in accordance with ERISA and agreed upon by Buyer and Seller no later than June 30, 2006."

Eual Wyatt Retention Bonus

11. Changes to 2.2.6: Section 2.2.6 is hereby amended by adding, at the end thereof, the following:

"Buyer agrees to make any retention payments payable to Eual Wyatt promptly after the Closing, provided that Seller will reimburse Buyer for the unfulfilled portion of Mr. Wyatt's employment agreement in the event that Mr. Wyatt terminates his employment with Buyer prior to the end of the Fall 2008 racing season.

Miscellaneous

12. Confirmation of APA: Except as expressly provided above, the APA is hereby ratified and confirmed and shall remain in full force and effect and nothing contained in this letter agreement shall be deemed to waive, alter or otherwise amend any provision of the APA (other than to the extent expressly provided herein).

13. Merger: This letter agreement and the APA constitute the entire agreement between the parties with respect to the subject matter of this letter agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this letter agreement.

12. Governing Law: This letter agreement shall be governed by and construed in accordance with the law of the State of California.

13. Execution by Counterparts. This letter agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same letter of instructions.

[Signatures Follow on Next Page]

HOLLYWOOD PARK LAND COMPANY, LLC,
a Delaware limited liability company

By: /s/Kristin Gardner
Name: Kristin Gardner
Title: Vice President

CHURCHILL DOWNS CALIFORNIA COMPANY,
a Kentucky corporation

By: /s/ Michael E. Miller
Name: Michael E. Miller
Title: Vice President

cc: Darren Drake
Stockbridge Capital Partners, LLC
712 5th Avenue, 21st Floor
New York, NY 10019

Thomas Patrick Dore, Jr., Esq.
Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017

D. Eric Remensperger, Esq.
Gibson, Dunn & Crutcher, LLP
333 So. Grand Avenue
Los Angeles, CA 90071

In addition, as of the closing, the parties agreed that Seller would retain certain immaterial liabilities and certain simulcast receivables and payables.

The exhibits and schedules to Exhibit 10.2 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.

REINVESTMENT AGREEMENT

dated as of

September 23, 2005

among

Bay Meadows Land Company, LLC,

Stockbridge HP Holdings Company, LLC,

Stockbridge Real Estate Fund II-A, LP,

Stockbridge Real Estate Fund II-B, LP,

Stockbridge Real Estate Fund II-T, LP,

Stockbridge Hollywood Park Co-Investors, LP

and

Churchill Downs Investment Company

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REINVESTMENT AGREEMENT

AGREEMENT dated as of September 23, 2005 among Bay Meadows Land Company, LLC, a Delaware limited liability company ("**BMLC**"), Stockbridge Real Estate Fund II-A, LP, a Delaware limited partnership, as such limited partnership may from time to time be constituted ("**Fund A**"), Stockbridge Real Estate Fund II-B, LP, a Delaware limited partnership, as such limited partnership may from time to time be constituted ("**Fund B**"), Stockbridge Real Estate Fund II-T, LP, a Delaware limited partnership, as such limited partnership may from time to time be constituted ("**Fund T**"), Stockbridge Hollywood Park Co-Investors, LP, a Delaware limited partnership, as such limited partnership may from time to time be constituted ("**Co-Investors**" and, together with Fund A, Fund B, Fund T and Co-Investors, "**Parent**"), Stockbridge HP Holdings Company, LLC, a Delaware limited liability company (the "**Company**"), and Churchill Downs Investment Company, a Kentucky corporation (or an Affiliate (as defined below) of Churchill Downs Investment Company, collectively referred to as the "**Investor**").

WHEREAS, BMLC and Churchill Downs California Company, a Kentucky corporation, have entered into an asset purchase agreement dated July 6, 2005 (as amended and assigned, the "**Asset Purchase Agreement**") for the purchase and sale of real property and certain assets related to the operation of the horse racing facility known as Hollywood Park Racetrack;

WHEREAS, it is the intent of the parties hereto that the Investor be granted the right, subject to the terms and conditions set forth herein, to reinvest, directly or indirectly, in the Assets, including without limitation the Real Property, and the Racetrack Business being purchased by the Company pursuant to the Asset Purchase Agreement; and

WHEREAS, it is a condition precedent with respect to the Closing (as defined in the Asset Purchase Agreement) under the Asset Purchase Agreement that the Company grant to Investor an option (the "**Option**") to purchase the Option Units (as defined herein), upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
Definitions

Section 1.01 *Definitions.* The following terms, as used herein, have the following meanings:

"**AAA**" is defined in Section 2.01(i).

"**Affiliate**" shall mean, with respect to any Person, any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such other Person, either through the ownership of all or part of any Person or by means of contract or management rights or otherwise.

"**Alternative Structure**" is defined in Section 6.01(b).

"**Arbitration Notice**" is defined in Section 2.01(i)(A).

"**Asset Purchase Agreement**" is defined in the recitals.

"**Assets**" means the Assets described in Section 2.1 of the Asset Purchase Agreement.

"**Business Day**" means a day other than Saturday, Sunday or any other day on which commercial banks in California are authorized or required by law to close.

"**Capital Contributions**" means the following amounts, without duplication, to the extent supported by reasonably detailed documentation made available to Investor:

(i) Net Equity; PLUS

(ii) (A) costs and expenses (including, but not limited to, the fees and expenses of attorneys, advisors, consultants and agents) actually incurred by Parent, the Company and any Affiliate of Parent or the Company:

(1) to acquire the Real Property and other Assets, including any retention bonuses and the cost of any COBRA premiums paid by the Company pursuant to Section 11.2.1 of the Asset Purchase Agreement and the cost to the Company of any bonds required to be posted by the Company pursuant to Section 11.2.3 of the Asset Purchase Agreement,

(2) in connection with the sale of the Option Units,

(3) to seek or obtain the occurrence of a Trigger Event (but only to the extent that such costs and expenses are (a) appropriately allocable to Hollywood Park and not to Parent's other racing properties, based upon the reasonably anticipated revenues to be generated at each such property as a result of gaming activities undertaken in response to a Trigger Event and (b) not otherwise reimbursed to the Company by Investor pursuant to Section 2.01(d) hereof);

(B) the Entitlement Costs;

(C) costs of interest and commitment and other financing fees (including, but not limited to, the fees and expenses of attorneys, advisors, consultants and agents) actually incurred by Parent, the Company and any Affiliate of the Company for any debt to finance the purchase, operation or development of the Real Property or the Racetrack Business; and

(D) the amount of any capital expenditures made with respect to the Assets, the Real Property or the Racetrack Business from the Closing Date (as defined in the Asset Purchase Agreement) through and including the Reinvestment Date,

provided, *however*, that in the case of clause (C), solely to the extent that the aggregate amount of such costs exceeds the net cash provided by the operation of the Racetrack Business (determined prior to the deduction of the items set forth in clause (C) above to the extent such items were deducted in the calculation of the net cash); PLUS

(iii) the amount of any additional contributions to the Company by Parent and any Affiliate of the Company to fund operating losses; LESS

(iv) any net proceeds received by Parent and any Affiliate of the Company from debt financings or sales of assets by the Company (other than reimbursements for expenses incurred by Parent and any Affiliate of the Company on behalf of the Company) to the extent that such distributions exceed the cumulative net profit allocated to the capital accounts of Parent and any Affiliate of the Company.

Notwithstanding the foregoing, any costs, expenses or other amounts purported to be included in the calculation of Capital Contribution above paid or payable to any Affiliate or Related Party of Parent or the Company may be included in such calculation only to the extent such amounts are reasonable. The extent to which any such costs, expenses or amounts are reasonable shall be determined in the reasonable discretion of Investor, based upon terms and conditions that could have been obtained in an arms'-length transaction with an unaffiliated third party.

"**Closing**" means the consummation of the purchase and sale of the transactions described in the Asset Purchase Agreement.

"**Closing Date**" means the date of the Closing.

"**Company**" is defined in the recitals.

"**Company EBITDA**" means the annual adjusted net income attributable to the Racetrack Business for the relevant 12 month period ending on December 31st of each calendar year during the term of this Agreement determined in accordance with GAAP plus, to the extent any of the following amounts were deducted in calculating such adjusted net income:

(i) interest expense for such period;

(ii) income taxes for such period;

(iii) depreciation expense for such period;

(iv) amortization expense for such period;

(v) all other non-cash items reducing adjusted net income (excluding any such non-cash charge to the extent it represents an accrual of or reserve for cash charges in any future period);

(vi) any non-capitalized transaction costs incurred in connection with actual, proposed or abandoned financings, acquisitions or divestitures; and

(vii) any non-cash items for such period relating to severance and restructuring charges;

minus any non-cash items that increased such adjusted net income (excluding any such non-cash items to the extent it represents the reversal of an accrual or reserve for anticipated cash charges in any prior period). In the event that a determination of Company EBITDA is required for the 12 month period ending on December 31, 2005, such amount will be calculated on a pro-forma basis giving effect to the purchase of the Assets and Racetrack Business (and related transactions) pursuant to the Asset Purchase Agreement as of January 1, 2005.

"**Default Unit Purchase**" is defined in Section 2.02(e)(i).

"**Diligence Notice**" is defined in Section 2.01(c).

"**Diligence Period**" is defined in Section 2.01(c).

"**Disputing Party**" and "**Disputing Parties**" is defined in Section 2.01(i).

"**Entitlement Costs**" means the aggregate amount of costs and expenses actually incurred by Parent, the Company and any Affiliate of the Company (including, but not limited to, the fees and expenses of attorneys, architects, consultants and other advisors and any overhead costs such as reasonable travel and entertainment) to seek or obtain approval by all appropriate Governmental Authorities of the Company's intended overall development of the Real Property.

"**Final Buyer**" is defined in Section 8.03(b).

"**Fully-Diluted Basis**" means the aggregate number of Units outstanding plus the number of Units issuable upon exercise or conversion of any rights, options, warrants or other convertible, exercisable or exchangeable securities then outstanding.

"**GAAP**" means generally accepted accounting principles in the United States as in effect from time to time, applied on a consistent basis.

"**Governmental Authority**" means any domestic or foreign court, commission, tribunal or any governmental agency or authority.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**Initial Diligence Period**" is defined in Section 2.01(e).

"**Internal Rate of Return**" means the rate of return (calculated as provided below, taking into account the time value of money), which (x) the Purchase Price for which the return is being calculated represents on (y) the aggregate Capital Contributions made by Parent and any Affiliate of the Company as of such date. In determining the Internal Rate of Return, the following shall apply:

(i) all present value calculations are to be made as of the date Capital Contributions were contributed to the Company;

(ii) the Internal Rate of Return shall be conclusively determined (absent manifest error) by using the XIRR function in Microsoft Excel 2003 (or any newer version of Microsoft Excel then broadly in use by Parent) and by inputting the dates and amounts of all Capital Contributions by Parent (any amounts contributed to the Company prior to the date hereof being deemed for this purpose to have been contributed on the date hereof). If the XIRR function shall no longer be available in any newer version of Microsoft Excel then broadly in use by Parent, or has been materially altered from the XIRR function in Microsoft Excel 2003, the Internal Rate of Return shall be conclusively determined (absent manifest error) by using the XIRR function in Microsoft Excel 2003 or by the comparable function in the newer version of Microsoft Excel then broadly in use by Parent or another comparable software program, as determined by Parent and reasonably accepted by Investor;

(iii) the rates of return shall be per annum rates and all amounts shall be calculated on a monthly basis and compounded on an annual basis on the basis of a twelve month year;

(iv) Parent shall in good faith prepare and deliver to Investor along with the Trigger Notice in accordance with Section 2.01(b) hereof a statement with reasonably detailed calculations of the Purchase Price payable as of the date of the Trigger Notice;

(v) Solely for purposes of illustration, Schedule A attached to this Agreement sets forth an example of the calculation of the Purchase Price with respect to the aggregate Capital Contributions assumed in such illustration as of the dates set forth therein; and

(vi) if, prior to the date upon which it is required to pay the Reinvestment Price, Investor disputes the calculation described in subparagraph (ii) above of the Purchase Price paid by Parent and any Affiliate of the Company then the Investor shall inform Parent of any questions or disputes within five days of its receipt of such calculation. If the parties are unable to agree upon the proposed Purchase Price, any disputes will be resolved a nationally recognized accounting firm that is mutually acceptable to the parties and such firm's determination shall be deemed conclusive absent manifest error.

"**Investor**" is defined in the recitals.

"**Lien**" means with respect to any property or asset, any mortgage, claim, charge, lease, covenant, easement, encumbrance, security interest, lien, option, pledge, rights of others, restriction or other adverse claim of any kind (whether on voting, sale, transfer, disposition or otherwise) in respect of such property or asset, whether imposed by agreement, understanding, law, equity or otherwise.

"**Majority Member**" is defined in Section 8.01(a).

"**Majority Member Notice**" is defined in Section 8.03(b).

"**Majority Valuation Firm**" is defined in Section 8.01(b).

"**Minority Member**" is defined in Section 8.01(a).

"**Minority Valuation Firm**" is defined in Section 8.01(b).

"**Net Equity**" shall mean $260,000,000, as such Purchase Price (for purposes of this definition only, as defined in the Asset Purchase Agreement) may be adjusted pursuant to the Asset Purchase Agreement, less any portion of such amount that is financed with debt of the Company, the Parent or any Affiliate of the Company or the Parent (or, without duplication, debt that is secured by the assets or properties of the Parent, Company or any Affiliate thereof) on the Closing Date.

"**Option**" is defined in the recitals.

"**Option Deposit**" means the amount equal to five percent of the Reinvestment Payment.

"**Option Exercise Notice**" is defined in Section 2.01(d).

"**Option Units**" means the number of Units that Investor is permitted to purchase upon exercise of the Option, as set forth in Section 2.01(f).

"**Parent**" is defined in the recitals.

"**Paying Agent**" is defined in Section 8.03(c).

"**Percentage**" means the percentage share of all Units of the Company (determined on a Fully-Diluted Basis) that Investor will own after exercise of the Option.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Purchase Agreement**" is defined in Section 2.01(e).

"**Purchase Price**" means the payment (expressed in U.S. dollars) that is required so that, if such Purchase Price were to be paid to Parent for 100% of the equity of the Company on the Reinvestment Date, Parent and any Affiliate of the Company would have received the Internal Rate of Return equal to 13% on its aggregate Capital Contributions as of such date; *provided*, that if Investor elects to extend the Diligence Period as permitted by Section 2.01(d) below, the rate of return shall be an Internal Rate of Return of 13% up to the date of the first such extension (that is, up to the date that is six months after the date of the Trigger Notice) and an Internal Rate of Return equal to 18% thereafter through the Reinvestment Date.

"**Racetrack Business**" means the operation of the Hollywood Park Racetrack on a portion of the Real Property.

"**Real Property**" means that certain real property described in Section 2.1.1 of the Asset Purchase Agreement.

"**Redevelopment Date**" means the date, which in any event shall not be any earlier than three years after the date of this Agreement, on which the following conditions are satisfied: (1) the Company has ceased to operate the Racetrack Business, (2) the City of Inglewood has approved a general plan amendment and a conforming zone change so as to provide the primary entitlements for the Company's intended overall development of the Real Property and (3) the Company has commenced the redevelopment of the Real Property pursuant to the plan approved by the City of Inglewood and states in a certificate signed by its chief executive officer that such redevelopment has commenced.

"**Reinvestment Date**" means the date on which the Company shall issue the Option Units to Investor.

"**Reinvestment Dividend**" means a distribution in an amount equal to the Reinvestment Payment that shall be paid by the Company to Parent and certain Affiliates of the Company on the Reinvestment Date less any costs and expenses incurred by the Company and included in the calculation of Capital Contribution, but not yet paid as of the Reinvestment Date.

"**Reinvestment Payment**" is defined in Section 2.02.

"**Related Party**" means an executive officer, director or manager, 10% equityholder (including any executive officers, directors or members thereof) or Affiliate of the Company at such time, any present or former known spouse of any such executive officer, director, member, equityholder or Affiliate of the Company or any trust or other similar entity for the benefit of any of the foregoing Persons.

"**Sale Notice**" is defined in Section 8.01(a).

"**Sale Price**" is defined in Section 8.03(a).

"**Second Diligence Period**" is defined in Section 2.01(c).

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Stockbridge Funds**" is defined in Section 6.01(b).

"**Subsidies Agreement**" is defined in Section 2.01(a).

"**Termination Date**" shall have the meaning provided in Section 10.01.

"**Third Diligence Period**" is defined in Section 2.01(c).

"**Third Party Sale**" is defined in Section 8.04.

"**Trigger Event**" is defined in Section 2.01(a).

"**Trigger Notice**" is defined in Section 2.01(b).

"**Units**" means the membership units of the Company.

ARTICLE 2
Option To Purchase; Purchase And Sale

Section 2.01 *Option to Purchase.*

(a) Upon the terms and subject to the conditions set forth below, the Company agrees to sell to Investor, and Investor agrees to purchase from the Company, the Option Units. Investor shall be entitled to a one time right to purchase the Option Units upon the earliest to occur of the following (each a "**Trigger Event**"):

(i) the date any federal or California state law becomes effective, including without limitation the effectiveness of any and all necessary governmental and/or regulatory actions related thereto, that authorizes Class II or Class III gaming (as defined in the federal Indian Gaming Regulatory Act), and permits the introduction of electronic gaming devices, in conjunction with the Racetrack Business or

(ii) the date any federal or California state law becomes effective (if not covered by (i) above), including without limitation the effectiveness of any and all necessary governmental and/or regulatory actions related thereto, that authorizes any other gaming not authorized under applicable laws as of the date hereof, in conjunction with the Racetrack Business, or

(iii) any agreement (the "**Subsidies Agreement**") becomes effective between the Company and (A) the State of California or any agency, bureau or department thereof or (B) any Indian Tribe recognized by the United States Bureau of Indian Affairs, pursuant to which the Company will receive cash subsidies,

if in the case of (ii) or (iii), the revenues or subsidies therefrom, when added to the Company EBITDA from the Racetrack Business during the calendar year that ended immediately prior to the effective date of such new gaming authorization or Subsidies Agreement, would result in pro-forma Company EBITDA for such year that is greater than $40 million; *provided*, that any Subsidies Agreement shall be reasonably likely to provide an equal or greater level of subsidies to the Company for not less than three years. The determination as to the amount of projected incremental revenues or subsidies referenced in (ii) and (iii) above shall be made by (X) The Innovation Group, (Y) Christiansen Capital Advisors LLC, or (Z) such other consultant, as the Investor and Parent may mutually agree.

(b) Upon the occurrence of a Trigger Event (*provided*, that this Agreement shall not have been earlier terminated pursuant to the terms of Section 10.01 herein), the Company shall within 15 days provide notice, in the form attached hereto as Exhibit A (a "**Trigger Notice**"), to Investor of the occurrence of such event.

(c) *Delivery of Diligence Notice; Initial Diligence Period; Extensions of Diligence Period.* Within 30 days following receipt of the Trigger Notice, the Investor may provide the Company with notice of its intention to commence its due diligence review of the Company (the "**Diligence Notice**"). Upon delivery of the Diligence Notice, the Investor shall have an initial period of six months to conduct its due diligence examination of the Company (such initial diligence period referred to herein as the "**Initial Diligence Period**" and, as may be extended pursuant to the remainder of this Section 2.02(c), the "**Diligence Period**"). On or before the last day of the Initial Diligence Period, Investor may notify the Company and Parent in writing of its election to extend the Diligence Period for an additional six months (the "**Second Diligence Period**"), in which event the Diligence Period shall be so extended to the first anniversary of the date of the Diligence Notice. On or before the last day of the Second Diligence Period, Investor may notify the Company and Parent in writing of its election to extend the Diligence Period for an additional six months, in which event the Diligence Period shall be so extended to the date that is 18 months following the date of the Diligence Notice (the "**Third Diligence Period**"). In no event shall the Diligence Period be extended past the date that is 18 months following the date of the delivery or deemed delivery (as provided below) of the Diligence Notice.

During the Initial Diligence Period and until the end of any extended Diligence Period, the Company will:

(i) during ordinary business hours and upon reasonable notice from the Investor, permit the Investor and its authorized representatives to have access to the personnel, offices, properties, books, records and all assets and properties of the Company, including without limitation the Racetrack Business, in order to make such inspections, tests, and investigations as the Investor shall deem appropriate (including without limitation, such Phase II or other intrusive environmental investigations as the Investor may reasonably deem appropriate),

(ii) furnish, as soon as reasonably practicable, to the Investor or its authorized representatives such other information in the Company's possession with respect to its assets and properties, including without limitation, the Racetrack Business as the Investor may from time to time reasonably request (including financial information of the Company) and

(iii) otherwise reasonably cooperate in the due diligence examination of the Company by the Investor.

Subject to the provisions of this Section and Section 2.01(i) below, in the event the Company does not receive, or is not deemed to receive, a Diligence Notice from the Investor within the 30 day period specified above, the Option shall immediately terminate and no longer be exercisable and this Agreement shall terminate pursuant to Section 10.01. In the event the parties hereto commence arbitration proceedings pursuant to Section 2.01(i) the Arbitration Notice shall be deemed a Diligence Notice for all purposes hereunder and Investor shall have the right to conduct its due diligence examination of the Company for the Diligence Period in accordance with this Section 2.01(c); *provided, however*, that the Initial, Second and Third Diligence Periods shall be automatically extended during the pendency of any arbitration, but the Diligence Period shall not be extended past the date that is 18 months after the date of delivery or deemed delivery of a Diligence Notice as a result of such arbitration proceedings or any outcome of such arbitration proceedings.

(d) (i) *Delivery of Option Exercise Notice*. In the event the Investor intends to exercise the Option upon completion of its due diligence examination of the Company, on or prior to 5:00 p.m. (Pacific Time) on the last day of the Diligence Period (including for the avoidance of doubt any extensions of such Diligence Period as set forth in Section 2.02(c)) , the Investor shall deliver a notice, in the form attached hereto as Exhibit B (an "**Option Exercise Notice**"), to Parent and the Company of its intent to exercise the Option and the Percentage that it wishes to acquire (if it is less than the full number to which it is entitled pursuant to subsection (f) below).

(ii) *Sharing of Certain Expenses.* If the Investor elects to extend the Diligence Period beyond the Initial Diligence Period pursuant to paragraph (c) above, then it shall promptly (upon the delivery from time to time of reasonably detailed documentation and invoices) reimburse the Company for 50% of the costs and expenses (including, but not limited to, the fees and expenses of attorneys, advisors, lobbyists, consultants and agents) actually incurred by the Parent, the Company and any Affiliate of the Company from and after the date that is 90 days following the date of the Trigger Event and to and including the Reinvestment Date related to the Trigger Event (but only to the extent that such costs and expenses are appropriately allocable to Hollywood Park and not to Parent's other racing properties, based upon the reasonably anticipated revenues to be generated at each such property as a result of gaming activities undertaken in response to a Trigger Event), whether or not Investor elects to purchase the Option Units, *provided*, that Investor shall not be responsible for additional expenses incurred after the delivery of a notice to end the Diligence Period as permitted in (iii) below. The parties agree that the expenses to be shared are those set forth above that relate to securing the Company's legal right (including necessary permits) to operate the additional gaming activities related to the Trigger Event, and not capital expenditures. To the extent Investor reimburses any costs and expenses pursuant to this paragraph, such amounts shall be treated as additional contributions to Investor's capital account with the Company should Investor consummate the purchase of the Option Units, but Investor shall not receive any additional Units with respect to such amounts.

(iii) *Revocability of Diligence Notice.* The Investor shall be entitled to end its Diligence Period at any time prior to the delivery of an Option Exercise Notice, for any reason or no reason, by delivering notice thereof to the Company and Parent, and the Diligence Period shall end on the date of such written notice.

(iv) *Termination of Option.* In the event the Company and Parent do not receive an Option Exercise Notice within the Initial or any extended Diligence Period, the Option shall immediately terminate and no longer be exercisable and this Agreement shall terminate pursuant to Section 10.01.

(e) As soon as practicable following the date of the Option Exercise Notice, but in no event later than the date that is six months after the delivery or deemed delivery of the Diligence Notice, the Company, Parent and the Investor shall use their commercially reasonable efforts to negotiate in good faith a Unit purchase and sale agreement (the "**Purchase Agreement**"), in form and substance reasonably satisfactory to the Investor and the Company, with customary representations, covenants, indemnification provisions and conditions precedent, including without limitation, the condition precedent of satisfaction or waiver of all governmental or third party registrations, filings, applications, notices, consents, approvals, orders, qualifications or waivers required under applicable law to be obtained by the Company, Parent and/or the Investor in order to consummate the exercise of the Option and the purchase of the Option Units. The parties agree that a Purchase Agreement with provisions generally similar to those set forth in the Asset Purchase Agreement shall be deemed a reasonably satisfactory agreement for

purposes of this Section 2.01(e); *provided*, that the parties agree that the extent to which terms and conditions of the Purchase Agreement as set forth in the Asset Purchase Agreement are deemed to be reasonably satisfactory are to be viewed in light of the facts, circumstances and status of gaming regulation in effect at the time of such negotiations.

(i) In the event the parties do not enter into a definitive Purchase Agreement prior to the completion of the Diligence Period, the Investor, in its sole and absolute discretion, shall nevertheless have the right to purchase the Option Units without any such Purchase Agreement by delivery of the Reinvestment Payment (or, if any filing is required pursuant to the HSR Act, the Option Deposit) in immediately available funds by wire transfer to an account designated by the Company on the date that is 10 days following the end of the Diligence Period (unless a different date is agreeable to the Parent and the Investor); *provided, however*, that, if by such date the terms set forth in Section 2.01(e)(ii)(A) through (C) have not been satisfied (or waived by Investor), the Reinvestment Payment or the Option Deposit, as applicable, shall be delivered on such date immediately following the satisfaction of the terms set forth in Section 2.01(e)(ii)(A) through (C) (a "**Default Unit Purchase**"); *provided further, however*, that if any filing is required pursuant to the HSR Act, Investor shall remit an amount equal to the Reinvestment Payment less the Option Deposit within 10 Business Days following the expiration or termination of applicable waiting periods under the HSR Act. If the purchase and sale of the Option Units fails to occur for any reason (other than a result of a material breach of this Agreement by Investor), the Option Deposit shall be immediately returned to Investor. Notwithstanding any failure of the parties to enter into a Purchase Agreement, Parent, the Company and the Investor shall reasonably cooperate with each other in promptly making all necessary filings and obtaining all permits, licenses, approvals, authorizations and consents required in order to consummate the purchase and sale of the Option Units and the transactions related thereto, including without limitation, any filings required under the HSR Act.

(ii) If the parties do not enter into a definitive Purchase Agreement and the Investor purchases the Option Units pursuant to a Default Unit Purchase, the Company, Parent and Investor hereby agree that, notwithstanding anything to the contrary set forth in this Agreement or the limited liability company agreement of the Company:

(A) the representations and warranties of each of the Company and Parent set forth in Article 3 of this Agreement except as otherwise disclosed to Investor in writing, and as set forth on Exhibit D, shall be true and correct in all material respects as of the Reinvestment Date as though made at and as of that date and the Company and Parent shall in all material respects have performed and complied with all terms, agreements, covenants and conditions of this Agreement to be performed or complied with by such entity at the Reinvestment Date;

(B) the conditions precedent to the closing of the sale and purchase of the Option Units set forth in Section 9.03 hereof shall have been satisfied in all material respects or waived by the Investor, in its sole discretion; and

(C) the Company and Parent shall have delivered a certificate signed by their respective executive officers certifying that the provisions set forth in this Section 2.01(e)(ii)(A) and (B) have been satisfied.

(f) Following payment of the full amount of the Reinvestment Payment, pursuant to the Purchase Agreement or Default Unit Purchase, the Company shall promptly issue to Investor a sufficient number of Units such that, following such issuance and the corresponding distribution of the Reinvestment Dividend to Parent, as of such relevant date, Investor's percentage ownership of all Units determined on a Fully-Diluted Basis is equal to the percentage set forth in the table below (or any lesser number of Units that Investor has specified in its Option Exercise Notice):

If the Diligence Notice is Delivered or Deemed Delivered	Percentage (on a Fully-Diluted Basis)
On or Before September 23, 2006	80%
After September 23, 2006 and on or before September 23, 2007	70%
After September 23, 2007 and on or before September 23, 2008	60%
After September 23, 2008 and on or before September 23, 2009	49%
After September 23, 2009 and on or before September 23, 2010	40%
After September 23, 2010 and on or before September 23, 2011	30%
After September 23, 2011 and on or before September 23, 2012	20%
After September 23, 2012 and on or before September 23, 2013	10%

For avoidance of doubt, the maximum Percentage (on a Fully-Diluted Basis) subject to Investor's Option hereunder shall be determined for all purposes as of the date of the delivery or deemed delivery of the Diligence Notice, delivered by Investor to Company and Parent, notwithstanding any extensions of the Diligence Period or any delays in consummating the Investor's purchase of Units thereafter.

(g) If Investor consummates the purchase of fewer than the full number of Units to which it is entitled, then the Option shall expire and be of no further effect with respect to the unexercised portion. In no event, however, may Investor elect to purchase or obtain exactly 50% of the Units.

(h) In no case shall the Parent or Company be required to postpone or otherwise delay the planned development of the Real Property, or any sale or transfer of the Assets or Real Property or the Racetrack Business (except during the periods described in Sections 6.03 and 7.02) or have any duty or other obligation to take or omit to take any action, at any time after the date hereof, to facilitate Investor's exercise of the Option or generally with respect to the Real Property, the Racetrack Business or the other Assets or the management thereof, other than as specifically set forth in this Agreement or the Transaction Documents (as defined in the Asset Purchase Agreement).

(i) Any dispute or difference between or among the parties (such parties being referred to individually as a "**Disputing Party**," and, together, as the "**Disputing Parties**") arising out of or with respect to the occurrence or non-occurrence of a Trigger Event, which the parties are unable to resolve themselves shall be submitted to and resolved by arbitration as herein provided. The parties intend this Section 2.01(i) to be enforceable in accordance with the Federal Arbitration Act (9 U.S.C. Section 1, et seq.), including any amendments to that Act which are subsequently adopted. In recognition of the fact that resolution of any disputes with respect to the occurrence or non-occurrence of a Trigger Event in the courts is rarely timely or cost effective for either party, the Disputing Parties enter this mutual agreement to arbitrate in order to gain the benefits of a speedy, impartial and cost-effective dispute resolution procedure. The arbitration will be conducted using "fast track" procedures designed to result in a decision no later than 180 days after the commencement of the arbitration and the parties hereto agree that they will attempt, and they intend that they and the arbitrator should use their best efforts in that attempt, to conclude the arbitration proceeding and obtain a final decision from the arbitrator no later than 180 days after the commencement of the arbitration.

(A) Any Disputing Party may request the American Arbitration Association (the "**AAA**") to designate one arbitrator, who shall be qualified as an arbitrator under the standards of the AAA, who shall be a retired judge or who shall have been engaged in the private practice of law for not less than fifteen (15) years immediately prior to appointment as arbitrator pursuant to this Agreement, and who is, in any such case, not affiliated with any party in interest to such arbitration (such request an "**Arbitration Notice**"). Such designation shall be pursuant to the rules and procedures of the AAA whereby the AAA will circulate a list of 12-15 proposed arbitrators to both Parties and such Parties will promptly reply to the AAA in accordance with the rules and regulations of the AAA.

(B) The arbitration hearings shall be held in Los Angeles, California or such other place as may be mutually agreed. Each Party shall submit its case to the arbitrator within 60 days of the selection of the arbitrator or within such longer period as may be agreed by the arbitrator. The arbitrator may resolve any and all disputes regarding discovery in connection with the arbitration. The arbitrator's decision shall be in writing and need only set forth which of the Parties' positions is correct. The arbitrator shall deliver a copy of the decision to each Party personally or by registered mail within 10 days after the arbitration hearing.

(C) Each Party shall bear its own costs in connection with any such arbitration, including, without limitation, (i) all legal, accounting, and any other professional fees and expenses and (ii) all other costs and expenses each Party incurs to prepare for such arbitration. Other than set forth above, each side shall pay (iii) one-half of the fee and expenses of the arbitrator and (iv) one-half of the other expenses that the Parties jointly incur directly related to the arbitration proceeding.

(D) Except as provided above, arbitration shall be based, insofar as applicable, upon the Rules of the AAA, but limited and conducted with regard to pre-hearing discovery as follows: (i) no later than 45 days prior to the arbitration hearing, each Party shall identify to the other any persons who may be called as an expert witness, describe the subject matter about which the expert is expected to testify, and opinions held by the expert and the facts known by the expert (regardless of when the factual information was acquired) which relate to or form the basis for the opinions held by the expert, and make available any reports produced by any such expert (or the bases upon which such expert formed an opinion if no such report was created), as well as similar information for any experts who have been used for consultation, but who are not expected to be called as an expert witness, if such consulting expert's opinions have been reviewed by an expert witness who is expected to testify, (ii) as specified in more detail below, discovery shall be limited to the request for and production of documents, three factual depositions (that is, depositions of persons other than proposed expert witnesses), three depositions of expert witnesses and three sets of interrogatories; (iii) the duration of each deposition shall be limited to two days; (iv) interrogatories shall be allowed only as follows: a party may request the other party to identify (by name, last known address and telephone number) all persons having knowledge of facts relevant to the dispute and a brief description of that person's knowledge, and may include so-called "contention interrogatories"; and (v) document discovery conducted in the course of such an arbitration shall be limited so that neither Party shall be required to respond to more than two specific sets of requests for documents, not including the required expert disclosures set forth above.

(E) The Parties hereby waive any right of appeal to any court on the merits of the dispute.

Section 2.02 *Purchase and Sale.* The closing of the sale of the Option Units pursuant to a Purchase Agreement shall occur as soon as practicable following the expiration of the Diligence Period and the satisfaction or waiver of applicable closing conditions (unless a different date is chosen by mutual agreement of the Investor and the Company). The closing of the sale of the Option Units pursuant to a Default Unit Purchase shall occur on the date that is 10 days following the end of the Diligence Period (unless a different date is agreeable to the Parent and the Investor); *provided*, *however*, that, if by such date the terms set forth in Section 2.01(e)(ii)(A) through (C) have not been satisfied or waived by Investor, such closing date shall occur on such date immediately following the satisfaction (or waiver by Investor) of the terms set forth in Section 2.01(e)(ii)(A) through (C). The amount of cash payable by Investor for the Option Units shall be (a) the Purchase Price multiplied by (b) the Percentage, and shall be referred to herein as the "**Reinvestment Payment**".

ARTICLE 3
Representations And Warranties Of Parent And The Company

Parent and the Company, jointly and severally, hereby represent and warrant to Investor, as of the date hereof, that:

Section 3.01 *Existence and Power.* Each of Parent and the Company is a limited liability company or limited partnership, as the case may be, duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all powers required to carry on its business as now conducted. Each of Parent and the Company has all requisite power and authority required to execute and deliver this Agreement and to perform its respective obligations hereunder. The limited liability agreement of the Company and all amendments thereto as in effect on the date hereof (all of which are certified by an authorized officer of the Company as of the date hereof), have been made available to the Investor, and are complete and correct as of the date hereof.

Section 3.02 *Authorization.* The execution, delivery and performance by each of Parent and the Company of this Agreement, and the consummation of the transactions contemplated herein, have been duly authorized by each of Parent and the Company. This Agreement has been duly executed and delivered by each of Parent and the Company, and constitutes the legal, valid and binding obligation of each of Parent and the Company, enforceable against each such entity in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws and equitable principles relating to or limiting creditors' rights generally (regardless of whether considered in a proceeding in equity or at law).

Section 3.03 *Authorizations.* Except as may be required by the HSR Act and the California racing authorities, neither Parent nor the Company is required to file, seek or obtain any approval, authorization, consent or order or action of or filing with any Governmental Authority or any other Person in connection with the execution and delivery by Parent or the Company, as applicable, of this Agreement or the consummation of the transactions contemplated herein.

Section 3.04 *Noncontravention.* The execution, delivery and performance by each of Parent and the Company of this Agreement (i) do not or will not violate (A) the limited liability company or limited partnership agreement (or such equivalent governing documents, as the case may be) of each of Parent and the Company or (B) any applicable law, rule, regulation, judgment, award or decree to which the Parent or the Company, as applicable, is a party, or by which Parent or the Company, as applicable, or their respective assets and properties are bound, or (ii) result in a breach of or constitute (with due notice or lapse of time or both) a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Parent or the Company, as applicable, or to a loss of any benefit relating to any of their respective assets or properties to which Parent or the Company, as applicable, is entitled under any provision of any indenture agreement or other instrument binding upon Parent or the Company, as applicable, or by which any of their respective assets or properties is or may be bound, or (iii) result in the creation or imposition of any Lien upon any of such assets or properties.

Section 3.05 *Capitalization.* As of the date hereof, there are 10,000 Units issued and outstanding to the members of the Company. All of such issued and outstanding Units have been validly authorized and issued and are validly outstanding, fully paid and nonassessable. There are not authorized, issued or outstanding any options, warrants, agreements, contracts, calls, commitments or demands of any character, preemptive or otherwise, relating to the sale, issuance or repurchase of, conversion into or exchange for any securities of the Company, other than pursuant to this Agreement. The Company has reserved for issuance and delivery upon exercise of the Option a number of Units sufficient to permit the exercise in full of the Option. Upon exercise of the Option, the outstanding Units will be duly authorized, validly issued and fully paid and non-assessable.

Section 3.06. *Compliance with Laws*. Each of the Company and Parent is in compliance with all material applicable federal, state and local statutes, ordinances and regulations, and all applicable decisions of all courts, administrative agencies and tribunals having jurisdiction over the Company or Parent, as applicable, and neither is subject to any liability or obligation as a result of any failure to so comply prior to the date of this Agreement. All Units heretofore issued by the Company have been issued in compliance with federal and state securities laws.

ARTICLE 4
Representations And Warranties Of Investor

Investor hereby represents and warrants to Parent and the Company, as of the date hereof, that:

Section 4.01 *Existence and Power.* Investor is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky, and has all powers required to carry on its business as now conducted. Investor has all requisite corporate power and authority required to execute and deliver this Agreement and to perform its obligations hereunder.

Section 4.02 *Corporate Authorization.* The execution, delivery and performance by Investor of this Agreement, and the consummation of the transactions contemplated herein, have been duly authorized by all necessary corporate action by Investor. This Agreement has been duly executed and delivered by Investor, and constitutes the legal, valid and binding obligation of Investor, enforceable against Investor in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws and equitable principles relating to or limiting creditors' rights generally (regardless of whether considered in a proceeding in equity or at law).

Section 4.03 *Authorizations.* Except as may be required by HSR Act or California racing authorities, the Investor is not required to file, seek or obtain any approval, authorization, consent or order or action of or filing with any Governmental Authority or any other Person in connection with the execution and delivery by Investor of this Agreement or the consummation of the transactions contemplated herein.

Section 4.04 *Noncontravention.* The execution, delivery and performance of this Agreement by Investor do not or will not violate (i) the Articles of Incorporation or By-laws of Investor or (ii) any applicable law, rule, regulation, judgment, injunction, order or decree binding upon Investor.

Section 4.05. *Compliance with Laws*. The Investor is in compliance with all material applicable federal, state and local statutes, ordinances and regulations, and all applicable decisions of all courts, administrative agencies and tribunals having jurisdiction over the Investor and it is not subject to any liability or obligation as a result of any failure to so comply prior to the date of this Agreement.

ARTICLE 5
Transfers

Section 5.01 *Restrictive Legend.*

(a) Investor hereby agrees and acknowledges that the Units have not been registered under the Securities Act and may not be transferred to any Person in the absence of (i) an effective registration statement under the Securities Act with respect to the Units and registration or qualification of the Units under any United States federal or state securities laws then in effect or (ii) an opinion of counsel reasonably satisfactory to Parent and the Company that such registration and qualification are not required.

(b) Each certificate for Units issued pursuant to this Agreement shall bear the following legend for so long as such securities constitute restricted securities (as such term is defined in the regulations under the Securities Act):

> "The securities represented hereby have not been registered under the Securities Act of 1933, as amended, and may not be offered, sold, transferred or otherwise disposed of except in compliance with such laws."

(c) The Units shall also bear a legend stating that their transfer or sale is restricted by the terms of this Agreement (which legend shall be removed when such restrictions no longer apply).

Section 5.02 *Restriction on Sale or Transfer of Option and Units.* No party to this Agreement will sell, pledge, encumber or otherwise transfer, or agree to sell, pledge, encumber or otherwise transfer, directly or indirectly, the Units held by such party, the Option or any rights under this Agreement without the prior written consent of the other parties hereto, which may be provided or denied in such party's sole discretion, except:

(i) for transfers of such Units, Option or any rights under this Agreement to any Affiliate of any party hereto or any third party successor by merger or acquirer of more than 50% of the equity or all or substantially all of the assets of Churchill Downs Incorporated or all of the Stockbridge Funds, as applicable and

(ii) that Parent may sell or transfer up to 25% of the aggregate of its Units to any person or entity that in its good faith judgment will be beneficial to the proposed redevelopment of the Real Property, *provided*, that such person or entity will not adversely affect the ability of the Company to satisfy the requirements of federal or state or other applicable gaming laws and regulations and *provided, further*, that such transferee agree in writing to be bound by the terms of this Agreement and that such transfer shall not adversely affect any of Investor's rights under this Agreement, including without limitation, Investor's ability to acquire the full Percentage to which it is entitled under Section 2.01(f).

ARTICLE 6
Covenants Of Parent

Section 6.01 *Capital Structure.*

(a) Except with the prior written approval of the Investor, neither Parent nor the Company will, prior to the Reinvestment Date, amend in any manner the limited liability company agreement of the Company to create or authorize the creation of or issue (including, without limitation, by way of recapitalization), or obligate itself to authorize or issue any Units of any equity securities of the Company, or any other security exercisable for or convertible into any shares of equity securities of the Company, whether any such creation or authorization shall be by means of amendment of the limited liability company agreement of the Company, or by merger, consolidation or otherwise.

(b) *Alternative Structure*.

(i) It is understood and agreed that, subject to paragraph (b)(iii) below, the Company may implement various ownership and leasing arrangements with respect to the Assets that are designed to optimize the structure for investors in one or more investment funds that are Affiliates of Parent (the "**Stockbridge Funds**") and to comply with certain requirements as to structuring investments contained in the operative agreements for the Stockbridge Funds (any such arrangement being referred to as an "**Alternative Structure**"). Subject to paragraph (iii) below, an Alternative Structure may include (without limitation) (x) causing one Affiliate to own certain of the Assets and to lease such Assets to a second Affiliate; and (y) causing one or more of the Stockbridge Funds or other Affiliates to own direct interests in one or more of the Affiliates described in clause (x).

(ii) If an Alternative Structure is implemented, then

(A) Investor's Option to purchase the Option Units in the Company shall be automatically amended so that, to the extent necessary for Investor to acquire in the aggregate the same economic interest and governance interest in the Assets that the Option Units would have represented had there been no Alternative Structure, Investor will have the right to purchase interests in all such Affiliates of the Company that hold interests in the Assets and all relevant governance documents shall be amended as may be necessary or appropriate in order to effectuate the provisions of this Agreement;

(B) the Reinvestment Payment shall be adjusted as appropriate to reflect amounts incurred by or contributed to such Affiliates in a manner consistent with the provisions of this Agreement; and

(C) the parties shall cooperate in implementing such other adjustments as may be required to effectuate the intent of this Agreement.

(iii) The parties acknowledge and agree that if an Alternative Structure is implemented, then any exercise of the Option pursuant to this Agreement shall be implemented in such a way as (1) to provide Investor with the same aggregate economic interest and governance interest that the Option Units would have represented had there been no Alternative Structure, and (2) to cause no material adverse effect to Investor or to the Investor's rights under this Agreement to reinvest, directly or indirectly, in the Assets, including without limitation the Real Property, and the Racetrack Business.

Section 6.02 *Amendment of Limited Liability Company Agreement.* Concurrent with the issuance of the Option Units, Parent shall cause the limited liability company agreement of the Company, which shall be substantially in the form attached hereto as Exhibit C, to be amended effective as of the Reinvestment Date so that (i) the Majority Member has the right to appoint a majority of the members of the management board of the Company, (ii) the management board of the Company shall consist of at least one member appointed by each Stockbridge Fund and at least one member appointed by the Investor, and (iii) to add the following provisions:

(a) For so long as each of Parent and Investor own 20% or more of the outstanding Units in the Company, the Company shall continue to conduct its business and maintain the Real Property and the other Assets in the ordinary course consistent with past practice or consistent with this Agreement. In addition, the Company shall maintain appropriate levels of indebtedness to reflect prevailing market practices for investments of this type by institutional investors, as determined in the good faith reasonable judgment of the Majority Member. Furthermore, except as expressly provided for in this Agreement or as consented to in writing by Parent and Investor, neither the Company nor any of the Affiliates that are formed for the purpose of implementing the Alternative Structure will:

(i) amend its limited liability company agreement;

(ii) split, combine or reclassify any Units or issue any additional Units;

(iii) declare or pay any dividend or distribution of any kind (whether in cash, membership units or property) in respect of the Company's Units, except the Reinvestment Dividend and dividends or distributions that are paid to each member of the Company in proportion to such member's Percentage interest;

(iv) amend any Alternative Structure that has been implemented;

(v) merge or consolidate with any other Person;

(vi) acquire any interest in any corporation, partnership or other business organization or any subsidiary thereof or any material amount of assets from any other Person;

(vii) sell, lease, sublease, license or otherwise dispose of any Assets or portion of the Real Property or any other material assets or property of the Company or any Affiliate except (A) pursuant to existing contracts or commitments, (B) in the ordinary course consistent with past practice or (C) in accordance with Section 8.04 hereof; or

(viii) enter into any agreement or commitment to do any of the foregoing.

Section 6.03. *Sale of Assets, Real Property and/or Racetrack Business.* Notwithstanding anything to the contrary set forth herein, Parent shall not, and shall cause the Company not to, sell, lease, convey, transfer or other otherwise dispose of, or enter into any agreement to sell, lease, convey, transfer or otherwise dispose of, any material parts of the Assets, Real Property and/or the Racetrack Business prior to September 23, 2008.

ARTICLE 7
Covenants Of Parent and the Company

Section 7.01 *Payment of Reinvestment Dividend.* Immediately following the receipt by the Company of the Reinvestment Payment, the Company shall issue the Reinvestment Dividend to Parent in immediately available funds by wire transfer to an account designated by Parent.

Section 7.02. *Affiliated Transactions*. Subject to Section 6.01(b), promptly following the delivery of the Option Exercise Notice by the Investor, but in any event no later than immediately prior to the Reinvestment Date, Parent and the Company shall take such actions as are necessary to ensure that effective as of the Reinvestment Date (a) the operations of the Racetrack Business shall be conducted entirely by and through the Company or its wholly-owned subsidiaries, (b) the Company will conduct no business or incur or assume any liabilities other than those pertaining to the Racetrack Business and seeking entitlements for the development of the Real Property and (c) no Related Party of the Company except as otherwise set forth in this Agreement shall (i) have any interest in any of the Assets, including without limitation the Real Property, or any other property (real or personal, tangible or intangible) that the Company then uses or has used in or pertaining to the Racetrack Business or (ii) have any business dealings or a financial interest in any transaction with the Company relating to the Racetrack Business or involving any of the Assets, including without limitation the Real Property, or any other property (real or personal, tangible or intangible) that the Company then uses or has used in or pertaining to the Racetrack Business, other than business dealings or transactions entered into, and effective as of, immediately following the Reinvestment Date that are conducted in the ordinary course of business at prevailing market prices and on prevailing market terms.

ARTICLE 8
Sale Of Interests Or Assets

Section 8.01 *Sale Notice.*

(a) At any time following the date that is one year after the Reinvestment Date, any party holding less than 50% of the issued and outstanding Units on a Fully-Diluted Basis (the "**Minority Member**") may deliver a notice (the "**Sale Notice**") to the party (together with its Affiliates) holding more than 50% of the issued and outstanding Units on a Fully-Diluted Basis (the "**Majority Member**") stating that the Minority Member desires to determine the Fair Market Value of the Company. The Fair Market Value of the Company shall be determined as described in Section 8.02.

(b) The Sale Notice shall contain the name of an independent valuation firm (the "**Minority Valuation Firm**") and, within 10 days after receipt of the Sale Notice, the Majority Member shall also select an independent valuation firm (the "**Majority Valuation Firm**") and shall notify the Minority Member of such selection.

(c) Each of Parent and Investor shall pay the fees and expenses of the independent valuation firm it retains. In addition, the Company shall promptly supply all information reasonably requested by the independent valuation firms in performing their valuations.

Section 8.02 *Procedure for Determining Fair Market Value of the Company.*

(a) The Minority Valuation Firm and the Majority Valuation Firm shall each determine the Fair Market Value of the Company as promptly as possible, but in no event later than 30 days following the date upon which the Sale Notice was given. Such values shall be determined assuming the sale of the applicable assets of the Company at a price agreed between a willing seller and a willing buyer in an arms-length transaction with no deductions for lack of liquidity, forced sale or similar considerations.

(b) If the values calculated by the Minority Valuation Firm and the Majority Valuation Firm do not vary by more than 10%, then the Fair Market Value of the Company shall be the average of the two valuations. If the values so calculated vary by more than 10%, then the Minority Valuation Firm and Majority Valuation Firm shall, within five days of the date their valuations were first given, select a third valuation firm which will make its own determination of the Fair Market Value of the Company. The Company, the Minority Valuation Firm and Majority Valuation Firm shall supply all information required by the third firm so that it can complete its valuation not later than 20 days following its selection. Its valuation shall be delivered in a certificate to the Minority Member, the Majority Member, the Minority Valuation Firm and the Majority Valuation Firm. The Fair Market Value of the Company shall then be the average of (i) the value obtained by the third valuation firm and (ii) the value obtained by the other valuation firm whose valuation is closer to that obtained by the third valuation firm. Each of Parent and the Investor shall pay fifty percent of the fees and expenses of such third valuation firm.

Section 8.03 *Sale; Payment of the Sale Price.*

(a) The Fair Market Value of the Company determined pursuant to the procedures described above shall be binding upon the Company for a period of one year after its final determination, and the fair market value of the Units owned by the Minority Member shall be the product of the membership percentage interest held by the Minority Member and the Fair Market Value of the Company (such product, the "**Sale Price**").

(b) If, following determination of the Sale Price, the Minority Member determines to sell its Units, it shall first offer such Units to the Majority Member at the Sale Price and the Majority Member shall have 60 days in which to either (i) determine whether to accept such offer or (ii) accept such offer and assign such right to purchase such Units at the Sale Price to a third party selected in the sole and absolute discretion of the Majority Member. If the Majority Member chooses to accept the offer or accept the offer and assign such right to purchase or declines such offer, it shall notify the Minority Member in writing (the "**Majority Member Notice**"). If the Majority Member determines not to purchase such Units or accept the offer and assign such right to purchase such Units from the Minority Member, the Minority Member may offer such Units to any other Person for a price and on other terms as it shall deem appropriate in its sole discretion *provided*, *however*, that in the event that the Minority Member has not sold its Units within one year following the final determination of Fair Market Value, then its Units shall continue to be subject to the terms and conditions set forth in this Article 8. Within 10 days of any agreement to sell such Units, the Minority Member shall notify the Majority Member of such agreement (the Majority Member, its assignee or such other buyer, as the case may be, the "**Final Buyer**").

(c) Within 10 days (or such other period as is acceptable to the Minority Member) after any agreement to sell the Units held by the Minority Member at the Sale Price, the Final Buyer shall deposit the Sale Price in cash with a paying agent chosen by the Company (the "**Paying Agent**") and the Minority Member shall transfer all of its Units to the Paying Agent and the closing of the sale of such Units shall take place within two Business Days thereafter.

Section 8.04 *Sale of Assets or the Units.* At any time following the Reinvestment Date, the Majority Member may deliver a notice to the Minority Member that it intends to initiate a transaction or series of related transactions involving a sale of all of the Assets and Real Property comprising the business of the Company and its Affiliates or all of the outstanding Units of the Company. Any such sale must be to a third party that is not affiliated with either the Majority Member or the Minority Member at a market price to be determined through a competitive sales process, and on terms and conditions reasonably determined by the Majority Member (a "**Third Party Sale**"). The parties shall engage the services of appropriate professionals, selected by the Majority Member, to solicit offers to purchase the Real Property and Assets or all of the outstanding Units of the Company from unaffiliated third parties. The Majority Member and Minority Member shall use their respective commercially reasonable efforts to enter into a purchase and sale agreement to sell the Real Property and Assets or all of the outstanding Units to the bidder as reasonably selected by the Majority Member. The proceeds from such Third Party Sale, after payment of the appropriate pro-rata portion of the costs and expenses of such Third Party Sale attributable to the Company and any other amounts owing with respect to the Real Property and Assets, shall be distributed according to the terms of the Company's limited liability company agreement or to the members of the Company in the event of a sale of Units, as appropriate.

ARTICLE 9
Covenants Of the Company, Parent and Investor; Closing Conditions

Section 9.01 *HSR Application*. Each of the Company and Investor shall make any appropriate filing of a Notification and Report Form and Investor shall pay all applicable filing fees pursuant to the HSR Act with respect to any issuance and/or transfer of Units at the Reinvestment Date if subject to the HSR Act hereby as promptly as practicable and in any event within 10 Business Days following the date of an Option Exercise Notice, and the Company and Investor shall supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable.

Section 9.02. *Other Consents*. Each of Parent, the Company and Investor shall use commercially reasonable efforts to file, seek or obtain any approval, authorization, consent or order or action of or filing with any Governmental Authority or any other Person that may be required or deemed reasonably advisable in connection with the execution and delivery by such party, as applicable, of this Agreement or the consummation of the transactions contemplated herein.

Section 9.03. *Closing Conditions*. The closing conditions that would apply in the event of a Default Unit Purchase (subject to waiver by Investor) are: (i) diligence will be completed to the Investor's satisfaction, in Investor's sole and absolute discretion, (ii) all parties' representations and warranties shall be true in all material respects, (iii) all parties' covenants shall have been performed in all material respects, (iv) there shall have been no material adverse change in the business, operations, financial condition or results of operations of the Company prior to closing, (v) the delivery of customary closing certificates and payment for Option Units, (vi) there shall be no pending or threatened injunction or litigation relating to the consummation of the transactions contemplated herein or the validity of any purported Trigger Event, (vii) receipt of HSR approval and if needed, other governmental approvals, and (viii) there shall have been no contravention of material contracts.

ARTICLE 10
Termination

Section 10.01 *Grounds for Termination.* Subject to Section 10.03 below, unless earlier terminated by mutual agreement of the parties, the Option and this Agreement shall terminate on September 23, 2013 or, if prior to that date,

(a) on the date provided for in Section 2.01(c) or (d), as the case may be, if applicable; or

(b) on the Redevelopment Date if no Trigger Event shall have occurred prior thereto; or

(c) on the date upon which Parent or the Company consummates the sale of the Assets, the Racetrack Business and the Real Property to a Person or Persons that are not Affiliates or Related Parties (if permitted by Section 6.03 hereof), or

(d) on the date of a sale to the Majority Member (or its assignee) pursuant to Section 8.03, or a Third Party Sale under Section 8.04.

Notwithstanding anything to the contrary in this Agreement, the provisions in Sections 5.02, 6.02, 8.01, 8.02, 8.03 and 8.04 shall be reflected in the limited liability agreement of the Company following the Reinvestment Date.

Section 10.02 *Effect of Termination.* If this Agreement is terminated as permitted by Section 10.01, such termination shall be without liability of any party (or any member, stockholder, director, officer, partner, employee, agent, consultant or representative of such party) to any other party to this Agreement.

Section 10.03 ***Option Revival***. Notwithstanding the termination of this Agreement pursuant to Section 10.01(b) above due to the occurrence of a Redevelopment Date, if following the Redevelopment Date the Company and/or the Parent ceases the redevelopment of the Real Property or modifies its redevelopment plans, in either case to pursue gaming activities permitted by a Trigger Event, then this Agreement and the Option shall be automatically reinstated upon the receipt of written notice from either Investor or Parent to the other of the occurrence of such event. In such event, Investor shall have 90 days to deliver a Diligence Notice to the Company and Parent, at which time the provisions of Sections 2.01 and 2.02 shall be applicable.

ARTICLE 11
Miscellaneous

Section 11.01 *Payment of Taxes.* All excise, sales, use, value added, registration stamp, recording, documentary, conveyancing, franchise, property, transfer, gains and similar taxes, levies, charges and fees incurred in connection with the purchase of Units on the Reinvestment Date by the Investor shall be borne by Investor. On the Reinvestment Date, the Company and its Affiliates will provide the Investor with such certificates as are reasonably requested by the Investor for purposes of establishing an exemption from withholding under Section 1445 of the United States Internal Revenue Code and the regulations thereunder.

Section 11.02 *Notices.* All notices, including without limitation the Trigger Notice, Diligence Notice, Option Exercise Notice, Sale Notice and Majority Member Notice, requests and other communications to any party hereunder shall be in writing and shall be deemed duly given, effective (i) three Business Days later, if sent by registered or certified mail, return receipt requested, postage prepaid, (ii) when sent if sent by fax, *provided*, that receipt of the fax is promptly confirmed by telephone, (iii) when served, if delivered personally to the intended recipient and (iv) one business day later, if sent by overnight delivery via a national courier service, and in each case, addressed,

if to Parent or the Company, to:

Stockbridge HP Holdings Company, LLC
1200 Park Place, Suite 200
San Mateo, CA 94403
Attn: Terrence E. Fancher
Tel: (650) 524-1222
Fax: (650) 524-1211

with duplicate notice to:

Stockbridge Real Estate Partners II, LLC
712 5th Avenue, 21st Floor
New York, NY 1019
Attn: Darren Drake
Tel: (646) 253-1205
Fax: (646) 253-1211

Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025
Attention: Daniel G. Kelly, Jr.
Fax: (650) 752-3601

if to Investor, to:

c/o Churchill Downs Incorporated
700 Central Avenue
Louisville, KY 40208
Attn: Rebecca C. Reed
Tel: (502) 636-4429
Fax: (502) 636-4439

with duplicate notice to:

Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, CA 90071
Attn: D. Eric Remensperger, Esq.
Tel: (213) 229-7000
Fax: (213) 229-7520

Section 11.03 *Amendments and Waivers.* Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative.

Section 11.04 *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided*, that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto, except as provided in Section 5.02 hereof; and *provided, further*, that any such permitted assignment shall not discharge the assignor from its obligations under this Agreement.

Section 11.05 *Governing Law.* This Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 11.06 *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 11.07 *Entire Agreement.* This Agreement (including the Schedules and Exhibits hereto and the Transaction Documents, as defined in the Asset Purchase Agreement) constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 11.08 *Specific Performance.* The parties hereto agree that the remedy at law for any breach of this Agreement will be inadequate and that any party by whom this Agreement is enforceable shall be entitled to specific performance in addition to, and not in lieu of, any other right or remedy available at law or equity. Such party may, in its sole discretion, apply to a court of competition jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law, each party waives any objection to the imposition of such relief.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CHURHILL DOWNS INVESTMENT COMPANY, a Kentucky Corporation

By: /s/Michael E. Miller
Name: Michael E. Miller
Title: President

BAY MEADOWS LAND COMPANY, LLC, a Delaware limited liability company

By: /s/Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

STOCKBRIDGE HP HOLDINGS COMPANY, LLC, a Delaware limited liability company
By: Stockbridge Real Estate Partners II, LLC, a Delaware limited liability company, its general partner

By: /s/Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

STOCKBRIDGE REAL ESTATE FUND II-A, LP, a Delaware limited partnership
By: Stockbridge Real Estate Partners II, LLC, a Delaware limited liability company, its general partner

By: /s/Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

STOCKBRIDGE REAL ESTATE FUND II-B, LP, a Delaware limited partnership
By: Stockbridge Real Estate Partners II, LLC, a Delaware limited liability company, its general partner

By: /s/Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

STOCKBRIDGE REAL ESTATE FUND II-T, LP, a Delaware limited partnership
By: Stockbridge Real Estate Partners II, LLC, a Delaware limited liability company, its general partner

By: /s/Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

STOCKBRIDGE HOLLYWOOD PARK CO-INVESTORS, LP, a Delaware limited partnership
By: Stockbridge Real Estate Partners II, LLC

By: /s/Terrence E. Fancher
Name: Terrence E. Fancher
Title: President and Executive Managing Director

Exhibits and schedules to Exhibit 10.3 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.

BAY MEADOWS
LAND COMPANY

1200 Park Place
San Mateo, CA 94403
TEL: 650.524.1201
Fax: 650.524.1211
www.bmlc.com

August 1, 2005

Churchill Downs California Company
c/o Churchill Downs Incorporated
700 Central Avenue
Louisville, KY 40208
Attn: Rebecca C. Reed

Re: Extension of Phase II Period

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement, dated as of July 6, 2005, (the "**APA**"), between Bay Meadows Land Company, LLC ("**Buyer**") and Churchill Downs California Company ("**Seller**"). Capitalized terms not defined herein shall have the meanings ascribed thereto in the APA.

Pursuant to Section 13.4 of the APA, Buyer and Seller agree to amend Section 12.1(a) of the APA to extend the Phase II Period. The Phase II Period shall end on August 8, 2005.

This letter agreement, once Buyer and Seller shall have executed and delivered a counterpart hereof, shall become effective and binding as of August 1, 2005. Except as expressly provided above, the APA shall remain in full force and effect and nothing contained in this letter agreement shall be deemed to waive, alter or otherwise amend any provision of the APA. This letter agreement and the APA constitute the entire agreement between the parties with respect to the subject matter of this letter agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this letter agreement. This letter agreement shall be governed by and construed in accordance with the law of the State of California.

BAY MEADOWS LAND COMPANY, LLC

By: /s/ Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

Agreed:

CHURCHILL DOWNS CALIFORNIA COMPANY

By: /s/ Michael E. Miller
Name: Michael E. Miller
Title: Vice President

[Signature page to Letter Agreement dated August 1, 2005]

BAY MEADOWS
LAND COMPANY

1200 Park Place
San Mateo, CA 94403
TEL: 650.524.1201
Fax: 650.524.1211
www.bmlc.com

August 8, 2005

Churchill Downs California Company
c/o Churchill Downs Incorporated
700 Central Avenue
Louisville, KY 40208
Attn: Rebecca C. Reed

Re: Extension of Phase II Period

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement, dated as of July 6, 2005, (the "**APA**"), between Bay Meadows Land Company, LLC ("**Buyer**") and Churchill Downs California Company ("**Seller**"). Capitalized terms not defined herein shall have the meanings ascribed thereto in the APA.

Pursuant to Section 13.4 of the APA, Buyer and Seller agree to amend Section 12.1(a) of the APA to extend the Phase II Period. The Phase II Period shall end on August 11, 2005.

This letter agreement, once Buyer and Seller shall have executed and delivered a counterpart hereof, shall become effective and binding as of August 8, 2005. Except as expressly provided above, the APA shall remain in full force and effect and nothing contained in this letter agreement shall be deemed to waive, alter or otherwise amend any provision of the APA. This letter agreement and the APA constitute the entire agreement between the parties with respect to the subject matter of this letter agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this letter agreement. This letter agreement shall be governed by and construed in accordance with the law of the State of California.

BAY MEADOWS LAND COMPANY, LLC

By: /s/ Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

Agreed:

CHURCHILL DOWNS CALIFORNIA COMPANY

By: /s/ Michael E. Miller
Name: Michael E. Miller
Title: Vice President

[Signature page to Letter Agreement dated August 1, 2005]

BAY MEADOWS
LAND COMPANY

1200 Park Place
San Mateo, CA 94403
TEL: 650.524.1201
Fax: 650.524.1211
www.bmlc.com

August 12, 2005

Churchill Downs California Company
c/o Churchill Downs Incorporated
700 Central Avenue
Louisville, KY 40208
Attn: Rebecca C. Reed

Re: Certain Waste Disposal Matters and Extension of Phase II Period

Ladies and Gentlemen:

Reference is made to that certain Asset Purchase Agreement dated as of July 6, 2005 (as amended and in effect on the date hereof, the "APA"), between Bay Meadows Land Company, LLC ("Buyer") and Churchill Downs California Company ("Seller"). Capitalized terms not defined herein shall have the meanings ascribed thereto in the APA.

Pursuant to Section 13.4 of the APA, Buyer and Seller agree to amend the APA as follows:

1. Section 3.4.10 of the APA is hereby deleted and replaced in its entirety with the following:

3.4.10 Certain Environmental Liabilities. Any and all liabilities, claims, demands, losses, costs, damages, injuries, obligations, judgments, actions, causes of action, fines, assessments, penalties or expenses, including consultants' and attorneys' fees resulting from (a) the direct or indirect disposal or arrangement for the disposal of Hazardous Substances from the Real Property to, at or onto a location other than the Real Property from September 10, 1999 through the Closing Date, including without limitation to the Dominguez Channel Watershed/Consolidated Slip, (b) any property owned, leased or operated by Seller (other than the Real Property) or (c) the disposal, depositing, placing, presence, storage, dumping or other release of any material or substance in, to, at, onto, from or under any waste pits located at the northeast corner of the training track on the Real Property prior to the Closing Date including, without limitation, any related investigation, remediation, clean-up, removal, disposal, transportation of waste and closure activities ("**Remedial Activities**") relating to the contamination identified in the sampling conducted of the waste pits in July 2005.

2. A new Section 9.3.6 is hereby added to the APA as follows:

9.3.6. Control of Certain Environmental Liabilities: (a) Seller shall have the right to control the Remedial Activities relating to those matters for which it has accepted responsibility pursuant to Section 3.4.10(c), provided that all such Remedial Activities shall (i) comply with all applicable Environmental Laws, (ii) be performed at a time and in a manner that does not unreasonably interfere with the operation or future redevelopment of the Real Property and (iii) be undertaken promptly and concluded as expeditiously as practicable using commercially reasonable efforts, subject to the schedules and approvals of the applicable Governmental Authorities. The obligations of Seller in respect thereof shall survive the Closing Date, and the completion of such Remedial Activities shall not be a condition to the Closing. Seller shall have the exclusive right in its sole discretion to challenge, appeal or seek amendment, modification, repeal or termination of any order issued by a Governmental Authority in connection with the Remedial Activities, including a suspension or stay of any required work while such action is pending.

(b) Seller shall promptly provide to Buyer copies of all work plans, laboratory and other reports, analytical results and final data and shall engage in reasonable consultation with Buyer, including considering in good faith any comments of Buyer relating to any requirements of Environmental Laws and relating to any submissions to Governmental Authorities. Buyer may observe and be present during the performance of any Remedial Activities and may participate in meetings or discussions with Governmental Authorities. Neither Buyer nor its authorized representatives shall, nor shall Buyer or its representatives attempt to, lobby, demand, or interfere with, Seller's discussions with Governmental Authorities regarding the Remedial Activities in an effort to influence those Governmental Authorities with regard to what Seller is required to do in completing the Remedial Activities. Buyer may contact Governmental Authorities as appropriate in Buyer's reasonable discretion to obtain permits and approvals, including those related to future site use. Buyer may contact other Governmental Authorities as appropriate in Buyer's reasonable discretion to obtain permits and approvals, including those related to future site use (e.g., the planning department, building department), without prior notice or consent if the subject of the Remedial Activities is not expected to be discussed. In the event that the subject is addressed, Buyer shall use reasonable efforts to avoid any substantive discussions with the relevant Governmental Authority and will instead refer the Governmental Authority to Seller; provided that, with respect to any discussions Seller may have with the Governmental Authorities, Buyer may be present at or during such discussions.

3. Section 12.1(a) of the APA is hereby deleted and replaced in its entirety with the following:

(a) After approval by Seller of the Work Plan (which shall occur prior to the date hereof), Buyer or Buyer's agents shall be given access to the Real Property to undertake and complete its Phase II Testing (described in the Work Plan) and its Phase II Report (as defined below). The Phase II Testing and Phase II Report shall be completed by August 22, 2005 (the period commencing on the date hereof and ending on August 22, 2005 shall be referred to herein as the "**Phase II Period**"); provided, however, that with respect to all items other than the Open Phase II Items (as defined below), any Environmental Remediation Cost Estimate as defined in Section 12.1(e) shall be submitted to Seller on August 15, 2005, together with all supporting documentation relating to such Environmental Remediation Cost Estimates. As used herein, the term "**Open Phase II Items**" means (i) the "Former Impoundment Area" listed as Item #4 in the Draft Table 1, Identified Environmental Issues, Remedial Actions, and Estimated Costs, prepared by EKI and

dated August 1, 2005 ("Draft Table"), and (ii) the "Methane Investigation, Remediation, and Mitigation in Former Oil Field Area", listed as Item #8 in the Draft Table.

4. Section 12.1(e) of the APA is hereby deleted and replaced in its entirety with the following:

(e) Upon the expiration of the Phase II Period, Buyer may elect to (i) waive its rights under this Article 12 to seek a purchase price reduction; or (ii) deliver to Seller a Phase II Report (as defined below); or (iii) terminate this Agreement and receive the full amount of the Deposit from Seller, provided that Buyer shall not be permitted to terminate this Agreement pursuant to this Section 12.1(e) unless the Final Environmental Remediation Cost Estimate exceeds $20 million as determined either by Buyer and Seller together or by LLF. An "**Environmental Remediation Cost Estimate**" shall mean a written estimate of the anticipated costs, if any, to investigate or remediate environmental or Hazardous Substance conditions (in air, soil, soil gas or groundwater) on, at, under, in or from the Real Property in order to complete Buyer's planned redevelopment of the Real Property provided that those costs for redevelopment activities shall not include costs for redevelopment activities unrelated to environmental contamination, including, but not limited to, grading, compliance with the California Environmental Quality Act, demolition, removal of any subsurface structures (e.g. pipelines or tanks) or special handling for contaminated demolition debris (e.g. asbestos, lead-based paint or contaminated concrete). In connection with the written submission of any Environmental Remediation Cost Estimate to Seller, Buyer shall provide to Seller copies of all final data, laboratory reports or analytical results of its sampling (unless already provided pursuant to Section 12.1(b)) and an explanation of how Buyer arrived at the estimate and why such costs are necessary to bring the Real Property into compliance with all Environmental Laws applicable to investigation and remediation of the ' Real Property if it were redeveloped consistent with Buyer's redevelopment plans. Buyer may, but is not obligated to, provide to Seller on or prior to the end of the Phase II Period a submission (the "**Phase II Report**") which may consist of (A) as to any items which are not Open Phase II items, an Environmental Remediation Cost Estimate, which shall be in the same form delivered to Seller on August 15, 2005, (B) additional Environmental Remediation Cost Estimates relating to the Open Phase II Items (together with the Environmental Remediation Cost Estimates referred to in clause (A), the "**Buyer Environmental Remediation Cost Estimate**") and (C) all supporting documentation relating to such Environmental Remediation Cost Estimates and otherwise required by this Agreement. If, within six business days following Seller's receipt of the Phase II Report by Buyer, Seller does not approve the Buyer Environmental Remediation Cost Estimate, Seller shall so notify Buyer in writing and either, at Seller's option, (i) Seller shall terminate this Agreement, in which case Buyer shall receive the full amount of the Deposit from Seller, or (ii) the dispute resolution provisions of Section 12.3 below will be used to reach an agreed upon Final Environmental Remediation Cost Estimate. If Seller does approve the Buyer Environmental Remediation Cost Estimate, Seller shall, within six business days following receipt of such estimate, so notify Buyer in writing, such estimate shall be deemed a final Environmental Remediation Cost Estimate (the "**Final Remediation Cost Estimate**") and Buyer and Seller shall allocate the Final Remediation Cost Estimate as provided in Section 12.2 below, subject to Buyer's right to terminate pursuant to Section 12.1(e). Seller shall exercise its rights pursuant to this subsection no later than August 30, 2005, six business days following the end of the Phase 11 Period.

5. While this letter agreement does not amend Section 12.3 of the APA, Buyer and Seller agree that, pursuant to Section 12.3, the time period for Buyer and Seller to either agree on the Final Remediation Cost Estimate or submit their respective cost estimates to LLF ends on September 7, 2005 and the time period for LLF to review both submissions and prepare a brief summary of its analysis of the cost estimates and its conclusion regarding the correct cost estimate to both Buyer and Seller ends on September 14, 2005.

6. A new Section 12.4 is hereby added to the APA as follows:

12.4 All time periods in Article 12 shall end at 5:00 PM (PST) on the dates referenced therein.

Nothing in this Amendment shall prevent Buyer or its authorized representatives from complying with any independent obligation to which they may be subject under any Law.

Neither this letter agreement nor any of the parties' rights hereunder shall be assignable by either party (other than to an Affiliate), without the prior written consent of the other party, which consent shall be within such party's sole discretion; provided, however, that any such permitted assignment shall not discharge the assignor from its obligations under this letter agreement or the APA.

This letter agreement, once Buyer and Seller shall have executed and delivered a counterpart hereof, shall become effective and binding. Except as expressly provided above, the APA is hereby ratified and confirmed and shall remain in full force and effect and nothing contained in this letter agreement shall be deemed to waive, alter or otherwise amend any provision of the APA. This letter agreement and the APA constitute the entire agreement between the parties with respect to the subject matter of this letter agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this letter agreement. This letter agreement shall be governed by and construed in accordance with the law of the State of California.

BAY MEADOWS LAND COMPANY, LLC

By: /s/ Terrence E. Fancher
Name: Terrence E. Fancher
Title: President

Agreed to this 12th day of August, 2005:

CHURCHILL DOWNS CALIFORNIA COMPANY

By: /s/ Rick Baedeker
Name: Rick Baedeker
Title: President

cc: Darren Drake
Stockbridge Capital Partners, LLC
712 5th Avenue, 21st Floor
New York, NY 10019

Thomas Patrick Dore, Jr., Esq.
Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017

D. Eric Remensperger, Esq.
Gibson, Dunn & Crutcher, LLP
333 So. Grand Avenue
Los Angeles, CA 90071

BAY MEADOWS
LAND COMPANY

1200 Park Place
San Mateo, CA 94403
TEL: 650.524.1201
Fax: 650.524.1211
www.bmlc.com

September 7, 2005

Churchill Downs California Company
c/o Churchill Downs Incorporated
700 Central Avenue
Louisville, KY 40208
Attn: Rebecca C. Reed

Re Extension of Section 12.3 Time Periods

Ladies and Gentlemen:

Reference is made to that certain Asset Purchase Agreement dated as of July 6, 2005, as modified by those certain letter agreements dated August 1, 2005, August 8, 2005 and August 12, 2005 (as so amended and as in effect on the date hereof, the "**APA**"), between Bay Meadows Land Company, LLC ("**Buyer**") and Churchill Downs California Company ("**Seller**"). Capitalized terms not defined herein shall have the meanings ascribed thereto in the APA.

Pursuant to Section 13.4 of the APA, Buyer and Seller agree to amend the APA as follows:

Notwithstanding anything to the contrary set forth therein, Buyer and Seller agree that, pursuant to Section 12.3 of the APA, the time period for Buyer and Seller to either agree on the Final Remediation Cost Estimate or submit their respective cost estimates to LLF ends on September 8, 2005 and the time period for LLF to review both submissions and prepare a brief summary of its analysis of the cost estimates and its conclusion regarding the correct cost estimate to both Buyer and Seller ends on September 15, 2005.

The foregoing supersedes and replaces paragraph 5 of the letter agreement amending the APA dated August 12, 2005.

Except as expressly provided above, the APA is hereby ratified and confirmed and shall remain in full force and effect and nothing contained in this letter agreement shall be deemed to waive, alter or otherwise amend any provision of the APA (other than to the extent expressly provided herein).

This letter agreement and the APA constitute the entire agreement between the parties with respect to the subject matter of this letter agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this letter agreement.

This letter agreement shall be governed by and construed in accordance with the law of the State of California.

BAY MEADOWS LAND COMPANY, LLC

By: /s/ Charlene Kiley
Name: Charlene Kiley
Title: Secretary

Agreed to this 8th day of September, 2005:

CHURCHILL DOWNS CALIFORNIA COMPANY

By: /s/ Michael E. Miller
Name: Michael E. Miller
Title: Vice President

cc: Darren Drake
Stockbridge Capital Partners, LLC
712 5th Avenue, 21st Floor
New York, NY 10019

Thomas Patrick Dore, Jr., Esq.
Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017

D. Eric Remensperger, Esq.
Gibson, Dunn & Crutcher, LLP
333 So. Grand Avenue
Los Angeles, CA 90071

FOR IMMEDIATE RELEASE

Contact: Jennifer Stevens
(502) 638-3917 (office)
(502) 262-2929 (mobile)
jstevens@kyderby.com

Contact: Adam Alberti
(415) 227-9700 (office)
(415) 225-2443 (cellular)
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CHURCHILL DOWNS INCORPORATED COMPLETES SALE OF HOLLYWOOD PARK TO BAY MEADOWS LAND COMPANY

LOUISVILLE, Ky. (Sept. 23, 2005) - Churchill Downs Incorporated ("CDI" or "Company") (Nasdaq: CHDN) and Bay Meadows Land Company LLC ("BMLC") today announced that CDI has completed the sale of Hollywood Park racetrack and surrounding acreage at the Inglewood, Calif., site to Hollywood Park Land Company ("HPLC"), an affiliate of BMLC, for $257.5 million. CDI will use proceeds from the sale to pay down debt.

The $260 million sale price announced on July 6 was reduced at closing by $2.5 million to cover the costs of addressing certain physical conditions at the property.

Over the next three years, CDI will distribute the Hollywood Park simulcast signal through its Churchill Downs Simulcast Network ("CDSN"). CDSN will also distribute the simulcast signal for BMLC's racetrack in Northern California, Bay Meadows. CDI will have an option to reinvest in Hollywood Park should significant gaming activities become available at Hollywood.

CDI acquired Hollywood Park in September 1999 for $140 million from Hollywood Park Inc., which now does business as Pinnacle Entertainment Inc. Since that time, CDI has operated two race meets annually on the 238-acre site and leased space to Pinnacle Entertainment for the operation of a card club.

Hollywood Park Racing Association ("HPRA"), the HPLC affiliate that will conduct racing operations, has received racing dates from the California Horse Racing Board and will offer 97 days of live racing at Hollywood Park in 2006, subject to the completion of further licensing requirements. HPRA has committed to continuing live racing at Hollywood Park for a minimum of three years and will aggressively pursue legislative changes to improve economic conditions for the horse racing industry in California. HPLC will also seek entitlements from the City of Inglewood to permit alternative uses for the current Hollywood Park racetrack site, in the event that efforts to seek authorization for expanded gaming activities at California racetracks are unsuccessful.

Hollywood Park is located 11 miles southwest of downtown Los Angeles and three miles from Los Angeles International Airport. The racetrack offers live racing during traditional spring/summer and autumn meets. Hollywood Park will conduct its 2005 Autumn Meet from Nov. 9 through Dec. 19. The racetrack also conducts simulcast wagering on site when it is not offering live racing. Information about Hollywood Park is available via the Internet at www.hollywoodpark.com.

Hollywood Park Land Company, LLC and Hollywood Park Racing Association are affiliates of Bay Meadows Land Company, the owner and operator of the Bay Meadows Racetrack in San Mateo, Calif., and developer of Park Place, an award-winning mixed-use development that was built on a 79-acre portion of the Bay Meadows site that previously encompassed a stable area and training track. Bay Meadows Land Company has its principal office at 1200 Park Place in San Mateo, Calif., 94403, and is owned by Stockbridge Real Estate Fund, LP, a privately owned investment partnership (www.sbfund.com).

Churchill Downs Incorporated, headquartered in Louisville, Ky., owns and operates world-renowned horse racing venues throughout the United States. CDI's six racetracks in Florida, Illinois, Indiana, Kentucky and Louisiana host many of North America's most prestigious races, including the Kentucky Derby and Kentucky Oaks, Arlington Million and Louisiana Derby. CDI racetracks have hosted nine Breeders' Cup World Thoroughbred Championships - more than any other North American racing company. CDI also owns off-track betting facilities and has interests in various television production, telecommunications and racing services companies that support CDI's network of simulcasting and racing operations. CDI trades on the Nasdaq National Market under the symbol CHDN and can be found on the Internet at www.churchilldownsincorporated.com.

This news release contains forward-looking statements made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The reader is cautioned that such forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. Forward-looking statements are typically identified by the use of terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project,""should,""will," and similar words, although some forward-looking statements are expressed differently. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from our expectations include: the effect of global economic conditions; the effect (including possible increases in the cost of doing business) resulting from catastrophic weather conditions, future war and terrorist activities or political uncertainties; the economic environment; the impact of increasing insurance costs; the impact of interest rate fluctuations; the effect of any change in the Company's accounting policies or practices; the financial performance of our racing operations; the impact of gaming competition (including lotteries and riverboat, cruise ship and land-based casinos) and other sports and entertainment options in those markets in which we operate; the impact of live racing day competition with other Florida and Louisiana racetracks within those respective markets; costs associated with our efforts in support of alternative gaming initiatives; costs associated with our Customer Relationship Management initiatives; a substantial

change in law or regulations affecting our pari-mutuel and gaming activities; a substantial change in allocation of live racing days; litigation surrounding the Rosemont, Illinois, riverboat casino; changes in Illinois law that impact revenues of racing operations in Illinois; a decrease in riverboat admissions subsidy revenue from our Indiana operations; the impact of an additional Indiana racetrack and its wagering facilities near our operations; our continued ability to effectively compete for the country's top horses and trainers necessary to field high-quality horse racing; our continued ability to grow our share of the interstate simulcast market; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to successfully complete any divestiture transaction; our ability to adequately integrate acquired businesses; market reaction to our expansion projects; any business disruption associated with our facility renovations; the loss of our totalisator companies or their inability to provide adequate reliance on their internal control processes through SAS 70 reports or to keep their technology current; the need for various alternative gaming approvals in Louisiana; our accountability for environmental contamination; the loss of key personnel; the ability to resume normal operations in Louisiana; and the volatility of our stock price.