SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _____ to _____

Commission file number 0-1469

CHURCHILL DOWNS INCORPORATED
(Exact name of registrant as specified in its charter)

Kentucky	61-0156015
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

700 Central Avenue, Louisville, KY 40208
(Address of principal executive offices)
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No o

The number of shares outstanding of registrant's common stock at May 12, 2003 was 13,175,889 shares.

CHURCHILL DOWNS INCORPORATED
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31, 2003 (unaudited)	December 31, 2002	March 31, 2002 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 11,084	$ 14,662	$ 13,828
Restricted cash	629	3,247	1,340
Accounts receivable, net	17,435	34,435	13,889
Deferred income taxes	2,513	2,159	2,288
Other current assets	16,834	5,988	13,900
Total current assets	48,495	60,491	45,245
Other assets	10,707	10,606	12,320
Plant and equipment, net	343,910	338,381	339,804
Goodwill, net	52,239	52,239	52,239
Other intangible assets, net	7,404	7,495	7,769
	$ 462,755	$ 469,212	$ 457,377
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 27,296	$ 31,189	$ 28,250
Accrued expenses	27,609	31,782	28,270
Dividends payable	-	6,578	-
Income taxes payable	-	727	-
Deferred revenue	28,579	14,876	23,817
Long-term debt, current portion	513	508	524
Total current liabilities	83,997	85,660	80,861
Long-term debt, due after one year	127,646	122,840	142,748
Other liabilities	12,997	12,603	12,241
Deferred income taxes	14,822	13,112	15,124
Total liabilities	239,462	234,215	250,974
Commitments and contingencies	-	-	-
Shareholders' equity:			
Preferred stock, no par value; 250 shares authorized; no shares issued	-	-	-
Common stock, no par value; 50,000 shares authorized; issued: 13,168 shares March 31, 2003, 13,157 shares December 31, 2002, and 13,115 shares March 31, 2002	126,302	126,043	125,132
Retained earnings	97,745	109,241	82,815
Accumulated other comprehensive loss	(754)	(222)	(1,479)
Note receivable for common stock	-	(65)	(65)
	223,293	234,997	206,403
	$ 462,755	$ 469,212	$ 457,377

The accompanying notes are an integral part of the condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
for the three months ended March 31,
(Unaudited)
(In thousands, except per share data)

	2003	2002
Net revenues	$ 33,789	$ 30,972
Operating expenses	43,542	39,729
Gross loss	(9,753)	(8,757)
Selling, general and administrative expenses	8,108	8,396
Operating loss	(17,861)	(17,153)
Other income (expense):		
Interest income	62	81
Interest expense	(1,827)	(2,652)
Miscellaneous, net	402	(169)
	(1,363)	(2,740)
Loss before income tax benefit	(19,224)	(19,893)
Income tax benefit	7,728	7,858
Net loss	$ (11,496)	$ (12,035)
Basic and diluted net loss per common share	$ (0.87)	$ (0.92)
Basic and diluted weighted average shares outstanding	13,159	13,105

The accompanying notes are an integral part of the condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended March 31,
(Unaudited)
(in thousands)

	2003	2002
Cash flows from operating activities:		
Net loss	$ (11,496)	$ (12,035)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	5,062	4,815
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Restricted cash	2,618	9,365
Accounts receivable	17,000	17,286
Other current assets	(10,845)	(11,872)
Accounts payable	(1,957)	(12,502)
Accrued expenses	(5,059)	(2,305)
Income taxes payable	(727)	(971)
Deferred revenue	13,703	9,576
Other assets and liabilities	2,003	249
Net cash provided by operating activities	10,302	1,606
Cash flows from investing activities:		
Additions to plant and equipment, net	(8,657)	(5,109)
Net cash used in investing activities	(8,657)	(5,109)
Cash flows from financing activities:		
Decrease in long-term debt, net	(120)	(653)
Borrowings on bank line of credit	51,354	53,081
Repayments of bank line of credit	(46,423)	(42,503)
Change in book overdraft	(3,780)	(1,989)
Proceeds from note receivable for common stock	65	-
Payment of dividends	(6,578)	(6,549)
Common stock issued	259	382
Net cash (used in) provided by financing activities	(5,223)	1,769

Net decrease in cash and cash equivalents	(3,578)	(1,734)
Cash and cash equivalents, beginning of period	14,662	15,562
Cash and cash equivalents, end of period	$ 11,084	$ 13,828
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 1,699	$ 2,272
Income taxes	$ 400	$ 850
Schedule of non-cash activities:		
Plant and equipment additions included in accounts payable	$ 1,843	-

The accompanying notes are an integral part of the condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended March 31, 2003 and 2002 (Unaudited)
($ in thousands, except per share data)

1. Basis of Presentation

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America or those normally made in Churchill Downs Incorporated's (the "Company") annual report on Form 10-K. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Accordingly, the reader of this Form 10-Q may wish to refer to the Company's Form 10-K for the period ended December 31, 2002 for further information. The accompanying condensed consolidated financial statements have been prepared in accordance with the registrant's customary accounting practices and have not been audited. Certain prior-period financial statement amounts have been reclassified to conform to the current-period presentation. In the opinion of management, all adjustments necessary for a fair presentation of this information have been made and all such adjustments are of a normal recurring nature.

Our revenues and earnings are significantly influenced by our racing calendar. Therefore, revenues and operating results for any interim quarter are generally not indicative of the revenues and operating results for the year and are not necessarily comparable with results for the corresponding period of the previous year. We historically have very few live racing days during the first quarter, with a majority of our live racing occurring in the second, third and fourth quarters, including the running of the Kentucky Derby and Kentucky Oaks in the second quarter.

2. Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees". Had the compensation cost for our stock-based compensation plans been determined consistent with Statement of Financial Accounting Standards ("SFAS") No. 123 "Accounting for Stock-based Compensation" the Company's net loss and net loss per common share for the three months ended March 31, 2003 and 2002 would approximate the pro forma amounts presented below:

	Three Months Ended March 31, 2003	2002
Net loss	$ (11,496)	$ (12,035)
Pro forma stock-based compensation expense, net of tax benefit	(385)	(191)
Pro forma net loss	$ (11,881)	$ (12,226)
Pro forma basic and diluted net loss per common share	$ (0.90)	$ (0.93)

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
for the three months ended March 31, 2003 and 2002 (Unaudited)
($ in thousands, except per share data)

2. Stock-Based Compensation (cont'd)

The effects of applying SFAS No. 123 in this pro forma disclosure are unlikely to be representative of the effects on pro forma net income for future years since variables such as option grants, exercises, and stock price volatility included in the disclosures may not be indicative of future activity. We anticipate making awards in the future under stock-based compensation plans.

3. Long-Term Debt

During the first quarter the Company had a $250 million line of credit under a revolving loan facility through a syndicate of banks to meet working capital and other short-term requirements and to provide funding for acquisitions. The interest rate on the borrowing was based upon LIBOR plus 75 to 250 additional basis points, which was determined by certain Company financial ratios. The weighted average interest rate on our outstanding revolving loan borrowings was 2.27% and 2.64% at March 31, 2003 and 2002, respectively. There was $120.9 million outstanding on the line of credit at March 31, 2003, compared to $116.0 million outstanding at December 31, 2002, and $135.3 million outstanding at March 31, 2002. The credit facility contained financial covenant requirements, including specified fixed charge, minimum interest coverage and maximum levels of net worth. As of

March 31, 2003, the Company was in compliance with all covenants. The line of credit was collateralized by substantially all of the assets of the Company and its wholly owned subsidiaries. The facility, which was to mature in 2004, was refinanced in April 2003 (see note 10).

4. Financial Instruments

In order to mitigate a portion of the market risk on its variable rate debt, the Company entered into interest rate swap contracts with major financial institutions during March 2003. Under terms of these contracts we receive a LIBOR based variable interest rate and pay a fixed interest rate on a notional amount of $60.0 million. As a result of these contracts, the Company will pay a fixed interest rate of approximately 3.55% on $60.0 million of the floating rate debt described in note 10. The variable interest rate paid on the contracts is determined based on LIBOR on the last day of each March, June, September and December, which is consistent with the variable rate determination on the underlying debt. These contracts mature in March 2008.

The Company has designated its interest rate swaps as cash flow hedges of anticipated interest payments under its variable rate agreements. Gains and losses on these swaps that are recorded in other comprehensive income will be reclassified into net income as interest expense, net in the periods in which the related variable interest is paid.

The Company also had three interest rate swaps in effect during the three months ended March 31, 2002 on which the Company received a LIBOR-based variable rate and paid a fixed interest rate. Terms of the swaps are as follows:

4. Financial Instruments (cont'd)

Notional Amount	Termination Date	Fixed Rate
$35 million	May 2002	7.30%
$30 million	November 2002	6.40%
$35 million	March 2003	7.015%

Comprehensive loss consists of the following:

	Three months ended March 31, 2003	2002
Net Loss	$ (11,496)	$ (12,035)
Cash flow hedging (net of related tax benefit of $355 in 2003 and tax expense of $523 in 2002)	(532)	821
Comprehensive loss	$ (12,028)	$ (11,214)

5. Earnings Per Share

The following is a reconciliation of the numerator and denominator of the earnings per common share computations:

	Three months ended March 31, 2003	2002
Numerator for basic and diluted per share:	$ (11,496)	$ (12,035)
Denominator for weighted average shares of common stock outstanding per share:	13,159	13,105
Basic and diluted net loss per common share:	$ (0.87)	$ (0.92)

Options to purchase 999 and 894 shares for the three months ended March 31, 2003 and 2002, respectively, are excluded from the computation of diluted net loss per common share since their effect is antidilutive because of net losses for the periods.

6. Goodwill and Other Intangible Assets

The Company performs annual testing of goodwill and indefinite lived intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." The Company completed the required impairment tests of goodwill and indefinite lived intangible assets during the three months ended March 31, 2003, and no adjustment to the carrying value of goodwill was required.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
for the three months ended March 31, 2003 and 2002 (Unaudited)
($ in thousands, except per share data)

6. Goodwill and Other Intangible Assets (cont'd)

($ in thousands, except per share data)

Effective January 1, 2002, a portion of the goodwill arising from the Company's previous acquisitions was reassigned to the new Churchill Downs Simulcast Network ("CDSN") segment using a relative fair value allocation approach. There has been no change to the carrying value of the Company's net goodwill since January 1, 2002. Net goodwill at March 31, 2003 and 2002 for Kentucky Operations, Calder Racecourse and CDSN was $4.8 million, $36.4 million and $11.0 million, respectively.

The Company's other intangible assets are comprised of the following:

	2003	2002
Illinois Horse Race Equity fund	$ 3,307	$ 3,307
Arlington Park trademarks	494	494
Indiana racing license	2,085	2,085
Other intangible asset	3,296	3,296
	9,182	9,182
Accumulated amortization	(1,778)	(1,413)
	$ 7,404	$ 7,769

Other intangible assets with indefinite useful lives total $3.8 million and consist primarily of a future right to participate in the Illinois Horse Race Equity fund, which has not been amortized since the Arlington Park merger in September 2000.

Other intangible assets, which are being amortized, are recorded at approximately $3.6 million at March 31, 2003, which is net of accumulated amortization of $1.8 million. Amortization expense for other intangibles of approximately $91 for the three months ended March 31, 2003 and 2002 is classified in operating expenses.

Future estimated aggregate amortization expense on other intangible assets for each of the five fiscal years are as follows:

	Estimated Amortization Expense
2003	365
2004	167
2005	167
2006	167
2007	167

7. Segment Information

The Company has determined that it currently operates in the following seven segments: (1) Kentucky Operations, including Churchill Downs racetrack and its off-track betting facility ("OTB") and Ellis Park racetrack and its on-site simulcast facility; (2) Hollywood Park racetrack and its on-site simulcast facility; (3) Calder Racecourse; (4) Arlington Park and its six OTBs; (5) Hoosier Park racetrack and its on-site simulcast facility and the other three Indiana simulcast facilities; (6) CDSN, the simulcast product provider of the Company; and (7) other investments, including Charlson Broadcast Technologies LLC ("CBT") and the Company's other various equity interests which are not material. Eliminations include the elimination of management fees and other intersegment transactions, primarily between CDSN and the racetracks.

The Company's recurring revenues are generated from commissions on pari-mutuel wagering at the Company's racetracks and OTBs (net of state pari-mutuel taxes), plus simulcast host fees and source market fees generated from contracts with our in-home wagering providers. In addition to the commissions earned on pari-mutuel wagering we also earn pari-mutuel related streams of revenues from sources that are not related to the handle wagered at our facilities. These other revenues are primarily derived from statutory racing regulations in some of the states where our facilities are located and can fluctuate year-to-year. Additional non-wagering revenues are primarily generated from Indiana riverboat admissions subsidy, admissions, concessions, sponsorship, licensing rights and broadcast fees, lease income and other sources.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies" in the Company's annual report to stockholders for the year ended December 31, 2002. The Company uses revenues and EBITDA (defined as earnings before interest, taxes, depreciation and amortization) as key performance measures of results of operations for purposes of evaluating performance internally. Furthermore, management believes that the use of these measures enables management and investors to evaluate and compare from period to period, our operating performance in a meaningful and consistent manner. Because the Company uses EBITDA as a key performance measure of financial performance, the Company is required by accounting principles generally accepted in the United States of America to provide the information in this footnote concerning EBITDA. However, these measures should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with accounting principles generally accepted in the United States of America) as a measure of our operating results or cash flows (as determined in accordance with accounting principles generally accepted in the United States of America) or as a measure of our liquidity.

($ in thousands, except per share data)

7. Segment Information (cont'd)

The table below presents information about reported segments for the three months ended March 31, 2003 and 2002:

	Three Months Ended March 31, 2003	2002
Net Revenues from External Customers:		
Kentucky Operations	$ 4,898	$ 5,596
Hollywood Park	4,969	5,032
Calder Race Course	1,132	1,070
Arlington Park	11,989	6,119
Hoosier Park	9,430	12,036
CDSN	843	697
Total racing operations	33,261	30,550
Other investments	528	412
Corporate revenues	-	10
	$ 33,789	$ 30,972
Intercompany Net Revenues:		
Hollywood Park	$ 4	$ -
Calder Race Course	248	184
Hoosier Park	4	-
Total racing operations	256	184
Other investments	144	119
Corporate revenues	283	428
Eliminations	(683)	(731)
	$ -	$ -
EBITDA:		
Kentucky Operations	$ (5,147)	$ (5,211)
Hollywood Park	(2,215)	(2,217)
Calder Race Course	(2,667)	(3,075)
Arlington Park	(1,469)	(2,261)
Hoosier Park	674	1,990
CDSN	219	263
Total racing operations	(10,605)	(10,511)
Other investments	35	(332)
Corporate expenses	(1,827)	(1,604)
Eliminations	-	(60)
	$ (12,397)	$ (12,507)

7. Segment Information (cont'd)

	As of March 31, 2003	As of December 31, 2002	As of March 31, 2002
Total assets:			
Kentucky Operations	$ 400,610	$ 396,998	$ 388,224
Hollywood Park	143,559	150,627	146,602
Calder Race Course	80,413	87,498	81,809
Arlington Park	77,216	80,766	76,089
Hoosier Park	35,780	34,759	37,226
CDSN	11,018	11,018	11,018
Other investments	80,927	77,724	55,272
	829,523	839,390	796,240
Eliminations	(366,768)	(370,178)	(338,863)
	$ 462,755	$ 469,212	$ 457,377

The following table is a reconciliation of total EBITDA, which is generally considered a non-GAAP financial measure, to the accompanying financial statements, specifically, loss before income tax benefit:

	Three Months Ended March 31, 2003	2002
Total EBITDA	$ (12,397)	$ (12,507)
Depreciation and amortization	(5,062)	(4,815)

Interest income (expense), net	(1,765)	(2,571)
Loss before income tax benefit	$ (19,224)	$ (19,893)

8. Significant Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued SFAS No. 146 "Accounting for Exit or Disposal Activities." SFAS No. 146 addresses the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including certain lease termination costs and severance-type costs under a one-time benefit arrangement rather than an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 requires liabilities associated with exit and disposal activities to be expensed as incurred and will be effective for exit or disposal activities that are initiated after December 31, 2002. Management anticipates that the adoption of SFAS No. 146 will not have a significant effect on the Company's results of operations or financial position.

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation –Transition and Disclosure, an amendment of FASB Statement No. 123." This Statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. Management does not currently expect to change its method of accounting treatment for stock options.

8. Significant Accounting Pronouncements (cont'd)

In January 2003, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, and interpretation of SFAS No. 5, 57 and 107 and Rescission of FASB Interpretation No. 34" ("FIN 45"). FIN 45 requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. FIN 45 requires disclosure about each guarantee even if the likelihood of the guarantor's having to make any payments under the guarantee is remote. The provisions for initial recognition and measurement are effective on a prospective basis for guarantees that are issued or modified after December 31, 2002. Management does not expect the adoption of this Interpretation to have a material impact on our results of operations or financial position.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46"). This Interpretation of Accounting Research Bulletin No. 51 "Consolidated Financial Statements," requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. Management does not expect the adoption of this Interpretation to have a material impact on our results of operations or financial position.

9. Related Party Transaction

During 2003, the Company was paid $65 by the President of the Company for repayment of a note receivable to purchase shares of common stock. Notes receivable for common stock was classified in the balance sheet as a reduction of shareholders' equity at December 31, 2002 and March 31, 2002.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
for the three months ended March 31, 2003 and 2002 (Unaudited)
($ in thousands, except per share data)

10. Subsequent Events

In April 2003, the Company refinanced its $250 million revolving loan facility to meet funding needs for future working capital, capital improvements and potential future acquisitions. The refinancing includes a new $200.0 million revolving line of credit through a syndicate of banks with a five-year term and $100.0 million in variable rate senior notes issued by the Company with a seven-year term. Both debt facilities are collateralized by substantially all of the assets of the Company and its wholly owned subsidiaries. The interest rate on the bank line of credit borrowings is based upon LIBOR plus a spread of 125 to 225 additional basis points, which is determined by certain Company financial ratios. The interest rate on the Company's senior notes is based upon LIBOR plus 155 basis points. These notes require interest only payments during their term with principal due at maturity. Both the bank facility and the senior notes contain financial covenant requirements, including specific fixed charge, leverage ratios and maximum levels of net worth. The Company repaid its previously existing revolving line of credit during the second quarter of 2003 with proceeds from the new facilities.

Information set forth in this discussion and analysis contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the Act. These statements represent our judgment concerning the future and are subject to risks and uncertainties that could cause our actual operating results and financial condition to differ materially. 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 future war and terrorist activities or political uncertainties; the impact of increasing insurance costs; 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; a substantial change in law or regulations affecting our pari-mutuel 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 racetrack near our Indiana 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; the impact of interest rate fluctuations; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; the economic environment; our ability to adequately integrate acquired businesses; market reaction to our expansion projects; the loss of our totalisator companies or their inability to keep their technology current; our accountability for environmental contamination; the loss of key personnel and the volatility of our stock price.

You should read this discussion with the financial statements included in this report and the Company's Form 10-K for the period ended December 31, 2002, for further information.

Overview

We conduct pari-mutuel wagering on live Thoroughbred, Quarter Horse and Standardbred horse racing and simulcast signals of races. Additionally, we offer racing services through our other interests.

We own and operate the Churchill Downs racetrack in Louisville, Kentucky, which has conducted Thoroughbred racing since 1875 and is internationally known as the home of the Kentucky Derby, and Ellis Park Race Course, Inc., a Thoroughbred racing operation in Henderson, Kentucky (collectively referred to as "Kentucky Operations"). We also own and operate

Hollywood Park, a Thoroughbred racing operation in Inglewood, California; Arlington Park, a Thoroughbred racing operation in Arlington Heights, Illinois; and Calder Race Course, a Thoroughbred racing operation in Miami, Florida. Additionally, we are the majority owner and operator of Hoosier Park in Anderson, Indiana, which conducts Thoroughbred, Quarter Horse and Standardbred horse racing. We conduct simulcast wagering on horse racing at ten simulcast wagering facilities in Kentucky, Indiana and Illinois, as well as at our six racetracks.

The Churchill Downs Simulcast Network ("CDSN") segment was developed in 2002 to focus on the distribution of the Company's simulcast signal. CDSN oversees our interstate and international simulcast and wagering opportunities, as well as the marketing, sales, operations and data support efforts related to the Company-owned racing content.

Our revenues and earnings are significantly influenced by our live racing calendar. Therefore, revenues and operating results for any interim quarter are not generally indicative of the revenues and operating results for the year and are not necessarily comparable with results for the corresponding period of the previous year. We historically have very few live racing days during the first quarter of each year, with a majority of our live racing occurring in the second, third and fourth quarters, including the running of the Kentucky Derby and Kentucky Oaks in the second quarter.

Our pari-mutuel revenues include commissions on pari-mutuel wagering at our racetracks and off-track betting facilities (net of state pari-mutuel taxes), plus simulcast host fees and source market fees generated from contracts with our in-home wagering providers. In addition to the commissions earned on pari-mutuel wagering we also earn pari-mutuel related streams of revenues from sources that are not related to the handle wagered at our facilities. These other revenues are primarily derived from statutory racing regulations in some of the states where our facilities are located and can fluctuate year-to-year. Additional non-wagering revenues are primarily generated from Indiana riverboat admissions subsidy, admissions, concessions, sponsorships, licensing rights and broadcast fees, lease income and other sources.

Live racing handle includes patron wagers on live races at our tracks and also wagers made at our facilities on imported simulcast signals during live races. Import simulcasting handle includes wagers on imported signals at our racetracks when the respective tracks are not conducting live races and at our OTBs throughout the year. Export handle includes all patron wagers made on our live racing signals sent to other tracks or OTBs.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our most significant estimates relate to the valuation of property and equipment, goodwill and other intangible assets, which may be significantly affected by changes in the regulatory

environment in which the company operates, and to the aggregate costs for self-insured liability claims. Our significant accounting policies are described in Note 1 to the consolidated financial statements included in Item 8 of the Company's Form 10-K for the period ended December 31, 2002.

Our business can be impacted positively and negatively by legislative changes and from alternative gaming competition. Significant negative changes resulting from these activities could result in a significant impairment of our property and equipment and/or our goodwill and

intangible assets in accordance with generally accepted accounting standards.

For our business insurance renewal effective March 1, 2002, we assumed more risk than in the prior years, primarily through higher retentions and higher maximum losses for stop-loss insurance for certain coverages. Our March 1, 2003 business insurance renewals included substantially the same coverages and retentions as the 2002 renewal. Based on our historical loss experience, management does not anticipate that this increased risk assumption will materially impact our results of operations.

We are currently pursuing the divestiture of our Ellis Park racetrack. If a sale occurs, we plan to use any net proceeds to reduce our debt. During December 2002, we reduced the carrying value of the buildings, equipment and furniture and fixtures of Ellis Park to reflect their estimated fair value in a divestiture transaction. Should a transaction not be completed at the currently estimated sales price, an additional write down of these assets could occur.

Legislative Changes

During the 2003 session of the Indiana legislature, legislation was introduced to evenly split the riverboat subsidy between Hoosier Park and Indiana Downs. Additionally, a second bill was introduced, as part of the state budget, which sought to cap the total horse industry share from the riverboat subsidy at $17 million. Both of these bills subsequently failed. Under current Indiana Horse Racing Commission ("IHRC") rules, which can be changed by IHRC or by enactment of legislation, the riverboat subsidy will be split evenly during 2003 between the two racetracks in Indiana reducing Hoosier Park's subsidy revenues by approximately $5 million. It is also expected that subsidy revenues will be split evenly during the first half of 2004 and based on purses generated by each Indiana racetrack during the latter half of 2004.

Chicago-area racetracks, including Arlington Park, continue to lobby for a proposal that would authorize the Illinois Gaming Board to award unlimited gaming to riverboat casinos and allow racetracks to operate slot machines and video lottery terminals. In return for the right to operate electronic gaming machines, each racetrack would be required to advance a portion of its first-year projected state gaming taxes. Additionally, the horse industry would forego the Illinois Horseracing Equity Fund, a subsidy flowing to the industry from the tenth riverboat license, the Illinois Pari-Mutuel Real Estate Tax Credit, and the Recapture provisions of the Illinois Horseracing Act of 1975. Negotiations continue between racetracks, horsemen and riverboat operators, with the goal of introducing a bill for passage before the Illinois General Assembly adjourns on May 23, 2003.

RESULTS OF OPERATIONS

Pari-mutuel wagering information, including intercompany transactions, for our CDSN segment and five live racing segments including on-site simulcast facilities and ten separate OTBs, which are included in their respective segments, during the three months ended March 31, 2003 and 2002, is as follows ($ in thousands):

	Kentucky Operations	Hollywood Park	Calder Race Course	Arlington Park*	Hoosier Park	CDSN
Pari-mutuel wagering:						
Live Racing						
2003 handle	-	-	$ 2,289	-	$ 522	-
2003 no. of days	-	-	2	-	7	-
2002 handle	-	-	$ 2,098	-	-	-
2002 no. of days	-	-	2	-	-	-
Export simulcasting*						
2003 handle	-	-	-	-	$ 1,986	$ 10,375
2003 no. of days	-	-	-	-	7	2
2002 handle	-	-	-	-	-	$ 8,175
2002 no. of days	-	-	-	-	-	2
Import simulcasting						
2003 handle	$ 37,764	$ 76,253	-	$ 106,882	$ 30,541	-
2003 no. of days	165	65	-	540	335	-
2002 handle	$ 44,152	$ 83,008	-	$ 70,459	$ 33,716	-
2002 no. of days	165	65	-	450	295	-
Number of OTBs	1	-	-	6	3	-

Totals						
2003 handle	$ 37,764	$ 76,253	$ 2,289	$ 106,882	$ 33,049	$ 10,375
2002 handle	$ 44,152	$ 83,008	$ 2,098	$ 70,459	$ 33,716	$ 8,175

	Kentucky Operations	Hollywood Park	Calder Race Course	Arlington Park*	Hoosier Park	CDSN
****Pari-mutuel revenues:**						
2003 Revenues						
Live racing	-	-	$ 543	-	$ 43	-
Export simulcasting	-	-	-	-	56	$ 314
Import simulcasting	$ 3,789	$ 1,675	-	$ 3,563	5,501	-
Other revenue	269	-	17	7,108	161	-
Total 2003 Revenue	$ 4,058	$ 1,675	$ 560	$ 10,671	$ 5,761	$ 314
2002 Revenues						
Live racing	-	-	$ 491	-	-	-
Export simulcasting			-	-	-	$ 230
Import simulcasting	$ 4,401	$ 1,660	-	$ 3,339	$ 5,986	-
Other revenue	246	-	13	1,347	111	-
Total 2002 Revenue	$ 4,647	$ 1,660	$ 504	$ 4,686	$ 6,097	$ 230

As a result of the reorganization for internal reporting during 2002, this summary above is now reported on a new basis, which combines our two Kentucky racetracks into a single segment and separates our CDSN operations into a separate segment.

*Arlington Park's sixth OTB opened during December 2002.

** Pari-mutuel revenues for live racing, export simulcasting and import simulcasting include commissions from wagering (net of state pari-mutuel taxes) and simulcast host fees. Other revenues includes source market fees from in-home wagering and other statutory racing revenues.

Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

Net Revenues

Net revenues during the three months ended March 31, 2003 increased $2.8 million from $31.0 million in 2002 to $33.8 million in 2003. During January and February when there is no live racing in Illinois, the Illinois Racing Commission ("IRC") appoints a Thoroughbred racetrack as the host track in Illinois. The IRC appointed Arlington Park as the host track in Illinois during January 2003 resulting in increased pari-mutuel revenues of $6.9 million compared to the prior year period. This increase was partially offset by a $2.3 million decrease in Indiana riverboat admissions subsidy at Hoosier Park resulting from legislative changes requiring Hoosier Park to split the subsidy revenues with Indiana Downs. The remaining decrease is primarily attributable to decreased attendance and handle at our racetracks, except Calder Race Course, as a result of a number of factors including the Illinois horsemen's strike, increased competition and poor economic conditions.

Operating Expenses

Operating expenses increased $3.8 million from $39.7 million in 2002 to $43.5 million in 2002 primarily due to increased purse expenses of $5.0 million at Arlington Park resulting from increases in host track pari-mutuel revenues noted above. Purse expenses decreased a combined $1.7 million at our Kentucky Operations and Hoosier Park, resulting from the decreased handle

and Indiana riverboat admissions subsidy also noted above.

Gross Loss

Gross losses were incurred in both periods as a result of limited live racing during the first quarter. During the first quarter of 2003 there were only two days of live racing at Calder Race Course and seven days of live racing at Hoosier Park. Live racing will be held at five of our six racetracks during the second quarter.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses decreased by $0.3 million from $8.4 million in 2002 to $8.1 million in 2003 primarily as a result of our expense containment efforts.

Other Income and Expense

Interest expense decreased $0.8 million in 2003 primarily due to lower interest rates and the use of available cash to pay down our line of credit since March 31, 2002.

Income Tax Provision

Our income tax benefit decreased slightly for the three months ended March 31, 2003, as compared to March 31, 2002, as a result of a decrease in pre-tax losses and an increase in our currently estimated effective income tax rate from 39.5% in 2002 to 40.2% in 2003.

Significant Changes in the Balance Sheet March 31, 2003 to December 31, 2002

Accounts receivable balances decreased by $17.0 million in 2003 primarily due to the collection of 2002 live meet receivables for Calder Race Course and Hollywood Park with decreases in accounts receivables of $6.6 million and $6.4 million, respectively. Hoosier Park and Arlington Park each had a decrease of $0.7 million due to the timing of collections. In addition, our Kentucky Operations had a decrease of $2.4 million primarily due to the collection of accounts receivables related to the 2003 Kentucky Derby and Kentucky Oaks.

Other current assets increased $10.8 million primarily as a result of the estimated income tax benefit associated with the first quarter net loss.

Net plant and equipment increased $5.5 million as a result of capital expenditures of $7.0 million related to the renovation plan to restore and modernize key areas at the Churchill Downs racetrack facility, referred to as our "Master Plan". Additional increases were due to capital spending at the other operating units offset by depreciation of $5.0 million.

Dividends payable decreased $6.6 million at March 31, 2003 due to the payment of dividends in the first quarter of 2003.

Deferred revenue increased $13.7 million at March 31, 2003, primarily due to the sale by Kentucky Operations of the new Master Plan suites, corporate sponsor event tickets, season boxes, membership sales and future wagering related to the 2003 Kentucky Derby and Kentucky Oaks race days to be held in the second quarter of 2003.

Significant Changes in the Balance Sheet March 31, 2003 to March 31, 2002

The long-term debt decrease of $15.1 million was a result of the use of current cash flows to reduce borrowings under our bank line of credit since March 31, 2002.

Liquidity and Capital Resources

Cash flows provided by operations were $10.3 million and $1.6 million for the three months ended March 31, 2003 and 2002, respectively. The increase in cash provided by operations as compared to 2002 was primarily a result of increased deposits for newly constructed suites in the first phase of the Master Plan.

Cash flows used in investing activities were $8.7 million and $5.1 million for the three months ended March 31, 2003 and 2002, respectively. During the three months ended March 31, 2003 we used $5.1 million in cash for the Master Plan renovation of our Churchill Downs racetrack. We are planning capital expenditures, including $15.5 million for the completion of the first phase and $24.9 million for the second phase of our Master Plan renovation, of approximately $53.0 million for 2003.

Cash flows (used in) provided by financing activities were $(5.2) million and $1.8 million for the three months ended March 31, 2003 and 2002, respectively, reflecting the use of improved cash flows from operations to minimize net borrowings on our line of credit in 2003 compared to 2002.

During the first quarter we had a $250 million line of credit under a revolving loan facility, of which $120.9 million was outstanding at March 31, 2003. The credit facility contained financial covenant requirements, including specified fixed charge, minimum interest coverage and maximum leverage ratios and minimum levels of net worth. This line of credit was secured by substantially all of our assets and was to mature in 2004. This credit facility was intended to meet working capital and other short-term requirements and to provide funding for potential future acquisitions.

During April 2003, we refinanced our revolving loan facility to meet our needs for funding future working capital, capital improvements and potential future acquisitions. The refinancing includes a new $200.0 million revolving line of credit through a syndicate of banks with a five-year term and $100.0 million in variable rate senior notes issued by us with a seven-year term. Both debt facilities are collateralized by substantially all of our assets. The interest rate on the bank line of credit borrowings is based upon LIBOR plus a spread of 125 to 225 additional basis points, which is determined by certain Company financial ratios. The interest rate on our senior notes is based upon LIBOR plus 155 basis points. These notes require interest only payments during their term with principal due at maturity. Both the bank facility and the senior notes contain financial covenant requirements, including specific fixed charge, leverage ratios and maximum levels of net worth. We repaid our previously existing revolving line of credit during the second quarter of 2003 with proceeds from the new facilities. Management believes cash flows from operations and borrowings under our current financing facility will be sufficient to fund our cash requirements for the year.

Significant Accounting Pronouncements

The FASB issued SFAS No. 146 "Accounting for Exit or Disposal Activities." SFAS No. 146 addresses the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including certain lease termination costs and severance-type costs under a one-time benefit arrangement rather than an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 requires liabilities associated with exit and disposal activities to be expensed as incurred and will be effective for exit or disposal activities that are initiated after December 31, 2002. Management anticipates that the adoption of SFAS No. 146 will not have a significant effect on the Company's results of operations or financial position.

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation –Transition and Disclosure, an amendment of FASB Statement No. 123." This Statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. Management does not currently expect to change its method of accounting treatment for stock options.

In January 2003, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, and interpretation of SFAS No. 5, 57 and 107 and Rescission of FASB Interpretation No. 34" ("FIN 45"). FIN 45 requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. FIN 45 requires disclosure about each guarantee even if the likelihood of the guarantor's having to make any payments under the guarantee is remote. The provisions for initial recognition and measurement are effective on a prospective basis for guarantees that are issued or modified after December 31, 2002. Management does not expect the adoption of this Interpretation to have a material impact on our results of operations or financial position.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46"). This Interpretation of Accounting Research Bulletin No. 51 "Consolidated Financial Statements," requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. Management does not expect the adoption of this Interpretation to have a material impact on our results of operations or financial position.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At March 31, 2003, we had $120.9 million of debt outstanding under our revolving loan facility, which bears interest at LIBOR based variable rates. We are exposed to market risk on variable rate debt due to potential adverse changes in the LIBOR rate. Assuming the outstanding balance on the revolving loan facility remains constant, a one percentage point increase in the LIBOR rate would reduce annual pre-tax earnings and cash flows by $1.2 million.

In order to mitigate a portion of the market risk associated with our variable rate debt, we entered into interest rate swap contracts with major financial institutions during March 2003. Under terms of these contracts we receive a LIBOR based variable interest rate and pay a fixed interest rate on a notional amount of $60.0 million. As a result of these contracts, the Company will pay a fixed interest rate of approximately 5.05% on $60.0 million of the floating rate debt described in note 10 in this report. Assuming the March 31, 2003, notional amounts under the interest rate swap contracts remain constant, a one percentage point increase in the LIBOR rate would increase annual pre-tax earnings and cash flows by $0.6 million.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our president and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14 within 90 days of the filing date of this quarterly report, and, based on their evaluation, our CEO and CFO have concluded that these controls and procedures are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Not applicable

ITEM 2. Changes in Securities and Use of Proceeds

Not applicable

ITEM 3. Defaults Upon Senior Securities

Not Applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

Not Applicable

ITEM 5. Other Information

Not Applicable

ITEM 6. Exhibits and Reports on Form 8-K.

A. Exhibits

Not Applicable

B. Reports on Form 8-K

(1) Churchill Downs Incorporated filed a Current Report on Form 8-K dated December 26, 2002, under Item 2, "Acquisitions or Disposition of Assets," reporting on the transfer and lease back of certain of our assets related to the financing of the master plan redevelopment project.

(2) Churchill Downs Incorporated filed a Current Report on Form 8-K dated February 12, 2003, under Item 5, "Other Events", attaching our fourth quarter and fiscal year ended December 31, 2002 earnings release dated February 11, 2003.

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

May 14, 2003 /s/ Thomas H. Meeker

Thomas H. Meeker
President and Chief Executive Officer
(Principal Executive Officer)

May 14, 2003 /s/ Michael E. Miller

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

CERTIFICATIONS

I, Thomas H. Meeker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Churchill Downs Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ Thomas H. Meeker
Thomas H. Meeker
President and Chief Executive Officer

I, Michael E. Miller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Churchill Downs Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ Michael E. Miller
Michael E. Miller
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

Numbers	Description	By Reference To
3(a)	Restated Bylaws of Churchill Downs Incorporated as amended	Report on Form 10-Q for the fiscal quarter ended March 31, 2003.
4(a)	$100,000,000 Churchill Downs Incorporated Note Purchase Agreement for Floating Rate Senior Secured Notes, dated as of April 3, 2003	Report on Form 10-Q for the fiscal quarter ended March 31, 2003.
10(a)	Employment Agreement dated as of March 13, 2003, with Thomas H. Meeker, President	Report on Form 10-Q for the fiscal quarter ended March 31, 2003.
10(b)	Credit Agreement among Churchill Downs Incorporated, the guarantors party hereto, the Lenders party hereto and Bank One, Kentucky, NA, a national banking association, as agent, dated April 3, 2003.	Report on Form 10-Q for the fiscal quarter ended March 31, 2003.
99(a)	Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Report on Form 10-Q for the fiscal quarter ended March 31, 2003.

AMENDED AND RESTATED BYLAWS OF

CHURCHILL DOWNS INCORPORATED

ARTICLE I

OFFICE AND SEAL

SECTION 1. OFFICES. The principal office of the Corporation in the State of Kentucky shall be located at 700 Central Avenue, Louisville, Kentucky. The Corporation may have such other offices, either within or without the State of Kentucky, as the business of the Corporation may require from time to time.

SECTION 2. THE CORPORATE SEAL. The Seal of the Corporation shall be circular in form, mounted upon a metal die suitable for impressing same upon paper, and along the upper periphery of the seal shall appear the word “Churchill Downs” and along the lower periphery thereof the word “Kentucky”. The center of the seal shall contain the word “Incorporated”.

ARTICLE II

STOCKHOLDERS MEETINGS AND RECORD DATES

SECTION 1. ANNUAL MEETING. The date of the annual meeting of the stockholders for the purpose of electing directors and for the transaction of such other business as may come before the meeting shall be established by the Board of Directors, but shall not be later than 180 days following the end of the Corporation’s fiscal year. If the election of Directors shall not be held on the day designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the stockholders to be held as soon thereafter as may be convenient.

SECTION 2. SPECIAL MEETINGS. Special meetings of the stockholders may be called by holders of not less than 66b% of all shares entitled to vote at the meeting, or by a majority of the members of the Board of Directors.

SECTION 3. PLACE OF MEETING. The Board of Directors may designate any place within or without the State of Kentucky as the place of meeting for any annual meeting of stockholders, or any place either within or without the State of Kentucky as the place of meeting for any special meeting called by the Board of Directors.

If no designation is made, or if a special meeting be called by other than the Board of Directors, the place of meeting shall be the principal office of the Corporation in the State of Kentucky.

SECTION 4. NOTICE OF MEETINGS. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or persons calling the meeting, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope addressed to the stockholder at his address as it appears on the records of the Corporation, with first class postage thereon prepaid.

SECTION 5. RECORD DATE. The Corporation’s record date shall be fixed by the Board of Directors for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive any distribution. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided herein, such determination shall apply to any adjournment thereof.

SECTION 6. VOTING LISTS AND SHARE LEDGER. The Secretary shall prepare a complete list of the stockholders entitled to vote at any meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each stockholder, which list shall be produced and kept open at the meeting and shall be subject to the inspection of any stockholder during the meeting. The original share ledger or stock transfer book, or a duplicate thereof kept in this State, shall be prima facie evidence as to the stockholders entitled to examine such list or share ledger or stock transfer book, or the stockholders entitled to vote at any meeting of stockholders or to receive any dividend.

SECTION 7. QUORUM. A majority of the outstanding shares entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of stockholders. The stockholders present at a duly organized meeting can continue to do business at any adjourned meeting, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 8. PROXIES. At all meetings of stockholders, a stockholder may vote by proxy. An appointment of a proxy shall be executed in writing by the stockholder or by his duly authorized attorney-in-fact and be filed with the Secretary of the Corporation before or at the time of the meeting.

SECTION 9. NATURE OF BUSINESS. At any meeting of stockholders, only such business shall be conducted as shall have been brought before the meeting by or at the direction of the Board of Directors or by any stockholder who complies with the procedures set forth in this Section 9.

No business may be transacted at any meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before such meeting of stockholders by or at the direction of the Board of Directors, or (c) in the

case of any annual meeting of stockholders or a special meeting called for the purpose of electing directors, otherwise properly brought before such meeting by any stockholder (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 9 and on the record date for the determination of stockholders entitled to vote at such meeting of stockholders and (ii) who complies with the notice procedures set forth in this Section 9.

In addition to any other applicable requirements, for business to be properly brought before any annual meeting of stockholders by a stockholder, or for a nomination of a person to serve as a Director, to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary.

To be timely, a stockholder's notice to the Secretary must be delivered or mailed to and be received at the principal executive offices of the Corporation (a) in the case of the annual meeting of stockholders, not less than ninety (90) nor more than one hundred and twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting of stockholders is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder, in order to be timely, must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting of stockholders was mailed or public disclosure of the date of such meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting of stockholders was mailed or public disclosure of the date of such meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter (including nominations) such stockholder proposes to bring before the meeting of stockholders (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting the business at the meeting, (b) the name and record address of such stockholder, (c) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (d) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (e) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person and (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (f) any other information which would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitations of proxies for the proposal (including, if applicable, with respect to the election of directors) pursuant

to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder if such stockholder were engaged in such solicitation, and (g) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting. Any notice concerning the nomination of a person for election as a director must be accompanied by a written consent of the proposed nominee to being named as a nominee and to serve as a director if elected.

No business shall be conducted and no person shall be eligible for election as a Director at any annual meeting of stockholders or a special meeting of stockholders called for the purpose of electing directors except business or nominations brought before such meeting in accordance with the procedures set forth in this Section 9; provided, however, that, once business has been properly brought before the meeting in accordance with such procedures, nothing in this Section 9 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of the meeting of stockholders determines that business was not properly brought before such meeting, or a nomination was not properly made, as the case may be, in accordance with the foregoing procedures, the chairman shall declare to the meeting that (a) the business was not properly brought before the meeting and such business shall not be transacted, or, if applicable, (b) the nomination was defective and such defective nomination shall be disregarded.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by a Board of Directors.

SECTION 2. NUMBER AND TENURE. The Board of Directors shall consist of fourteen (14) members but the number may be increased or decreased by amendment of this Bylaw. The Directors shall be divided into three classes, consisting of four (4) Class I Directors, five (5) Class II Directors and five (5) Class III Directors. Each director shall hold office for a term of three (3) years or until his successor shall have been elected and qualifies for the office, whichever period is longer. A person shall not be qualified for election as a Director unless he shall be less than seventy (70) years of age on the date of election. Each Director shall become a Director Emeritus upon expiration of his current term following the date the Director is no longer qualified for election as a Director due to age. Directors Emeritus may attend all regular and special meetings of the Board of Directors and shall serve in an advisory capacity without a vote in Board actions.

SECTION 3. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of stockholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Kentucky, for the holding of additional regular meetings without other notice than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President, the Chairman of the Board or the majority of the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Kentucky, as the place for holding any special meeting of the Board of Directors.

SECTION 5. NOTICE. Notice of any special meeting of the Board of Directors shall be given by notice delivered personally, by mail, by telegraph or by telephone. If mailed, such notice shall be given at least five (5) days prior thereto and such mailed notice shall be deemed to have been delivered upon the earlier of receipt or five (5) days after it is deposited in the United States mail in a sealed envelope so addressed, with first class postage

thereon prepaid. If notice is given by telegram, it shall be delivered at least twenty-four (24) hours prior to the special meeting and such telegram notice shall be deemed to have been delivered when the telegram is delivered to the telegraph company. Personal notice and notice by telephone shall be given at least twenty-four (24) hours prior to the special meeting and shall be deemed delivered upon receipt. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 7. MANNER OF ACTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. VACANCIES. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall serve until the next annual meeting of the stockholders.

SECTION 9. INFORMAL ACTION. Any action required or permitted to be taken of the Board of Directors or of a committee of the Board, may be taken without a meeting if a consent, in writing, setting forth action so taken shall be signed by all of the Directors, or all of the members of the committee, as the case may be. Members of the Board of Directors or any committee designated by the Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear or speak to each

other at the same time. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

SECTION 10. NOMINATION OF DIRECTORS. Only persons who are nominated in accordance with the procedures set forth in Section 9 of Article II of these Bylaws shall be eligible for election as Directors of the Corporation, except as may be otherwise provided in the Restated Articles of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of Directors in certain circumstances.

ARTICLE IV

COMMITTEES OF THE BOARD

SECTION 1. COMMITTEES. The Board of Directors shall have authority to establish such committees as it may consider necessary or convenient for the conduct of its business. All committees so established shall keep minutes of every meeting thereof and such minutes shall be submitted at the next regular meeting of the Board of Directors at which a quorum is present, and any action taken by the Board with respect thereto shall be entered in the minutes of the Board. Each committee so established shall elect a Chairman of the committee. On all committees where the Chairman of the Board is not appointed as a voting member, the Chairman of the Board shall be an ex officio, nonvoting member of that committee.

SECTION 2. THE EXECUTIVE COMMITTEE. The Board of Directors shall appoint and establish an Executive Committee composed of up to six (6) Directors who shall be appointed by the Board annually. The Executive Committee shall have and may exercise when the Board of Directors is not in session, all of the authority of the Board of Directors that may lawfully be delegated; provided, however, the Executive Committee shall not have the power to enter into any employment agreement with an officer of the Corporation, without the specific approval and ratification of the Board of Directors. A majority in membership of the Executive Committee shall constitute a quorum.

SECTION 3. THE AUDIT COMMITTEE. The Board of Directors shall appoint and establish an Audit Committee composed of up to five (5) Directors, none of whom shall be officers, who shall be appointed by the Board annually. The Audit Committee shall make an examination every twelve months into the affairs of the Corporation and report the results of such examination in writing to the Board of Directors at the next regular meeting thereafter. Such report shall state whether the Corporation is in sound condition and whether adequate internal audit controls and procedures are being maintained and shall include recommendations to the Board of Directors regarding such changes in the manner of doing business or conducting the affairs of the Corporation as shall be deemed advisable.

SECTION 4. THE COMPENSATION COMMITTEE. The Board of Directors shall appoint and establish a Compensation Committee to be composed of five (5)

Directors who shall be appointed by the Board annually. Each member of the Compensation Committee shall be a director who is not, during the one year prior to service or during such service, granted or awarded equity securities pursuant to any executive compensation plan of the Company. It shall be the duty of the Compensation Committee to administer the Company's Supplemental Benefit Plan[s], the Company's Incentive Compensation Plan[s], the Company's Stock Option Plan[s], any executive compensation plan and any shareholder approved employee stock purchase or thrift plan, including without limitation, matters relating to the amendment, administration, interpretation, employee eligibility for and participation in, and termination of, the foregoing plans. It shall further be the duty of the Compensation Committee to review annually the salary paid to the President and Chief Executive Officer of the Company and to exercise any other authorities relating to compensation that the Board may lawfully delegate to it; provided, however, the Compensation Committee shall not have the power to enter into any employment agreement with an officer of the Company without the specific approval and ratification of the Board of Directors.

SECTION 5. THE RACING COMMITTEE. The Board of Directors may appoint and establish a Racing Committee to be composed of up to four (4) Directors who may be appointed by the Board annually. The Racing Committee shall be responsible for and shall have the authority to obligate the Corporation with respect to matters concerning the Corporation's contracts and relations with horsemen, jockeys and others providing services relating to the conduct of horse racing, including the authority to approve and cause the Corporation to enter into contracts with organizations representing horsemen and/or commit to provide benefits or services by the Corporation to horsemen and others.

SECTION 6. NOTICE OF COMMITTEE MEETINGS. Notice of all meetings by the committees established in this Article shall be given in accordance with the special meeting notice section, Article III, Section 5, of these Bylaws.

ARTICLE V

OFFICERS

SECTION 1. CLASSES. The officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers and agents as may be provided by the Board and elected in accordance with the provisions of this Article. Any of the offices may be combined in one person in accordance with the provisions of law. The Chairman of the Board of Directors shall be a member of the Board but none of the other officers is required to be a member of the Board.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board held after each annual meeting of stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of

Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed from office in the manner hereinafter provided.

SECTION 3. REMOVAL. Any officer elected by the Board of Directors may be removed by the President whenever in his judgment the best interest of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed and shall be subject always to supervision and control of the Board of Directors. Election or appointment of an officer or agent shall not of itself create contractual rights.

SECTION 4. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall call to order and preside at all stockholders' meetings and at all meetings of the Board of Directors. He shall perform such other duties as he may be authorized to perform by the Board of Directors.

SECTION 5. PRESIDENT. The President shall be the chief executive officer of the Corporation and as such shall in general supervise and control all of the business operations and affairs of the Corporation. In the absence of the Chairman of the Board of Directors, or in the event of the death or incapacity of the Chairman, the President shall perform the duties of the Chairman until a successor Chairman is elected or until the incapacity of the Chairman terminates. The President shall have full power to employ and cause to be employed and to discharge and cause to be discharged all employees of the Corporation, subject always to supervision and control of the Board of Directors. When authorized so to do by the Board of Directors, he shall execute contracts and other documents for and in behalf of the Corporation. Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the Corporation to attend, act and vote at any meeting of stockholders of any corporation in which this Corporation may hold stock. He shall perform such other duties as may be specified in the Bylaws and such other duties as he may be authorized to perform by the Board of Directors.

SECTION 6. EXECUTIVE VICE PRESIDENT. In the case of the death of the President or in the event of his inability to act, the Executive Vice President designated by the Board shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all restrictions upon the President. The Executive Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

SECTION 7. TREASURER. The Treasurer, subject to the control of the Board of Directors, and together with the President, shall have general supervision of the finances of the Corporation. He shall have care and custody of and be responsible for all moneys due and payable to the Corporation from any source whatsoever and deposit such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws. The Treasurer shall have the care of, and be responsible for all securities, evidences of value

and corporate instruments of the Corporation, and shall supervise the officers and other persons authorized to bank, handle and disburse its funds, informing himself as to whether all deposits are or have been duly made and all expenditures duly authorized and evidenced by proper receipts and vouchers. He shall cause full and accurate books to be kept, showing the transactions of the Corporation, its accounts, assets, liabilities and financial condition, which shall at all times be open to the inspection of any Director, and he shall make due reports to the Board of Directors and the stockholders, and such statements and reports as are required of him by law. Subject to the Board of Directors, he shall have such other powers and duties as are incident to his office and not inconsistent with the Bylaws, or as may be assigned to him at any time by the Board.

SECTION 8. SECRETARY. The Secretary shall attend all meetings of the Board of Directors, make a record of the business transacted and record same in one or more books kept for that purpose. The Secretary shall see that the Stock Transfer Agent of the Corporation keeps proper records of all transfers, cancellations and reissues of stock of the Corporation and shall keep a list of the stockholders of the Corporation in alphabetical order, showing the Post Office address and number of shares owned by each. The Secretary shall also keep and have custody of the seal of the Corporation and when so directed and authorized by the Board of Directors shall affix such seal to instruments requiring same. The Secretary shall be responsible for authenticating records of the Corporation and shall perform such other duties as may be specified in the Bylaws or as he may be authorized to perform by the Board of Directors.

SECTION 9. VICE PRESIDENTS. There may be additional Vice Presidents elected by the Board of Directors who shall have such responsibilities, powers and duties as from time to time may be assigned by the President or by the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS AND AGREEMENTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or agreement or execute and deliver any instruments in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. LOANS. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. CHECKS, DRAFTS, ORDERS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as may be determined by the Board of Directors. Such certificates shall be signed by the President or Vice President and by the Secretary or an assistant Secretary and may be sealed with the seal of the Corporation of a facsimile thereof. All certificates surrendered to the Corporation for transfer shall be canceled, and no new certificate shall be issued until the former certificate for all like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

SECTION 2. TRANSFER OF SHARES. Transfer of shares of the Corporation shall be made only on the books of the Corporation by the registered holder thereof or by his attorney authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the 1st day of January and end on the 31st day of December.

ARTICLE IX

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of these Bylaws, or under the provisions of the Articles of Incorporation, or under the provisions of the corporation laws of the State of Kentucky, waiver thereof in writing, signed by the person, or persons, entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Corporation shall indemnify and may advance expenses to all Directors, officers, employees, or agents of the Corporation, and their executors, administrators or heirs, who are, were or are threatened to be made a defendant or respondent to any threatened, pending or completed action, suit or proceedings (whether civil, criminal, administrative or investigative) by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or while a Director, officer, employee or agent of the Corporation, is or was serving the Corporation or any other legal entity in any capacity at the request of the Corporation (hereafter a “Proceeding”), to the fullest extent that is expressly permitted or required by the statutes of the Commonwealth of Kentucky and all other applicable law.

In addition to the foregoing, the Corporation shall, by action of the Board of Directors, have the power to indemnify and to advance expenses to all Directors, officers, employees or agents of the Corporation who are, were or are threatened to be made a defendant or respondent to any Proceeding, in such amounts, on such terms and conditions, and based upon such standards of conduct as the Board of Directors may deem to be in the best interests of the Corporation.

ARTICLE XI

FIDELITY BONDS

The Board of Directors shall have authority to require the execution of fidelity bonds by all or any of the officers, agents and employees of the Corporation in such amount as the Board may determine. The cost of any such bond shall be paid by the Corporation as an operating expense.

ARTICLE XII

AMENDMENT OF BYLAWS

The Board of Directors may alter, amend or rescind these Bylaws, subject to the right of the stockholders to repeal or modify such actions.

CHURCHILL DOWNS INCORPORATED

$100,000,000

Floating Rate Senior Secured Notes due March 31, 2010

NOTE PURCHASE AGREEMENT

Dated April 3, 2003

TABLE OF CONTENTS

(Not a part of the Agreement)

CHURCHILL DOWNS INCORPORATED
700 Central Avenue
Louisville, Kentucky 40208

FLOATING RATE SENIOR SECURED NOTES DUE MARCH 31, 2010

Dated as of
April 3, 2003

TO EACH OF THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

Churchill Downs Incorporated, a Kentucky corporation (the *"Company"*), agrees with you as follows:

SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of $100,000,000 aggregate principal amount of its Floating Rate Senior Secured Notes due March 31, 2010 (the *"Notes"*, such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement or the Other Agreements (as hereinafter defined)). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. The Notes shall bear interest from the date of issue at a floating rate equal to the Adjusted LIBOR Rate from time to time, payable quarterly on the last day of each March, June, September and December in each year (commencing June 30, 2003) and at maturity (each such date being referred to as an *"Interest Payment Date"*) and to bear interest on overdue principal (including any overdue required or optional prepayment of principal) and LIBOR Breakage Amount, if any, and (to the extent legally enforceable) on any overdue installment of interest at the Default Rate, whether by acceleration or otherwise, until paid.

Interest on the Notes shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days.

The Adjusted LIBOR Rate shall be determined by the Company, and notice thereof shall be given to the holders of the Notes, together with such information as the holders of the Notes may reasonably request for verification (including in all events, a facsimile transmission of the relevant screen and calculations), on the second Business Day preceding each Interest Period. In the event that the holders of more than 50% in aggregate principal amount of the outstanding

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Notes do not concur with such determination by the Company, as evidenced by notice to the Company by such holders within ten (10) Business Days after receipt by such holders of the notice delivered by the Company pursuant to the previous sentence, the determination of Adjusted LIBOR Rate shall be made by the holders of the Notes, in accordance with the provisions of this Agreement and shall be conclusive and binding absent manifest error.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Contemporaneously with entering into this Agreement, the Company is entering into separate Note Purchase Agreements (the *"Other Agreements"*) identical with this Agreement with each of the other purchasers named in Schedule A (the *"Other Purchasers"*), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount specified opposite its name in Schedule A. Your obligation hereunder, and the obligations of the Other Purchasers under the Other Agreements, are several and not joint obligations, and you shall have no obligation under any Other Agreement and no liability to any Person for the performance or nonperformance by any Other Purchaser thereunder.

The performance and payment of all obligations of the Company hereunder and under the Notes and the other Financing Agreements shall be guaranteed by the Guarantors pursuant to the Guarantee Agreement, substantially in the form of Exhibit 2 hereto. The Company and the Guarantors are referred to, individually, as an *"Obligor"* and, collectively, as the *"Obligors."* The obligations of the Obligors under and pursuant to the Financing Agreements shall be secured by the Collateral Documents.

SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603 at 11:00 a.m. Chicago time, at a closing (the *"Closing"*) on April 3, 2003 or on such other Business Day thereafter on or prior to April 10, 2003 as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least $250,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 644357279 — Churchill Downs Private Placement — at Bank One, NA, 416 West Jefferson Street, Louisville, Kentucky 40202, ABA/Routing #083 000 137. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all

further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. *Representations and Warranties*. The representations and warranties of the Obligors in the Financing Agreements shall be correct when made and at the time of the Closing.

Section 4.2. Performance*; No Default*. Each Obligor shall have performed and complied with all agreements and conditions contained in the Financing Agreements required to be performed or complied with by it prior to or at the Closing, and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing. No Obligor shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 10 hereof had such Section applied since such date.

Section 4.3. *Compliance Certificates*.

(a) *Officer's Certificate*. Each Obligor shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.15 have been fulfilled.

(b) *Secretary's Certificate*. Each Obligor shall have delivered to you a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Financing Agreements.

Section 4.4. *Opinions of Counsel*. You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Wyatt Tarrant & Combs, LLP, counsel for the Obligors, substantially in the form and covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you) and (b) from Chapman and Cutler, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

Section 4.5. *Purchase Permitted by Applicable Law, etc*. On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any

applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

Section 4.6. *Sale of Other Notes*. Contemporaneously with the Closing, the Company shall sell to the Other Purchasers, and the Other Purchasers shall purchase, the Notes to be purchased by them at the Closing as specified in Schedule A.

Section 4.7. *Guarantee Agreement*. Each Purchaser shall have received a counterpart of the Guarantee Agreement, duly executed and delivered by each of the Guarantors, and the Guarantee Agreement shall be in full force and effect.

Section 4.8. *Collateral and Other Documents*. The Collateral Agent, on behalf of the Banks and the holders from time to time of the Notes pursuant to the Collateral Sharing Agreement, shall have received the Collateral Documents, which shall, in each case, be in form and substance satisfactory to the Purchasers. Each Collateral Document shall be in full force and effect on *the* date of Closing.

Section 4.9. *Collateral Sharing Agreement*. The Banks, each of the Purchasers and the Collateral Agent shall have executed and delivered (and the Company shall have executed and delivered a consent and agreement to) the Collateral Sharing Agreement, substantially in the form of Exhibit 4.9, and the Collateral Sharing Agreement shall be in full force and effect.

Section 4.10. *Perfection of Liens*. All actions necessary to perfect the Liens of the Collateral Agent in the Collateral to be granted on or prior to the date of Closing (including, without limitation, the filing of all appropriate financing statements, the registration of all Collateral Documents where necessary, the recording of all appropriate documents with public officials and the payment of all fees and taxes in relation thereto) shall have been taken in accordance with the provisions of the Collateral Documents.

Section 4.11. *Discharge of Existing Liens*. All actions necessary to discharge the Liens set out in Schedule 4.11 on the Collateral shall have been taken in accordance with the provisions of the Collateral Documents.

Section 4.12. *Bank Credit Agreement*. Each of the Purchasers shall have received a copy of the Bank Credit Agreement and each of the other agreements and instruments executed in connection therewith certified as true and correct by the Senior Financial Officer on behalf of the Company.

Section 4.13. *Payment of Special Counsel Fees*. Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of the Purchasers' special United States counsel referred to in Section 4.4(b) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.14. *Private Placement Number*. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

Section 4.15. *Changes in Corporate Structure*. No Obligor shall have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other Person, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.16. *Proceedings and Documents*. All corporate and other proceedings in connection with the transactions contemplated by the Financing Agreements and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you that:

Section 5.1. *Organization; Power and Authority*. Each Obligor is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, as applicable, and is duly qualified as a foreign corporation or limited liability company, as applicable, and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Obligor has the corporate (or other) power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver the Financing Agreements to which it is a party and to perform the provisions hereof and thereof.

Section 5.2. *Authorization, etc*. The Financing Agreements have been duly authorized by all necessary corporate or other action on the part of the Obligors, and the Financing Agreements constitute, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of each Obligor party thereto enforceable against each Obligor party thereto in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. *Disclosure*. The Company, through its agent, Banc One Capital Markets, Inc., delivered to you and each Other Purchaser a copy of a Private Placement Memorandum, dated February 2003 (the "*Memorandum*"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. This Agreement, the Memorandum and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue

statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since December 31, 2002, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum.

Section 5.4. *Organization and Ownership of Shares of Subsidiaries; Affiliates*. (a) Schedule 5.4 contains (except as noted therein) complete and correct lists of the Company's (i) Subsidiaries (including which Subsidiaries are Obligors), showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) Affiliates, other than Subsidiaries, and (iii) directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien not permitted by the Financing Agreements (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate or other entity law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

Section 5.5. *Financial Statements*. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

Section 5.6. Compliance with Laws, Other Instruments, etc. The execution, delivery and performance by the Obligors of the Financing Agreements will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien (except pursuant to the Financing Agreements) in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, etc. Except for the recording or filing of the applicable Collateral Documents with the applicable Governmental Authority and except for any consents, approvals or authorizations that have been or, prior to the date of Closing will have been, obtained, no consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Obligors of the Financing Agreements. Notwithstanding anything to the contrary in this Agreement or the other Financing Agreements to the contrary, the parties to this Agreement and the other Financing Agreements 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 and (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.

S*ection 5.8. Litigation; Observance of Agreements, Statutes and Orders.* (a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the

amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all open fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended December 31, 1998.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties, that, individually or in the aggregate, are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, etc. Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

(b) to the best knowledge of the Company, no product of the Company infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(c) to the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to

section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term *"benefit liabilities"* has the meaning specified in section 4001 of ERISA and the terms *"current value"* and *"present value"* have the meanings specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

Section 5.13. Private Offering by the Obligors. Neither an Obligor nor anyone acting on its behalf has offered the Notes, the Guarantee Agreement or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than thirty-five (35) other Institutional Investors, each of which has been offered the Notes and the Guarantee Agreement at a private sale for investment. Neither an Obligor nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes or the Guarantee Agreement to the registration requirements of Section 5 of the Securities Act.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes to reduce existing bank Indebtedness and for general corporate purposes including acquisitions and capital expenditures. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 207), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve an Obligor in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 1.00% of the value of the

consolidated assets of the Company and its Subsidiaries, and the Company does not have any present intention that margin stock will constitute more than 1.00% of the value of such assets. As used in this Section, the terms *"margin stock"* and *"purpose of buying or carrying"* shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness; Future Liens. (a) Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of December 31, 2002, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries with the exception of the payment in full and replacement of the Existing PNC Facility with the facilities described in the Bank Credit Agreement. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by the Financing Agreements.

Section 5.16. Foreign Assets Control Regulations, etc. Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. Without limiting the foregoing, neither the Company nor any of its Subsidiaries (a) is or will become a person whose property or interests in property are blocked pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) or (b) engages or will engage in any dealings or transactions, or be otherwise associated, with any such person. The Company and its Subsidiaries are in compliance, in all material respects, with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payment to any governmental official or employee, political party, official of a political party, candidate for political office or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, or is subject to regulation under the Public Utility Holding Company Act of 1935, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.18. Environmental Matters. Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing:

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or has disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Collateral Documents. The Collateral Documents will create a valid first priority Lien in and to the Collateral in favor of the Collateral Agent, subject to no Liens except to the extent permitted by this Agreement and the Collateral Documents.

Section 5.20. Solvency.

(a) *Assets Greater Than Liabilities*. The fair value of the business and assets of the Obligors, taken as a whole on a consolidated basis, exceeds, as of, and immediately after giving effect to the transactions consummated on the date of the Closing, the liabilities of the Obligors, taken as a whole on a consolidated basis, as of such time.

(b) *Meeting Liabilities*. Immediately after giving effect to the transactions contemplated by the Financing Agreements, neither the Company nor any Guarantor:

(i) will be engaged in any business or transaction, or about to engage in any business or transaction, for which its assets would constitute unreasonably small capital (within the meaning of the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act and section 548 of the Bankruptcy Code, in each case, of the United States of America); or

(ii) will be unable to pay its debts as such debts mature.

(c) *Intent*. Neither the Company nor any Guarantor is entering into any Financing Agreement with any intent to hinder, delay, or defraud either current creditors or future creditors of the Company or any Guarantor.

Section 5.21. Ranking of Notes. The Company's obligations under the Financing Agreements will, upon issuance of the Notes, rank at least *pari passu*, without preference or priority, with all of its other outstanding senior secured Indebtedness. Each Guarantor's obligations under the Guarantee Agreement will, upon issuance thereof, rank at least *pari passu*, without preference or priority, with all of such Guarantor's other outstanding senior secured Indebtedness.

SECTION 6. REPRESENTATIONS OF THE PURCHASER.

Section 6.1. Purchase for Investment. You represent that you are an "accredited investor" within the meaning of Rule 501 under the Securities Act and you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. You represent that at least one of the following statements is an accurate representation as to each source of funds (a "*Source*") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("*PTE*") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "*NAIC Annual Statement*")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with your state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with your fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or is related trust) that has any interest in such separate

account (or to any participant or beneficiary of such plan (including an annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of PTE 91-38 and, except as you have disclosed to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part V of PTE 84-14 (the *"QPAM Exemption"*)) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM (applying the definition of "control" in section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Section IV of PTE 96-23 (the *"INHAM Exemption"*) managed by an "in-house asset manager" or INHAM" (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a Person controlling or controlled by the INHAM (applying the definition of "control" in Section IV(h) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan," "governmental plan," and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. *Financial and Business Information*. The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly fiscal period, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarterly fiscal period,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, *provided* that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) *Annual Statements* — within 105 days after the end of each fiscal year of the Company, duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such fiscal year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such fiscal year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of Price Waterhouse Coopers LLP or other independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been

prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, *provided* that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the

Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) *Notice of Default or Event of Default or other Designated Event* — promptly, and in any event within ten days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to (i) a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f) or (ii) any claimed default under the Bank Credit Agreement or (iii) any termination or reduction of the aggregate commitment of the Lenders (as defined in the Bank Credit Agreement) under the Bank Credit Agreement, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within ten days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) *Partial Release Certificate* — concurrently with the delivery thereof to the Collateral Agent under the Collateral Sharing Agreement, a copy of each Partial Release Certificate delivered pursuant to the Collateral Sharing Agreement; and

(h) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder (including, without limitation thereof, any information or data required to be delivered pursuant to the Bank Credit Agreement) and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance* — the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.4 through Section 10.8 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) *Event of Default* — a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without

limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Inspection. The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's senior officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; *provided, however,* that no such visits 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; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective senior officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

SECTION 8. PREPAYMENT OF THE NOTES.

Section 8.1. Required Prepayments. Except as otherwise provided in this Section 8 and in Section 12.1 and pursuant to the application or offer of application of amounts on the Notes pursuant to the Collateral Sharing Agreement, the Notes are not subject to mandatory prepayments of principal. The entire outstanding principal amount of the Notes, together with all accrued and unpaid interest thereon shall be due and payable on March 31, 2010.

Section 8.2. Optional Prepayments. The Company may, at its option, upon notice as provided below, prepay on any Interest Payment Date on or after, but not prior to, March 31, 2004, all, or any part of, the Notes, in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the Interest Payment Date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each

Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid.

Section 8.3. Change in Control.

(a) *Notice of Change in Control or Control Event*. The Company will, within five (5) Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes *unless* notice in respect of such Change in Control (or the Change in Control contemplated by such Control Event) shall have been given pursuant to Section 8.3(b). If a Change in Control has occurred, such notice shall contain and constitute an offer to prepay the Notes as described in Section 8.3(c) hereof and shall be accompanied by the certificate described in Section 8.3(f).

(b) *Conditions to Company Action*. The Company will not take any action that consummates or finalizes a Change in Control unless at least fifteen (15) days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes as described in Section 8.3(c), accompanied by the certificate described in Section 8.3(f).

(c) *Offer to Prepay Notes*. The offer to prepay Notes contemplated by paragraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "*Proposed Prepayment Date*") which shall be the next Interest Payment Date which is at least 15 days after the date of the notice of prepayment.

(d) *Acceptance*. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company at least five (5) Business Days prior to the Proposed Prepayment Date. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.3 shall be deemed to constitute a rejection of such offer by such holder.

(e) *Prepayment*. Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the principal amount of the Notes together with accrued and unpaid interest thereon. The prepayment shall be made on the Proposed Prepayment Date.

(f) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by the Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this Section 8.3 have been fulfilled; and (vi) in reasonable detail, the nature and date or proposed date of the Change in Control.

(g) *Certain Definitions. "Change in Control"* shall be deemed to have occurred if 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) 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), 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 Company, or

(ii) acquire after the date of the Closing (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 Company, through beneficial ownership of the capital stock of the Company or otherwise, or (y) all or substantially all of the properties and assets of the Company.

"Control Event" means:

(i) the execution by the Company or an Affiliate of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change in Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or

(iii) the making of any written offer by 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) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the outstanding equity of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

"Excluded Group" means and includes Duchossois Industries, Inc. and its Affiliates and Brad M. Kelley and his Affiliates.

(h) All calculations contemplated in this Section 8.3 involving the capital stock or other equity interest of any Person shall be made with the assumption that all convertible securities of such Person then outstanding and all convertible securities issuable upon the exercise of any warrants, options and other rights outstanding at such time were converted at such time and that all options, warrants and similar rights to acquire shares of capital stock or other equity interest of such Person were exercised at such time.

Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be

allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof.

Section 8.5. Maturity; Surrender, etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.6. Purchase of Notes. The Company will not and will not permit any Affiliate controlled directly or indirectly, by the Company to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Law. The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of Persons of established reputations engaged in the same or a similar business and similarly situated.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation

and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, *provided* that neither the Company nor any Subsidiary need pay any such tax or assessment or claim if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, etc. The Company will at all times preserve and keep in full force and effect its corporate or limited liability company existence. Subject to Sections 10.2 and 10.8, the Company will at all times preserve and keep in full force and effect the corporate or limited

liability company existence of each of its Subsidiaries and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate or limited liability company existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Form of Guaranties; Subsequent Guarantors. (a) The Company covenants that it shall not cause or permit any Subsidiary to deliver any Guaranty or any Collateral, in each case, securing obligations of the Company or any other Subsidiary in respect of the Bank Credit Agreement unless any such Guaranty or additional Collateral is in favor of the Collateral Agent under the Collateral Sharing Agreement.

(b) The Company covenants that if, at any time after the date of this Agreement, any Subsidiary shall enter into a Guaranty in respect of the Bank Credit Agreement or any other Indebtedness of the Company, or otherwise become directly or indirectly liable for, all or any part of the Indebtedness under, or in respect of, the Bank Credit Agreement, the Company will cause each such Subsidiary contemporaneously with entering into any such Guaranty or becoming directly or indirectly liable in respect of such Indebtedness (and in any event within 30 days thereafter), to execute and deliver to the holders of the Notes (a) a joinder agreement to the Guarantee Agreement, which joinder agreement is to be substantially in the form of Exhibit A to the Guarantee Agreement, and to remain obligated in respect thereof at all times thereafter; (b) an opinion of independent counsel for such Person with respect to the Guarantee Agreement and such joinder agreement which counsel and opinion shall be reasonably acceptable to the Required Holders and, in each case, not materially different or broader in scope than those delivered at Closing with respect to the initial Guarantors.

Section 9.7. Further Assurances. Each Obligor 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 holders pursuant to and subject to the terms of the Collateral Sharing Agreement, 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 Required Holders in their sole discretion may deem reasonably necessary or advisable from time to time in order to preserve, perfect and protect the Liens granted under the Collateral Documents and to exercise and enforce its rights and remedies thereunder with respect to the Collateral, 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 Obligor 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 holders pursuant to and subject to the Collateral Sharing Agreement.

Section 9.8. Subordination of Intercompany Loans. Each Obligor shall cause any intercompany Indebtedness, and loans or advances owed by any Obligor to any other Obligor to be subordinated pursuant to the terms of the Intercompany Subordination Agreement substantially in the form of Exhibit 9.8 hereto.

Section 9.9. Recordation of Calder Mortgage. The Company acknowledges and agrees that in the event the Calder Mortgage has not been previously recorded as contemplated under the Credit Agreement, the Required Holders hereunder shall have the right to direct the Collateral Agent to record the Calder Mortgage. The Company shall cause the appropriate Obligors to take all such steps as the Collateral Agent or the Required Holders request and shall otherwise cooperate in connection with the recordation of the Calder Mortgage and (i) to obtain title insurance in favor of the Collateral Agent and the other parties subject to the Collateral Sharing Agreement in an amount not less than the appraised value of the property covered by the Calder Mortgage (which the Obligors shall be required to pay for) and (ii) if a Default or Event of Default then exists, or if a Default or Event of Default shall occur after such recordation of the Calder Mortgage, the Obligors shall pay (or reimburse the Required Holders for) all documentary stamp taxes, intangible asset taxes and other fees and expenses associated with such recordation.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 10.1. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 10.2. Merger, Consolidation, etc. The Company shall not, and shall not permit any Subsidiary to, consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person (except that (i) any Subsidiary may consolidate with or merge with, or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to, the Company or any other Obligor which is a Wholly-Owned Subsidiary and (ii) any Subsidiary which is not an Obligor may consolidate with or merge with, or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to, the Company or any other Wholly-Owned Subsidiary, *provided*, that, in any such case described in clauses (i) or (ii) above, (1) in the case of any such transaction involving the Company, the Company shall be the surviving or continuing corporation and (2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing) unless:

(a) in the case of any such transaction involving an Obligor, the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of such Obligor as an entirety, as the case may be, shall be a solvent corporation or limited liability company organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and, if an Obligor is not such corporation or limited liability company, (i) such corporation or limited liability company shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of the Financing Agreements of such Obligor and (ii) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(b) in all cases, immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer or lease of substantially all of the assets of an Obligor shall have the effect of releasing such Obligor or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 10.2 from its liability under the Financing Agreements. This Section 10.2 shall not prohibit any Disposition of assets of the Company or any Subsidiary permitted by Section 10.8.

Section 10.3. Liens. The Company will not, and will not permit any Subsidiary to, cause or permit to exist, or agree or consent to cause or permit to exist in the future (upon the happening of a contingency or otherwise), any of the properties of the Company or any such Subsidiary which constitutes Collateral, whether now owned or hereafter acquired, to be subject to any Lien except Permitted Liens. The Company will not let the property subject to the Calder Mortgage be subject to any liens prohibited by the Negative Pledge Agreement prior to the recordation, if any, of the Calder Mortgage.

The Company will not, and will not permit any Subsidiary to, cause or permit to exist, or agree or consent to cause or permit to exist in the future (upon the happening of a contingency or otherwise), any of the properties of the Company or any such Subsidiary which does not constitute Collateral, whether now owned or hereafter acquired, to be subject to a Lien (unless it makes or causes to be made, effective provisions whereby the Notes and the Financing Agreements will be equally and ratably secured with any and all other obligations thereby secured, such security to be pursuant to an agreement reasonably satisfactory to the Required Holders) except:

(a) Liens for taxes or other governmental charges (i) not at the time delinquent or (ii) if not payable at such time, payable thereafter without penalty or (iii) being contested in good faith by appropriate proceedings and, in each case, for which it maintains adequate reserves in accordance with GAAP;

(b) Liens arising in the ordinary course of business (such as (A) Liens of carriers, warehousemen, mechanics and materialmen and other similar Liens imposed by law and (B) Liens incurred in connection with workers' compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA which Liens are subject to clause (a) above) or in connection with surety bonds, bids, performance bonds and similar obligations) for sums not overdue or being contested in good faith by appropriate proceedings and not involving any deposits or advances or borrowed money or the deferred purchase price of property or services, and, in each case, for which it maintains adequate reserves;

(c) Liens existing on the date of Closing and described in Schedule 5.15; and

(d) Liens resulting from judgments arising in connection with court proceedings, unless such judgments are discharged or stayed pending appeal within 30 days, or are discharged within 30 days after the expiration of any such stay;

(e) other Liens incidental to the conduct of the business of the Company or a Subsidiary or the ownership of its property, including leases, subleases, easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens (including, without limitation, Liens arising from precautionary UCC financing statement filings regarding operating leases entered into in the ordinary course of business), which Liens were not incurred in connection with the borrowing of money and do not, in any case or in the aggregate, materially detract from the value of such property;

(f) Liens securing Indebtedness of a Subsidiary owing to the Company or to any other Subsidiary which is an Obligor;

(g) Liens on property (or any improvement thereon) acquired or constructed by the Company or any Subsidiary after the date of the Closing to secure Indebtedness of the Company or such Subsidiary incurred in connection with such acquisition or construction, *provided* that

(i) no such Lien shall extend to or cover any property other than the property (or improvement thereon) being acquired or constructed, or proceeds thereof and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),

(ii) the amount of Indebtedness secured by any such Lien shall not exceed the lesser of (A) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed and (B) the fair market value (as determined in good faith by one or more senior officers of the Company) of such property (or improvement thereon), determined at the time of such acquisition or at the time of substantial completion of such construction, and

(iii) such Lien shall be created concurrently with or within 180 days after such acquisition or the substantial completion of such construction.

(h) Liens existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Subsidiary or its becoming a Subsidiary, *provided* that

(i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary, and

(ii) each such Lien shall extend solely to the property of the Person consolidated with or merged into the Company or a Subsidiary or that becomes a Subsidiary and, if required by the terms of the instrument originally creating such Lien other property which is an improvement to or is acquired for specific use in connection with such property (or improvement thereon).

(i) any Lien renewing, extending or replacing Liens permitted by subsection (c) above, *provided* that (i) the principal amount of the Indebtedness secured is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal, or refunding, no Default or Event of Default would exist; and

(j) any Lien (other than a Lien permitted under clause (a) through clause (i) above) securing any Indebtedness of the Company or any Subsidiary, which Debt is permitted hereunder including each of Sections 10.5(a), (b) and (c).

Section 10.4. Minimum Consolidated Net Worth. The Company will not, at any time, permit Consolidated Net Worth to be less than the sum of

(a) $180,000,000 *plus*

(b) an aggregate amount equal to 50% of Consolidated Net Earnings (excluding 100% of any net losses) for each completed fiscal quarter of the Company beginning with the fiscal quarter ending March 31, 2003.

Section 10.5. Certain Ratios. (a) The Company will not, as of the last day of each fiscal quarter of the Company, permit the ratio of Consolidated Funded Debt to Consolidated Operating Cash Flow for the immediately preceding period of four (4) fiscal quarters (taken as a single accounting period) at such time to exceed 3.50 to 1.00.

(b) The Company will not permit, as of the last day of each quarterly fiscal period, the ratio of Consolidated Earnings Available for Fixed Charges to Consolidated Fixed Charges for the immediately preceding period of four (4) fiscal quarters (taken as a single accounting period) to be less than 1.75 to 1.00.

(c) The Company will not at any time permit Priority Debt to exceed 20% of Consolidated Net Worth.

Section 10.6. Subsidiary Debt Limitation. The Company will not at any time permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness other than:

(a) Indebtedness of a Subsidiary outstanding on the date of Closing (including, without limitation, Indebtedness in respect of the Financing Agreements and under the Bank Credit Agreement) and, except in the case of the Indebtedness in respect of the Financing Agreements, any extension, renewal or refunding thereof, provided that the principal amount thereof is not increased;

(b) Indebtedness of a Subsidiary owed to the Company or a Wholly-Owned Subsidiary which is a Guarantor; and

(c) Indebtedness of a Subsidiary in addition to that otherwise permitted by the foregoing provisions, *provided*, that on the date the Subsidiary incurs or otherwise becomes liable with respect to any such additional Indebtedness and immediately after giving effect thereto, no Default or Event of Default exists, including under Section 10.5(c).

Section 10.7. Restricted Investments. The Company will not, and will not permit its Subsidiaries to, make any Investments other than the following:

(a) Investments in property to be used in the ordinary course of business of the Company and/or its Subsidiaries;

(b) Investments (i) in current assets arising from the sale of goods and services in the ordinary course of business of the Company and/or its Subsidiaries and (ii) consisting of advances to employees of the Company or any Subsidiary to meet

normal and customary business, travel and similar expenses incurred by such employees in the ordinary course of business;

(c) Investments existing as of the date hereof and described on Schedule 10.7;

(d) Investments in or advances to one or more Subsidiaries or any Person that concurrently with such Investment becomes a Subsidiary;

(e) Investments in certificates of deposit and banker's acceptances with final maturities of one year or less issued by U.S. commercial banks having capital and surplus in excess of U.S. $100,000,000 (or its equivalent) and whose long-term unsecured debt is rated at least "A2" by Moody's or at least "A" by S&P;

(f) Investments in commercial paper with a minimum rating of "A1" or "P1" by either S&P or Moody's respectively, and maturing not more than 270 days from the date acquired;

(g) Investments in United States Governmental Securities with a maturity, in each case, of one year or less;

(h) Investments in Repurchase Agreements;

(i) Investments in tax exempt state or municipal general obligation bonds rated "AA" or better by S&P, "Aa2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing, *provided* that such obligations mature within 365 days from the date of acquisition thereof; and

(j) other Investments not to exceed at any time, in the aggregate, 20% of the Consolidated Net Worth.

For the purposes of this Agreement, an Investment shall be valued at the lesser of (i) cost or (ii) the value at which such Investment is shown on the books of the Company or any Subsidiary in accordance with GAAP (as of the most recent fiscal quarter end).

Section 10.8. Sale of Assets. In addition to, and not in limitation of, any restrictions contained in any other Financing Agreements regarding the Disposition of any property or assets, the Company will not, and will not permit any Subsidiary to Dispose of any property or assets, except:

(a) the Company or any Subsidiary may sell, in each case, in the ordinary course of business (i) inventory or (ii) equipment, fixtures, supplies, materials or other tangible assets no longer required in the operation of the business of the Company or any Subsidiary or that are obsolete;

(b) (i) any Subsidiary may Dispose of its assets to the Company or a Wholly-Owned Subsidiary which is a Guarantor and/or (ii) any Disposition that is pursuant to Section 10.2 and satisfies the requirements thereof; and

(c) the Company or any Subsidiary may Dispose of its assets so long as, immediately after giving effect to such proposed Disposition:

(i) the consideration for such assets represents the fair market value of such assets (as determined in good faith by the Company's senior officers) at the time of such Disposition;

(ii) the net book value of all assets so Disposed of by the Company and its Subsidiaries under this clause (c) during the prior 12 months does not exceed 15% of Consolidated Total Assets determined at the time of such proposed Disposition; and

(iii) no Default or Event of Default shall exist;

provided, however, if after any Disposition, the net book value of all assets Disposed of (other than Dispositions pursuant to (a) and (b) above) during the prior 12 months exceeds such 15% of Consolidated Total Assets, the Company shall, within 365 days of the date of such Disposition, apply the proceeds (net of reasonable expenses (the *"Net Proceeds"*)) from such Disposition (or such portion thereof as is necessary to cause compliance with the provisions of this Section 10.8(c)) to (x) acquire capital assets (a *"Property Reinvestment Application"*) or (y) reduce Indebtedness of the Company or its Subsidiaries, which Indebtedness is not subordinate to the Notes (and, if and to the extent that any such payment is in respect of a revolving credit facility, such payment shall permanently reduce the availability thereof to the extent of such payment, subject, in the case of the Bank Credit Agreement, to the application of such amounts in accordance with the Collateral Sharing Agreement).

For purposes of this Section 10.8(c):

(i) *"Disposition"* means the sale, lease, transfer or other disposition of property, and "Dispose of" and "Disposed of" each has a corresponding meaning to Disposition; and

(ii) *Calculation of Net Book Value.* The net book value of any assets shall be determined as of the respective date of Disposition of those assets.

The holders acknowledge that the Collateral Agent under the Collateral Sharing Agreement is authorized to release the lien of the Collateral Documents and/or the obligations of a Guarantor under the Guarantee Agreement in respect of Dispositions permitted hereunder pursuant to and in accordance with the terms and provisions of the Collateral Sharing Agreement *provided* that no Default or Event of Default shall exist at the time of or immediately after giving effect to any

such release of property or Guarantor and *provided, further,* that such release of property and/or Guarantor is simultaneously effectuated with respect to the Bank Credit Agreement.

Nothing contained in this Section 10.8 shall prevent the Company or any Subsidiary from conducting its revenue producing activities in the ordinary course of its respective businesses, including, but not limited to, the (i) leasing or licensing of parking facilities, banquet facilities, boxes, suites or other facilities to the patrons of the Company and its Subsidiaries (collectively, the *"Patrons"*), (ii) granting of personal suite licenses to Patrons, (iii) granting of licenses to Patrons to use space in the "marquee village" and other similar facilities, (iv) the sale, license or use for a fee of simulcast signals, trademarks, copyrights, and other similar assets, and (v) prepaying and/or forgiving any amounts owed under, or cancelling the bonds issued or the lease entered into in connection with, the Master Plan Bond Transaction.

Section 10.9. Nature of Business. The Company will not, and will not permit any of the Subsidiaries to, engage in any business, if as a result, when taken as a whole, the general nature of the businesses in which the Company and the Subsidiaries are engaged would be substantially changed from the general nature of the business in which the Company and the Subsidiaries are engaged in on the date of this Agreement (which shall include the activities described in the last sentence of Section 10.8) except that the Company and any Subsidiary may own or lease and operate video lottery terminals and other forms of alternative gaming, in each case, in connection with live or simulcast horse racing and pari mutuel wagering, and may own and/or operate or may be party to a joint venture with respect to a hotel located on the Company's property in Louisville, Kentucky at 700 Central Avenue.

SECTION 11. EVENTS OF DEFAULT.

An *"Event of Default"* shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or LIBOR Breakage Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 10; or

(d) an Obligor defaults in the performance of or compliance with any term contained herein or in any other Financing Agreement (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of an Obligor or by any officer of an Obligor in any Financing Agreement or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or

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

(g) the Company or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, or any such petition shall be filed against the Company or any of its Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgement or judgements (for the payment of money aggregating at least $15,000,000 net of insurance coverage in respect of any such judgement or judgements *provided* that (i) the insurer has acknowledged in writing its obligation to satisfy any such judgment and (ii) such insurer is solvent and has a long term unsecured debt rating which is investment grade) are rendered against one or more of the Company and its Subsidiaries and which judgements are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $15,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(k) the Guarantee Agreement or any Collateral Document shall cease to be in full force and effect for any reason whatsoever (except for releases pursuant to and in accordance with the Collateral Sharing Agreement), including, without limitation, a determination by any Governmental Authority or court that such Guarantee Agreement or Collateral Document is invalid, void or unenforceable in any material respect or any party thereto shall contest or deny the validity or enforceability of any of its obligations under such Guarantee Agreement or Collateral Document.

As used in Section 11(j), the terms *"employee benefit plan"* and *"employee welfare benefit plan"* shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. *Acceleration*. (a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder of Notes at the time outstanding affected by such Event of Default may at any time, at its option, by notice or notices to the Company, declare all the Notes held by it to be immediately due and payable.

Upon any Note's becoming due and payable under this Section 12.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (i) all accrued and unpaid interest thereon and (ii) the LIBOR Breakage Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a LIBOR Breakage Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. *Other Remedies*. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder under or pursuant to any Financing Agreement or by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. *Rescission*. At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and LIBOR Breakage Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and LIBOR Breakage Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. *No Waivers or Election of Remedies, Expenses, etc.* No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall

operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. *Registration of Notes*. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. *Transfer and Exchange of Notes*. Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $250,000, *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $250,000. Any transferee of a Note, or purchaser of a participation therein, shall, by its acceptance of such Note be deemed to make the same representations to the Company regarding the Note or participation as you and the Other Purchasers have made pursuant to Section 6, *provided* that such entity may (in reliance upon information provided by the Company, which shall not be unreasonably withheld) make a representation to the effect that the purchase by such entity of any Note will not constitute a non-exempt prohibited transaction under section 406(a) of ERISA.

Notwithstanding anything contained in this Section 13.2 or in this Agreement to the contrary, the Company shall not be required to effect any transfer of any Note to any Competitor at any time during which no Event of Default exists.

Section 13.3. *Replacement of Notes*. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company (*provided* that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $20,000,000 at the time of such loss, theft or destruction, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. *Place of Payment*. Subject to Section 14.2, payments of principal, LIBOR Breakage Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Bank One NA in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. *Home Office Payment*. So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, LIBOR Breakage Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

SECTION 15. EXPENSES, ETC.

Section 15.1. *Transaction Expenses*. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of one special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes or any other Financing Agreement (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or any other Financing Agreement or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes or any other Financing Agreement, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes, and (c) the reasonable costs and expenses incurred in connection with the initial filing of this Agreement, all related documents and financial information, all subsequent annual and interim filings of documents and financial information related hereto with the Securities Valuation Office of the National Association of Insurance Commissioners or any successor organization succeeding to the authority thereof. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those retained by you).

Section 15.2. *Survival*. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of the Financing Agreements, and the termination of any Financing Agreement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of the Financing Agreements, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to the Financing Agreements shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, the Financing Agreements embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. *Requirements*. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or

prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the LIBOR Breakage Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation*. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof or of the Notes unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding whether or not such holder consented to such waiver or amendment.

Section 17.3. Binding Effect, etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights under any Financing Agreement shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal

amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

The Financing Agreements and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "*Confidential Information*" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the

transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary, *provided* that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, *provided* that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee or any other holder that shall have previously delivered such a confirmation), such holder will confirm in writing that it is bound by the provisions of this Section 20.

SECTION 21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so

substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or LIBOR Breakage Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

Section 22.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Section 22.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by fewer than all, but together signed by all, of the parties hereto.

Section 22.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

CHURCHILL DOWNS INCORPORATED

By /s/ Michael E. Miller

Name: Michael E. Miller
Title: Chief Financial Officer

Accepted as of April , 2003:

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By: CIGNA Investments, Inc. (authorized agent)

By /s/ David M. Cass

Name: David M. Cass
Title: Managing Director

Accepted as of April , 2003:

GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY

By: GE Asset Management Incorporated, its Investment Advisor

By /s/ John Endres

Name: John Endres
Title: Vice President – Private Investments

Accepted as of April , 2003:

EMPLOYERS REINSURANCE CORPORATION

By: GE Asset Management Incorporated, its Investment Advisor

By /s/ John Endres

Name:
Title:Vice President – Private Investments

Accepted as of April , 2003:

METROPOLITAN LIFE INSURANCE COMPANY

By /s/ Timothy L. Powell

Name: Timothy L. Powell
Title: Director

Accepted as of April , 2003:

PRINCIPAL LIFE INSURANCE COMPANY

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

By /s/ James C. Fifield
Name: James C. Fifield
Title: Counsel

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

Accepted as of April , 2003:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: David L. Babson & Company Inc., as Investment Adviser

By /s/ Emeka O. Onukwugha
Name: Emeka O. Onukwugha
Title: Managing Director

Accepted as of April , 2003:

C.M. LIFE INSURANCE COMPANY

By: David L. Babson & Company Inc. as Investment Sub-Adviser

By /s/ Emeka O. Onukwugha
Name: Emeka O. Onukwugha
Title: Managing Director

Accepted as of April , 2003:

MASSMUTUAL ASIA LIMITED

By: David L. Babson & Company Inc. as Investment Adviser

By /s/ Emeka O. Onukwugha
Name: Emeka O. Onukwugha
Title: Managing Director

Accepted as of April , 2003:

SUNAMERICA LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., investment adviser

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

The other schedules and other attachments to this agreement, which disclose certain information responsive to provisions of the agreement or reflect the terms of the agreement, have been omitted because they are duplicative of information contained in the agreement and/or are not material. The registrant agrees to furnish supplementally a copy of any such omitted schedules or other attachments to the Commission upon request.

DEFINED TERMS

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the express requirements of this Agreement.

Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether the action in question is taken directly or indirectly by such Person.

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"*Acceptable Bank*" means any bank or trust company (i) which is organized under the laws of the United States of America or any State thereof, (ii) which has capital, surplus and undivided profits aggregating at least $100,000,000, and (iii) whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank or trust company) shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"*Acceptable Broker-Dealer*" means any Person other than a natural person (i) which is registered as a broker or dealer pursuant to the Exchange Act and (ii) whose long-term unsecured debt obligations shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"*Adjusted LIBOR Rate*" shall mean, for any Interest Period, LIBOR *plus* 155 basis points.

"*Affiliate*" means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, *"Control"* means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an *"Affiliate"* is a reference to an Affiliate of the Company.

"*Bank Credit Agreement*" means the Credit Agreement among (i) the Company, (ii) the Obligors, (iii) the lenders party thereto (the *"Lenders"*), (iv) Bank One, Kentucky, NA, as (a) collateral and administrative agent for the Lenders (in such capacity, the *"Agent"*), (b) swing line lender, and (c) letter of credit issuer, and (v) PNC Bank, National Association, in its capacity as the Syndication Agent, as amended, modified or replaced to the extent permitted hereby and by the Collateral Sharing Agreement.

"*Banks*" means the initial Lenders and each other Person that from time to time becomes a lender under the Bank Credit Agreement.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed and, if the applicable Business Day relates to the determination of LIBOR, a day on which dealings are carried on in U.S. dollar deposits in the London interbank market.

"*Calder Mortgage*" shall mean the Mortgage executed by Calder Race Course, Inc., a Florida corporation, in favor of the Collateral Agent with respect to the real property owned by Calder Race Course, Inc.

"*Capital Lease*" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"*Closing*" is defined in Section 3.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"*Collateral"* shall mean all property and assets of the Company or any Subsidiary which is encumbered by a Lien securing any of the obligations of any Obligor under any of the Financing Agreements.

"*Collateral Agent"* shall mean the Collateral Agent under the Collateral Sharing Agreement and any successor thereto.

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

"*Collateral Sharing Agreement"* means the Collateral Sharing Agreement dated as of April 3, 2003, as amended, restated or modified from time to time.

"*Company"* means Churchill Downs Incorporated, a Kentucky corporation.

"*Competitor*" means any Person (including any Affiliates of such Person) who engages in, conducts, or offers casino games, card games, table games, keno, bingo, pari-mutuel wagering or other similar gaming operations, as a material line of business *provided*, that a Competitor shall in no event include an Institutional Investor of the type described in clauses (a) or (c) of the definition of the term *"Institutional Investor."*

"*Confidential Information"* is defined in Section 20.

"*Consolidated Earnings Available for Fixed Charges"* means, for any period for the Company and its Subsidiaries, the sum of (i) Consolidated Net Earnings *plus* (ii) to the extent deducted in determining Consolidated Net Earnings, (A) Consolidated Fixed Charges and (B) provisions for federal, state and local income taxes, in each case on a consolidated basis determined in accordance with GAAP and (C) the impairment charge deducted from net income of Ellis Park Race Course, Inc. with respect to the fourth fiscal quarter of 2002.

"*Consolidated Fixed Charges"* means, with respect to any period, the sum of (i) Consolidated Interest Expense for such period *plus* (ii) Lease Rentals for such period, determined on a consolidated basis for the Company and its Subsidiaries.

"*Consolidated Funded Debt"* means as of the date of any determination thereof, and without duplication, (i) all Indebtedness of the Company and its Subsidiaries, including the current maturities of long term Indebtedness but specifically excluding borrowed money under any revolving credit facility, and (ii) the aggregate principal amount of borrowed money outstanding under any and all revolving credit facilities of the Company and/or any Subsidiary measured at its lowest average daily outstanding principal amount during any thirty consecutive day period within the twelve-month period immediately preceding the date of determination.

"*Consolidated Interest Expense"* means, for any period, the interest expense of the Company and its Subsidiaries (including imputed interest in respect of Capital Leases), in respect of all Indebtedness, and all debt discount and expense amortized or required to be amortized in the determination of Consolidated Net Earnings for such period.

"*Consolidated Net Earnings"* for any period means the gross revenues of the Company and its Subsidiaries for such period less all expenses and other proper charges, determined on a consolidated basis in accordance with GAAP, but excluding in any event:

(a) any extraordinary gains or losses; and

(b) any equity interest of the Company in the unremitted earnings of any Person that is not a Subsidiary.

"*Consolidated Net Worth"* means as of the date of any determination thereof, the amount of consolidated stockholders equity of the Company and its Subsidiaries, as determined in accordance with GAAP.

"*Consolidated Operating Cash Flow"* for any period means the sum of (a) Consolidated Net Earnings during such period *plus* (to the extent deducted in determining Consolidated Net Earnings) (b) Consolidated Interest Expense, (c) provisions for federal, state and local income taxes, (d) depreciation and amortization taken during such period and (e) the impairment charge deducted from net income of Ellis Park Race Course, Inc. with respect to the fourth fiscal quarter of 2002. In the event that any Person (or the assets thereof) is acquired by the Company or any Subsidiary (whether by

merger, consolidation asset or stock acquisition or otherwise) at any time during the period of calculation, such acquisition shall be deemed to have been made on the first day of such calculation period.

"*Consolidated Total Assets*" means, as of the date of any determination thereof, total assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

"*Default*" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"*Default Rate*" means that rate of interest that is 2.00% per annum plus the Adjusted LIBOR Rate.

"*Ellis Park Facility*" shall mean the racetrack facility at Henderson, Kentucky known as "Ellis Park."

"*Environmental Laws*" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"*Event of Default*" is defined in Section 11.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Existing PNC Facility*" means the facilities described in that certain $250,000,000 Revolving Credit Facility Credit Agreement dated as of April 23, 1999, by and among the Company, the Subsidiaries party thereto, PNC Bank, National Association, as Agent, and the Banks party thereto, as the same has been amended.

"*Financing Agreements*" means and includes this Agreement, the Other Agreements, the Notes, the Guarantee Agreement, the Collateral Documents and any other agreement, certificate and/or instrument executed and or delivered in connection therewith, each as amended, restated or otherwise modified from time to time.

"*GAAP*" means generally accepted accounting principles as in effect from time to time in the United States of America.

"*Governmental Authority*" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any Person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"*Guarantee Agreement*" shall mean the Guarantee Agreement dated as of April 3, 2003 of the Guarantors named therein, as amended or modified or restated from time to time.

"*Guarantor*" or "*Guarantors*" means and includes each guarantor from time to time under the Guarantee Agreement.

"*Guaranty*" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for

the purchase or payment of such Indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of any other Person to make payment of the Indebtedness or obligation; or

(d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

In any computation of the Indebtedness or other liabilities of the obligor under any Guaranty, the Indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor. For the purposes of all computations made under this Agreement, a Guaranty in respect of any Indebtedness for borrowed money shall be deemed to be Indebtedness equal to the principal amount of such Indebtedness for borrowed money which has been guaranteed, and a Guaranty in respect of any other obligation or liability or any dividend shall be deemed to be an obligation equal to the maximum aggregate amount of such obligation, liability or dividend.

"*Hazardous Material*" means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

"*holder*" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"*Indebtedness*" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial

institutions (whether or not representing obligations for borrowed money) to the extent, in each case, such letters of credit or instruments have been drawn; and

(f) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (e) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (f) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"*INHAM Exemption*" is defined in Section 6.2.

"*Institutional Investor*" means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"*Intercompany Subordination Agreement*" shall mean the subordination agreement among the Obligors in a form attached hereto as Exhibit 9.8.

"*Interest Payment Dates"* shall have the meaning set forth in Section 1, *provided* that if an Interest Payment Date shall fall on a day which is not a Business Day, such Interest Payment Date shall be deemed to be the first Business Day following such Interest Payment Date.

"*Interest Period"* shall mean each period commencing on the Closing Date and, thereafter, commencing on an Interest Payment Date and continuing up to, but not including, the next Interest Payment Date.

"*Investments"* shall mean all investments, in cash or by delivery of property made, directly or indirectly in any Person or property, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan, advance, capital contribution or otherwise.

"*Lease Rentals"* means, with respect to any period, the sum of all rentals and other obligations required to be paid during such period by the Company or any Subsidiary as lessee under all leases of real or personal property (other than Capital Leases), excluding any amount required to be paid by the lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges determined in accordance with GAAP.

"*LIBOR"* shall mean, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a 90-day period which appears on the Telerate Page 3750 published by the British Bankers Association or any successor page or source thereto, effective as of 11:00 a.m. (London, England time) two (2) Business Days prior to the beginning of such Interest Period (or three (3) Business Days prior to the beginning of the first Interest Period).

"*LIBOR Breakage Amount"* shall mean any loss, cost or expense reasonably incurred by any holder of a Note as a result of any payment or prepayment of any Note on a day other than a regularly scheduled Interest Payment Date for such Note or at the scheduled maturity (whether voluntary, mandatory, automatic, by reason of acceleration or otherwise), and any loss or expense arising from the liquidation or reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. Each holder shall determine the LIBOR Breakage Amount with respect to the principal amount of its Notes then being paid or prepaid (or required to be paid or prepaid) by written notice to the Company setting forth such determination in reasonable detail not less than one (1) Business Day in the case of any payment required by Section 12.1. Each such determination shall be conclusive absent manifest error.

"*Lien"* means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"*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, as in effect on the date hereof and without transfer of the obligations thereunder.

"*Material"* means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Obligors taken as a whole.

"*Material Adverse Effect"* means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Obligors taken as a whole, or (b) the ability of an Obligor to perform its obligations under any Financing Agreement to which it is a party, or (c) the validity or enforceability of any Financing Agreement.

"*Memorandum"* is defined in Section 5.3.

"*Monetary Default"* is defined in Section 11.

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

"*Multiemployer Plan"* means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"*NAIC Annual Statement"* is defined in Section 6.2.

"*Negative Pledge Agreement"* means that certain Negative Pledge Agreement substantially in the form of Exhibit 9.9 hereto.

"*Notes"* is defined in Section 1.

"*Obligor*" is defined in Section 2.

"*Officer's Certificate*" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"*Other Agreements*" is defined in Section 2.

"*Other Purchasers*" is defined in Section 2.

"*Patrons*" is defined in Section 10.8.

"*PBGC*" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"*Permitted Liens*" shall mean and include those Liens which are permitted to exist under both the Financing Agreements and the Bank Credit Agreement including, in any event, the Lien of the Collateral Documents *provided, however,* that without the prior consent of the Required Holders, "*Permitted Liens*" shall not include any Liens permitted to exist under a Collateral Document as a result of any waiver, amendment or modification by the Agent or the Lenders under the Bank Credit Agreement.

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

"*Plan*" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"*Preferred Stock*" means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"*Priority Debt*" means, at any time, the sum of (i) Indebtedness of the Company secured by Liens (other than the Liens of the Collateral Documents) not otherwise permitted by clauses (a) through (i), inclusive, of Section 10.3 *plus* (but without duplication) (ii) all Indebtedness of Subsidiaries not otherwise permitted by clauses (a) or (b) of Section 10.6.

"*property*" or "*properties*" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"*Property Reinvestment Application*" is defined in Section 10.8.

"*Proposed Prepayment Date*" is defined in Section 8.3.

"*PTE*" is defined in Section 6.2.

"*QPAM Exemption*" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"*Repurchase Agreement*" means any written agreement

(a) that provides for (i) the transfer of one or more United States Governmental Securities in an aggregate principal amount at least equal to the amount of the Transfer Price (defined below) to the Company or any of its Subsidiaries from an Acceptable Bank or an Acceptable Broker-Dealer against a transfer of funds (the "*Transfer Price*") by the Company or such Subsidiary to such Acceptable Bank or Acceptable Broker-Dealer, and (ii) a simultaneous agreement by the Company or such Subsidiary, in connection with such transfer of funds, to transfer to such Acceptable Bank or Acceptable Broker-Dealer the same or substantially similar United States Governmental Securities for a price not less than the Transfer Price plus a reasonable return thereon at a date certain not later than 365 days after such transfer of funds,

(b) in respect of which the Company or such Subsidiary shall have the right, whether by contract or pursuant to applicable law, to liquidate such agreement upon the occurrence of any default thereunder, and

(c) in connection with which the Company or such Subsidiary, or an agent thereof, shall have taken all action required by applicable law or regulations to perfect a Lien in such United States Governmental Securities.

"*Required Holders*" means, at any time, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"*Responsible Officer*" means any Senior Financial Officer and any other officer of the relevant Obligor with responsibility for the administration of the relevant portion of the related Financing Agreement.

"*S&P*" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time.

"*Senior Financial Officer*" means the chief financial officer, principal accounting officer, treasurer or comptroller of the relevant Obligor.

"*Source*" is defined in Section 6.2.

"*Subsidiary*" means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group)

ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"*United States Governmental Security*" means any direct obligation of, or obligation guaranteed by, the United States of America, or any agency controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, so long as such obligation or guarantee shall have the benefit of the full faith and credit of the United States of America which shall have been pledged pursuant to authority granted by the Congress of the United States of America.

"*Wholly-Owned Subsidiary*" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and entered into as of March 13, 2003 between CHURCHILL DOWNS INCORPORATED, a Kentucky corporation ("Company") and THOMAS H. MEEKER (the "Executive").

WHEREAS, the Board of Directors of Churchill Downs Incorporated (the "Board), has determined that it is in the best interest of the Company and its shareholders, to retain the Executive as its President and Chief Executive Officer; and

WHEREAS, the Executive is currently willing and competent to serve the Company as its President and Chief Executive Officer under the terms and conditions of this Employment Agreement (the "Agreement").

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment. The Company hereby employs the Executive, and the Executive hereby accepts employment, in the capacity of President and Chief Executive Officer of the Company. Subject to the general direction, approval and control of the Board, the Executive shall exert his best efforts and devote his full time and attention to the business and affairs of the Company. The Executive shall be in complete charge of the operation of the Company, shall have all powers and responsibilities as provided in the Company's current bylaws attendant to the position of President and Chief Executive Officer, and shall have full authority and responsibility for formulating and executing the business policies and managing and supervising the business of the Company in all respects. At all time during the Term or any Renewal Term (both hereinafter defined) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with those held, exercised and assigned on the date this Agreement was first executed. The Executive's office shall be located at the Company's headquarters in Louisville, Kentucky. Further, at no time during the term or any renewal term shall the Executive's office be located more than 35 miles from 700 Central Avenue, Louisville, Kentucky.

2. Term. The term of this Employment Agreement shall be for three (3) years commencing on the date hereof unless terminated earlier as herein provided (the "Term"). The term of this Agreement shall be automatically renewed for three (3) year periods at the end of each of the Company's fiscal years unless the Board determines affirmatively not to so renew this Agreement not later than ninety (90) days prior to the end of such fiscal year (the "Renewal Term"). If the Board of Directors elects not to renew this Agreement, the Executive shall retain his position for the balance of the existing three-year Term or the Renewal Term, as the case may be.

3. Compensation and Perquisites. During the Term and any Renewal Term:

A. Base Salary. As compensation for the services rendered by

the Executive hereunder, the Company shall pay to the Executive a base salary of $450,000 a year, payable in arrears in semi-monthly installments (the "Base Salary"). Base Salary adjustments, if any, shall be made, in the discretion of the Board of Directors, at any time, but in no event may the Executive's Base Salary be reduced below that paid in the preceding year. All payments or other compensation to the Executive shall be subject to appropriate withholding.

B. Incentive Compensation. In addition to any other compensation provided under this Agreement, the Executive shall be entitled to participate in any Company sponsored annual or long-term, cash or equity based, incentive plan or other such arrangement, now in existence or hereafter created, made available to its executives and key management employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The plans currently in existence include: The Incentive Compensation Plan, Long Term Incentive Compensation Plan, Stock Option Plan and the Deferred Compensation Plan. The Company may, from time to time, amend the provisions of these plans prospectively.

C. Travel and Entertainment Expenses. The Company shall reimburse the Executive for all reasonable and necessary travel and other out-of-pocket expenses incurred by him in the performance of his duties. The Company shall pay the Executive's reasonable travel and entertainment expenses and other reasonable expenses incurred on behalf of the Company's business. The Company also shall pay for such expenses for the Executive's wife when she travels with him on the Company's business. The Executive shall present to the Company on a timely basis an itemized account of such expenses in such form as may be required by the Company and the reimbursement of such expenses shall be subject to the customary policies of the Company.

D. Supplemental Benefit Plan. The Company shall provide the Executive various retirement benefits under the provisions of the Company's Supplemental Benefit Plan as described in Exhibit A attached hereto. The Company may, from time to time, amend the Supplemental Benefit Plan prospectively.

E. Automobile. The Company shall provide the Executive with an automobile and shall pay for maintenance, repairs, insurance and all operating costs incident thereto.

F. Life Insurance. The Company shall provide the Executive a $250,000 life insurance policy with a reputable and responsible insurance company acceptable to the Company and the Executive, with all premiums being paid by the Company.

G. Dues. The Company shall pay for the Executive's dues for one country club and for all appropriate professional or business associations to which he may belong.

4. Other Employee Benefits.

A. Welfare Benefit Plans. During the Term and any Renewal Term, the Executive and/or the Executive's family, as the case may be, shall be eligible to participate in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company (including,

without limitation, disability, group life, accidental death) to the extent applicable generally to other executives of the Company.

B. Profit Sharing Plan. During the Term and any Renewal Term, the Executive shall be entitled to participate in the Company's 401 (k) Profit Sharing Plan or any other similar plan, program, policy or practice generally made available to other executives of the Company.

C. Health Insurance. During the Term and any Renewal Term, the Company shall provide the Executive and his wife, as the case may be, major medical and health insurance coverage consistent with that provided to other employees of the Company. All premiums shall be paid by the Company.

D. Vacation. the Executive shall be awarded paid time off (PTO) consistent with the Company's then established policy. The Executive shall consult with the Chairman of the Board prior to scheduling PTO days.

5. Termination of Employment.

A. Termination Due to Death. In the event of the Executive's death during the Term or any Renewal Term, the Executive's estate or his beneficiaries, as the case may be, shall be entitled to receive:

(1) Base Salary through the date of death;

(2) Any pro rata annual bonus for the year in which the Executive's death occurs, based, at a minimum, on the Target Bonus (as defined in any Incentive Compensation Plan maintained by the Company at that time) but calculated as provided for in the Plan and subject to and payable in accordance with the customary practices of the Company for other executives;

(3) The balance of any annual or long-term cash incentive awards, if any, earned but not yet paid pursuant to any Long Term Incentive Compensation Plan maintained by the Company in which the Executive participated at the time of his death, subject to and payable in accordance with the plan and the customary practices of the Company for other executives;

(4) All outstanding stock option, restricted stock or other equity based award at the time of death shall be governed by the applicable plan or agreement maintained by the Company;

(5) All accrued vacation or PTO pay due to the Executive; and

(6) Any other benefits or payments due to the Executive under and subject to applicable plans or programs maintained by the Company in which the Executive participated at the time of his death, including without limitation, any benefits due under the Supplemental Benefit Plan.

B. Termination Due to Disability. If the Executive shall become disabled (as defined by law) during the Term or any Renewal Term, he shall be entitled to the payment of his Base Salary and benefits being paid or provided at the time of the commencement of such disability and such shall continue for the duration of such disability but in no event for a period longer than six (6) consecutive months or an aggregate of six (6) months in any 12-month period. If such disability continues for a period of six (6) consecutive months, the Company, at its option, may thereafter, upon written notice to the Executive or his personal representative, terminate his employment. For purposes of this Agreement, "disability" shall mean a mental or physical illness or condition rendering the Executive incapable of performing his normal duties with the Company and cannot be reasonably accommodated. If a termination occurs on account of a disability, the Executive shall be entitled to receive:

(1) Base Salary through the date of termination;

(2) A pro rata annual bonus for the year in which the Executive's termination occurs, based, at a minimum, on the Target Bonus (as defined in any Incentive Compensation Plan maintained by the Company at that time) but calculated as provided for in the Plan and subject to and payable in accordance with the customary practices of the Company for other executives;

(3) The balance of any annual or long-term cash incentive awards, if any, earned but not yet paid pursuant to any Long Term Incentive Compensation Plan maintained by the Company in which the Executive participated at the time of his termination subject to and payable in accordance with the Plan and the customary practices of the Company for other executives;

(4) All outstanding stock option, restricted stock or other equity based award at the time of termination shall be governed by the applicable plan or agreement maintained by the Company;

(5) All accrued vacation or PTO pay due to the Executive; and

(6) Any other benefits or payments due to the Executive under and subject to applicable plans or programs maintained by the Company, including without limitation, any benefits due under the Supplemental Benefit Plan.

C. Termination for Cause. The Company may terminate the Executive's employment during the Term or any Renewal Term for cause. For purposes of this Agreement, "Cause" shall mean: (i) the willful and continued failure of the Executive to perform substantially the duties of president and chief executive officer (other than any such failure resulting from incapacity due to disability), after a written demand for substantial performance improvement is delivered to the Executive by the Chairman of the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the duties of president and chief executive officer, or (ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the business or reputation of the Company. For purposes of this paragraph, no act or failure to act, on the part of the Executive , shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon specific authority

given pursuant to a resolution duly adopted by the Board or upon instructions of the Chairman of the Board or based upon the advice of counsel of the Company which the Executive honestly believes is within such counsel's competence shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. In the event the Company terminates the Executive for cause, he shall be entitled to receive:

(1) Base Salary through the date of termination;

(2) The balance of any annual or long term awards, if any, earned but not yet paid pursuant to any Long Term Incentive Compensation Plan maintained by the Company in which the Executive participated at the time of his termination subject to and payable in accordance with the Plan and the customary practices of the Company for other executives; and

(3) Any other benefits or payments due to the Executive under and subject to applicable plans or programs maintained by the Company in which the Executive participated at the time of termination, including without limitation, any benefits due under the Supplemental Benefit Plan.

D. Termination Without Cause or By Constructive Termination.

(1) Termination Without Cause. The Company may terminate the Executive's employment with the Company, other than pursuant to Paragraphs 5.A, 5.B, or C, or through non-renewal of the Agreement under Paragraph 2, and such termination shall be deemed a termination "without cause."

(2) Constructive Termination. The Executive may, in his sole discretion, terminate his employment with the Company by virtue of the Company's Constructive Termination of his employment. For purposes of the Agreement, "Constructive Termination" shall mean: (i) The assignment to the Executive of any duties inconsistent in any material respect with those of the president and chief executive officer (including

status, office, title and reporting requirements), or the authority, duties or responsibilities as contemplated by Paragraph 1 of this Agreement, or any other diminution in any material respect in such position, authority, duties or responsibilities unless agreed to by the Executive; (ii) the Company's requiring the Executive to be based at any office or location other than as provided in Paragraph 1 hereof; (iii) reduction of Base Salary or material reduction of other compensation or perquisites described in Paragraph 3; (iv) a reduction in the Executive's Other Employee Benefits including incentive opportunities, benefits or perquisites described in Paragraph 4 unless other senior executives suffer a comparable reduction; and (v) any purported termination of the Executive's employment under this Agreement by the Company for other than pursuant to Paragraphs 5.A, 5.B or 5.C or through non-renewal of the Agreement under Paragraph 2. Prior to the Executive's right to terminate this Agreement, he shall give written notice to the Company of his intention to terminate his employment on account of a Constructive Termination. Such notice shall state in detail the particular act or acts of the failure or failures to act that constitute the grounds on which the Executive's Constructive Termination is based and such notice shall be given within six (6) months of the occurrence of the act or acts or the failure or failures to act which constitute the grounds for the Constructive Termination. The Company shall have sixty (60) days upon receipt of the notice in which to cure such conduct, to the extent such cure is possible.

(2) Severance Benefits Due Upon Termination Without Cause or Constructive Termination. In the event the Executive's employment is terminated by the Company without Cause, other than due to Disability or death, or in the event there is a Constructive Termination, the Executive shall be entitled to the following benefits and payments (the "Severance Benefits"):

a. Base Salary, at the monthly rate in effect on the date of termination of the Executive's employment (or in the event a reduction in Base Salary is the basis for a Constructive Termination, then the Base Salary in effect immediately prior to such reduction), payable each month in arrears for a period of thirty-six (36) months following the date of termination (the "Severance Period"); provided, however, the Company may pay him the present value of such salary continuation payments in a lump sum using, as the discount rate, the federal rate for short-term Treasury obligations as published by the Internal Revenue Service for the month in which such termination occurs;

b. Any pro rata annual bonus for the year in which the Executive's termination occurs, based, at a minimum, on the Target Bonus (as defined in an Incentive Compensation Plan maintained by the Company at that time) but calculated as provided for in the Plan and subject to and payable in accordance with the Plan and the customary practices of the Company for other executives;

c. An amount equal to one-twelfth (1/12) of the greater of (i) any Target Bonus amount for the year in which the termination occurs or the highest annual bonus paid to the Executive within the past three years of employment with the Company which shall be payable each month over the Severance Period, provided that

the Company may pay him the present value of such bonus amount in a lump sum using, as the discount rate, the federal rate for short-term Treasury obligations as published by the Internal Revenue Service for the month in which such termination occurs;

d. The balance of any annual or long-term cash incentive awards, if any, earned (but not yet paid) subject to and pursuant to the terms of the applicable plan or program maintained by the Company and in which the Executive participated at the time of the termination;

e. Any outstanding stock option, restricted stock or other similar equity based award shall be governed by the applicable plan or agreement maintained by the Company;

f. Continued participation in all life insurance coverage and in other employee benefits described in Paragraph 4, above in which the Executive participated from the date of termination until the end of the Severance Period; provided however, the Company's obligation under this Paragraph 5.D.(3).f. shall be reduced or eliminated, as applicable, to the extent that the Executive receives similar coverage and/or benefits under plans and programs of a subsequent employer; and provided, further, that if the Executive is precluded, by operation of law, from continuing his participation in any employee benefit plan or program as provided in this Paragraph 5.D.(3).f, he shall be provided with the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate;

g. Any other benefit or perquisite made available to him by the Company as of the date of termination with such benefit or perquisite continuing to be provided to the Executive during the first year subject to the terms and conditions thereof; and

h. All benefits due under any Supplemental Benefit Plan which benefits, subject to the terms and conditions of the Plan, shall be paid commencing upon the ending date of the Severance Period and the benefits calculated as though the Executive had been employed by the Company during the Severance Period.

E. Termination of Employment Following a Change of Control.

If, within two (2) years following a Change of Control in the Company, as that term is defined below, the Company terminates his employment without Cause (other than due to death or Disability) or there is a Constructive Termination, the Executive shall be entitled to the Severance Benefits set forth in Paragraph 5.D., above, provided that all cash payments due to the Executive shall be paid in a lump sum without any discount. All accrued benefits and payments under such plans and programs shall be paid as a lump-sum cash payment. Said payment shall be made within thirty (30) days following the date of termination under this Paragraph 5.E.

(1) Definition. For purposes of this Agreement, a Change in Control

shall be deemed to have occurred on the happening of the first of the following events (the "Effective Date"):

(i) excluding entities owned by Richard L. Duchossois and/or his immediate family members, the acquisition by any individual, entity or group (within the meaning of Section 13 (d) (3) or 14 (d) (2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then outstanding voting securities of the Company (the "Outstanding Company Common Stock") or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities");

(ii) individuals who, as of the date of this Agreement, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date of this Agreement whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (a "Corporate Transaction), in each case, unless, immediately following such Corporate Transaction, (a) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of

directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction of the Outstanding Company Common Stock and outstanding Company Voting Securities, as the case may be, (b) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Corporate Transaction) beneficially owns, directly or indirectly, 20% or more of, respectively, the then Outstanding Shares of Common Stock of the Company resulting from such Corporate Transaction or the Outstanding Voting Securities of the Company except to the extent that such ownership existed prior to the Corporate Transaction and (c) at least a majority of the members of the Board of Directors of the Company resulting from such Corporate Transaction were members of the Incumbent Board at the time of the execution of the initial plan or of the action of the Board, providing for such Corporate Transaction; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(v) Notwithstanding the foregoing, actions taken in compliance with the Shareholder's Agreement dated as of September 8, 2000, among the Company, Duchossois Industries, Inc. and subsequent signatories thereto, as amended from time to time, shall not be deemed a Change in Control.

(2) Gross Up Payment. In the event this Agreement is terminated by the Executive, the Company terminates the Agreement without Cause or there is a Constructive Termination within two (2) years following a Change of Control, as defined above, and all Severance Benefits made or provided to the Executive under this Paragraph 6 and under all other plans and programs of the Company (the "Aggregate Payment") is determined to constitute a Parachute Payment, as such term is defined in Section 280G(b)(2) of the Internal Revenue Code, as amended, the Company shall pay to the Executive, prior to the time any excise tax imposed by section 4999 of the Internal Revenue Code (the "Excise Tax") is payable with respect to such Aggregate Payment, an additional amount which, after the imposition of all federal, state and local income and excise taxes thereon, is equal to the Excise Tax

on the Aggregate Payment. The determination of whether the Aggregate Payment constitutes a Parachute Payment and, if so, the amount to be paid to the Executive and the time of payment pursuant to this Paragraph 5.E. shall be made by an independent auditor (the

"Auditor") jointly selected by the Company and the Executive and paid by the Company. The Auditor shall be a nationally recognized United States public accounting firm which has not acted in any way on behalf of the Company. If the Executive and Company cannot agree on the firm to serve as the Auditor, then the Executive and the Company shall each select one accounting firm and those firms shall jointly select the accounting firm to serve as the Auditor.

F. Retirement by The Executive. During the Term of this Agreement and any Renewal Term, the Executive may, on his own initiative, elect to retire by giving the Company not less than ninety (90) days prior written notice of the effective date of his retirement. Any such retirement shall not be deemed to be a breach by the Executive of this Agreement. In such event, the Executive shall be entitled to receive:

(1) Base Salary through the date of retirement;

(2) Any pro rata annual bonus for the year in which the Executive's retirement occurs, based, at a minimum, on the Target Bonus (as defined in any Incentive Compensation Plan maintained by the Company at that time) but calculated as provided for in the Plan and subject to and payable in accordance with the Plan and the customary practices of the Company for other executives;

(3) The balance of any annual or long-term cash incentive awards, if any, earned but not yet paid pursuant to any Long Term Incentive Compensation Plan maintained by the Company in which the Executive participated at the time of retirement, payable in accordance with the Plan and the customary practices of the Company for other executives;

(4) All outstanding restricted stock, stock option or other equity based award at the time of retirement shall be governed by the applicable plan or agreement maintained by the Company;

(5) All accrued vacation or PTO pay due to the Executive;

(6) All benefits due under and subject to the Supplemental Retirement Plan maintained by the Company; and

(7) Any other benefits or payments due to retirees under and subject to applicable plans or programs maintained by the Company in which the Executive participated at the time of his retirement.

G. No Obligation to Mitigate; No Right to Offset. In the event of any termination of employment under the this Paragraph 5, the Executive shall be under no obligation to seek other employment and, except as specifically provided herein, there shall be no offset against amounts due to the Executive under this Agreement on account of any remuneration attributable to any subsequent employment that he may

obtain or for any claims the Company may have against the Executive except claims for breach or violation of Paragraphs 8 or 9 of this Agreement.

H. Nature of Severance Benefits. All Severance Benefits due and payable under this Agreement are considered to be reasonable by the Company and are not in the nature of a penalty.

I. Stock Options. The Company and the Executive acknowledge that the Company intends to amend the Company's 1997 Stock Option Plan, as currently amended, subject to the approval of the Company's shareholders. The Company shall submit a proposed amended stock option plan to the Company's shareholders at the 2003 shareholder's annual meeting. The proposed stock option plan shall contain provisions that allow the Executive to exercise his options upon retirement subject to applicable laws, so long as there are no adverse financial consequences to the Company.

J. Exclusivity of Severance Benefits. Upon the termination of the Executive's employment, he shall not be entitled to any other severance or other payments or severance or other benefits from the Company, other than as provided under the terms of this Agreement. Nor shall the Executive have any right to any payments by the Company on account of any claim by him of wrongful termination, including claims under any federal, state or local human and civil rights or labor laws, other than the payments and benefits provided under this Agreement, it being the intention of the parties that such payments and benefits shall be the Executive's sole and exclusive remedy.

6. Release of Claims. As a condition of the Executive's entitlement to Severance Benefits under this Agreement, the Executive shall, on the date of his termination, execute a release of claims substantially in the form set forth in Exhibit B, attached hereto.

7. Termination at Will. Notwithstanding anything herein to the contrary, the Executive's employment with the Company is terminable at will with or without Cause or notice; provided, however, that a termination of the Executive's employment shall be governed by the terms and conditions of this Agreement.

8. Restrictive Covenants. For and in consideration of the compensation and benefits to be provided by the Company hereunder, and further in consideration of the Executive's exposure to and knowledge of the proprietary information of the Company, the Executive agrees that he shall not, during the Term or Renewal Term and for a period of two (2) years following any termination of employment, engage in any of the activities or take any action inconsistent with the provisions set forth below.

A. Non Competition. For any reason, without the express written approval of the Board of Directors of the Company, the Executive shall not, directly or indirectly, own, manage, operate, join, control, be employed by, or participate in the ownership,

management, operation or control of or be connected or associated in any manner, including, but not limited to, holding the positions of officer, director, manager, shareholder, consultant, independent contractor, employee, partner, or investor, with any Competing Enterprise; provided, however, that the Executive may invest in stocks, bonds, or other securities of any corporation or other entity (but without participating in the business thereof) if such stocks, bonds, or other securities are listed for trading on a national stock exchange and the Executive's investment does not exceed 5% of the issued and outstanding shares of capital stock, or in the case of bonds or other securities, 5% of the aggregate principal amount thereof issued and outstanding. "Competing Enterprise " shall mean and be limited to any entity whose principal business involves the operation of a pari-mutuel or casino gaming business within the continental United States.

B. Nonsolicitation. For any reason, without the express written approval of the Board of Directors of the Company, the Executive shall not (i) directly or indirectly, in on or a series of transactions, recruit, solicit or otherwise induce or influence any employee of the Company to terminate his or her employment with the Company or, (ii) employ or seek to employ or cause any Competing Enterprise to employ or seek to employ any employee of the Company.

9. Confidential Information. At no time shall the Executive divulge or furnish to anyone (other than the Company or any persons employed by or designated by the Company) any knowledge or information of any type whatsoever of a confidential or proprietary nature obtained by the Executive during his employment with the Company, including, without limitation, all types of trade secrets, contractual information or non-public financial or other information regarding the Company.

10. Attorneys' Fees. In the event any person or entity causes or attempts to cause the Company to refuse to comply with its obligations under this Agreement, or may cause or attempt to cause the Company to institute litigation seeking to have this Agreement declared unenforceable, or take, or attempt to take, any action to deny the Executive the benefits intended under this Agreement, then, in such event, the Company irrevocably authorizes the Executive to retain counsel of his choice at the sole expense of the Company to represent the Executive in connection with the initiation or defense of any litigation or other legal action in connection with the enforcement of the terms of this Agreement. All expenses shall be fully paid by the Company if the Executive prevails in the final, binding, non-appealable outcome of the litigation or other legal action. The Company agrees to reimburse the Executive for his expenses under this Paragraph 10 on a regular basis upon presentation by the Executive of a statement prepared by such counsel in accordance with the customary practices, up to a maximum aggregate amount of $500,000. The Executive agrees to repay all reimbursed expenses under this Paragraph 10 in the event the Company prevails in the final, binding, non-appealable outcome of the litigation or other legal action.

11. Successors; Binding Agreement.

A. To the Company. The Company may assign this Agreement and shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

B. To the Executive. This Agreement is personal to the Executive and may not be assigned by the Executive. All rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless other otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee designated by the Executive and communicated to the Company or, if there be no such designee, to the Executive's estate.

12. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be sufficiently given if and when mailed in the continental United States by registered or certified mail or personally delivered to the party entitled thereto at the address stated below or to such changed address as the addressee may have given by a similar notice:

To the Company:
Churchill Downs Incorporated
Attention: General Counsel
700 Central Avenue
Louisville, Kentucky 40208

To the Executive:
Thomas H. Meeker
1110 Red Fox Road
Louisville, Kentucky 40205

13. Amendment or Modification; Waiver. No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the Board of Directors of the Company or any authorized committee of the Board of Directors and shall be agreed to in writing, and signed by the Executive and by a duly authorized officer of the Company. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same or at any prior or subsequent time.

14. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions and portions of this agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

15. Survival. The respective rights and obligations of the parties to this Agreement shall survive any termination of the Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

16. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. The parties agree that any litigation involving this Agreement shall be brought in Jefferson County, Kentucky Circuit Court or the United States District Court, Western District of Kentucky and hereby waive any objection to the jurisdiction or venue of such courts.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

CHURCHILL DOWNS INCORPORATED

By: /s/Craig J. Duchossois

EXECUTIVE

/s/Thomas H. Meeker
Thomas H. Meeker

CREDIT AGREEMENT

This Agreement, dated as of April 3, 2003, is among CHURCHILL DOWNS INCORPORATED, the GUARANTORS party hereto, the LENDERS party hereto and BANK ONE, KENTUCKY, NA, a national banking association having its principal office in Louisville, Kentucky, as AGENT. The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

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 or 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.

"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 Bank One 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 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 (i) the Prime Rate for such day or (ii) the sum of the Federal Funds Effective Rate 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, Banc One Capital Markets, Inc., a Delaware corporation, 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, dated as of the date of this Agreement, executed by the Loan Parties in favor of the Collateral Agent.

"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.

"Bank One" means Bank One, Kentucky, NA, a national banking association having its principal office in Louisville, Kentucky, in its individual capacity, and its successors.

"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 shall execute the Calder Mortgage and deliver such Calder Mortgage to the Agent on the Closing Date in a form sufficient for recordation and the Agent may thereafter record such Mortgage at any time pursuant to Section 6.21.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset or a Capitalized Lease Obligation on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles, including without limitation those expenditures under the Master Plan for Capital Expenditures.

"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 the Business Day on which the first Loan shall be made, which shall be April 3, 2003.

"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 Bank One in its capacity as contractual representative of the Lenders and the Term Note Purchasers as Collateral Agent under the Collateral Sharing Agreement, and not in its individual capacity as a Lender, and any successor Collateral Agent appointed under the Collateral Sharing Agreement.

"Collateral Documents" means, collectively, all of the instruments, documents and agreements by which any Person grants a security interest in Collateral, including without limitation, those documents referenced in Section 6.25 of this Agreement, which in turn includes without limitation, the Pledge and Security Agreement, the Mortgages, the Negative Pledge Agreement, the Assignment of Patents, Trademarks and Copyrights, the Intercompany Subordination Agreement, the Collateral Sharing Agreement and all other documents or instruments executed as security for the Secured Obligations from time to time.

"Collateral Sharing Agreement" means that certain Collateral Sharing Agreement dated as of April 3, 2003, with Bank One as Collateral Agent, in the form of Exhibit G, as it may be amended or supplemented from time to time.

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

"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.

"Consolidated Fixed Charges" means for any period of determination the consolidated Fixed Charges of all of the Loan Parties for that period, consolidated in accordance with Agreement Accounting Principles. The Fixed Charges of the Excluded Subsidiaries shall not be included in Consolidated Fixed Charges.

"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.

"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.

"EBITDA" for any Person for any period of determination means that Person's net income *plus*, to the extent deducted from revenues in determining net income, (i) interest expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization, (v) extraordinary losses incurred other than in the ordinary course of business, and (vi) the impairment charge deducted from the net income of Ellis Park Race Course, Inc. with respect to the fourth fiscal quarter 2002 *minus*, to the extent included in net income, that Person's extraordinary gains realized other than in the ordinary course of business, in each case for such period determined in accordance with Agreement Accounting Principles.

"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 asbestos (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 by any 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 Bank One, N.A. 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 Bank One, N.A.'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 and Brad M. Kelly and his 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., Charlson Broadcast Technologies LLC, Churchill Downs California Food Services Company, Tracknet, LLC, and Anderson Park, Inc.

"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 March 31, 2008, or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"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 for such 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.

"Fixed Charge Coverage Ratio" means, as of any date of calculation, the ratio of Consolidated Adjusted EBITDA to Consolidated Fixed Charges, in each instance computed as provided in Section 6.24.1 and in accordance with Agreement Accounting Principles.

"Fixed Charges" means for any period of determination, the sum of interest expense, income tax expenses, scheduled principal installments on Indebtedness with maturities greater than one year (as adjusted for prepayments), dividend payments, scheduled payments under Capitalized Leases and Capital Expenditures (excluding (a) Capital Expenditures consisting solely of consideration paid or payable for Permitted Acquisitions, and (b) Capital Expenditures expended under and in compliance with the Master Plan for Capital Expenditures) for such period.

"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, Racing Corporation of America, Calder Race Course, Inc., Tropical Park, Inc., Churchill Downs California Company, Churchill Downs California Fall Operating Company, Arlington Park Racecourse, LLC, Arlington Management Services, LLC, Arlington OTB Corp., Quad City Downs, Inc., CDIP, LLC, CDIP Holdings, LLC, and Ellis Park Race Course, 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 Guaranty dated as of the date of this Agreement, executed by the Guarantors in favor of the Collateral Agent, entered into pursuant to this Agreement, as it may be amended or modified and in effect from time to time.

"Hazardous Materials" means any substance, chemical, wastes (medical or otherwise), or contaminants, 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 April 3, 2003, among the Agent, the Borrower and the Guarantors.

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

"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.

"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 Certifcate" 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 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 this Agreement.

"Loan Parties" means the Borrower and the Guarantors 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.

"Master Plan for Capital Expenditures" means those certain plans, specifications and cost summaries of the Borrower which provide for the renovation and improvement of certain portions of the Borrower's Property located generally on Central Avenue in Louisville, Kentucky, and known as the Churchill Downs racetrack facility, together with contiguous parcels used in connection with that racetrack facility, including, without limitation, the renovation of the clubhouse, grandstands and the Jockey Club, the addition of approximately 66 new corporate suites, the installation of certain new elevators, a mechanical system upgrade, and the addition of new space for catered functions.

"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).

"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 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, subject to the terms of the Collateral Sharing Agreement. The Calder Mortgage with respect to the Real Property in Florida will not be recorded on the 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).

"Note Purchase Agreement" means, collectively, the Note Purchase Agreements each dated April 3, 2003, among the Borrower and the Term Note Purchasers.

"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 arise or are created or acquired after the date of this 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.

"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 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 Pledge and Security Agreement in substantially the form of Exhibit K executed and delivered by each of the applicable Loan Parties to the Collateral Agent for the ratable benefit of the Lenders, subject to the provisions of the Collateral Sharing Agreement.

"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.

"Pricing Schedule" means the Schedule attached hereto identified as such.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Prior Credit Facility" means the credit facility provided to the Borrower under, and all of the obligations of the Borrower and all or any of the Guarantors, under that certain Credit Agreement dated as of April 23, 1999, among the Borrower, the Guarantors (as such term is defined therein) party thereto, the Banks, (as such term is defined therein) party thereto, and PNC Bank, in its capacity as Agent for the Banks thereunder, as amended, modified and/or supplemented through the date of this Agreement.

"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.

"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.

"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.

"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).

"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.

"Seasonal Borrowing Needs Adjustment" means the reduction of the Consolidated Funded Indebtedness as of the end of (i) the first fiscal quarter of the Borrower's fiscal year 2004 by $20,000,000, and (ii) the first fiscal quarter of the Borrower's fiscal year 2005 by $20,000,000.

"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, 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.

"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 Note Purchasers" means the holders of the Term Notes from time to time, and their successors and assigns.

"Term Notes" means the Floating Rate Senior Secured Notes due March 31, 2010, issued by the Borrower under the Note Purchase Agreement.

"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.

"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.

"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.

ARTICLE II

THE CREDITS

2.1 Revolving Loan Commitment. 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 the third and fourth sentences of 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, 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 $15,000,000 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). The Borrower and the Guarantors represent and warrant that the Letters of Credit described and listed on Schedule 2.3.1 constitute all the Letters of Credit issued by the LC Issuer for and on behalf of the Borrower and the Guarantors under the Prior Credit Facility; and all parties to this Agreement agree that on the Closing Date those Letters of Credit shall become Facility LCs.

2.3.2 Participations. Upon the issuance or Modification by the LC Issuer of a 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"). The Borrower shall also pay to the LC Issuer for its own account (x) at the time of issuance of each Facility LC, a fronting fee equal to 0.125% of the face amount of each Facility LC, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

2.3.5 Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment 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 (i) 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 or (ii) the LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions 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 2.3.7 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 (x) 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 or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions 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 or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) 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 Bank One 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. 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 Bank One 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 2.22.5.1, 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 Lenders shall not be required to make the initial Credit Extension hereunder unless:

(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 the Pledge and Security Agreement, the Guaranty, the Mortgages, the Negative Pledge Agreement, the Indemnity Agreement, the Assignment of Patents, Trademarks and Copyrights, the Intercompany Subordination Agreement and the Collateral Sharing Agreement.

(j) Evidence satisfactory to the Agent (including without limitation copies of executed originals of the Note Purchase Agreement and all documents and instruments related thereto, certified by the Borrower to be true, correct and complete) that the closing contemplated in Section 3 of the Note Purchase Agreement has occurred and Term Note Purchasers have purchased and scheduled to fund not less than $75,000,000 in Term Notes.

(k) Sufficient originals of the Collateral Sharing Agreement for each Lender executed and delivered by the Collateral Agent, the Agent on behalf of the Lenders and all of the Term Note Purchasers.

(l) Title insurance policies or an irrevocable commitment to issue policies in the form of Lender approved pro-forma policies, in favor of the Collateral Agent for the benefit of the Lenders, in ALTA 1992 Form B Loan Policy form without creditor's rights exceptions, and in amounts agreed upon and acceptable to the Agent, with premiums paid thereon (except in the case of the Calder Mortgage), delivered by the Loan

Parties, issued by Commonwealth Land Title Insurance Company (the "Title Insurer") and insuring the Recorded Mortgages as valid first priority Liens upon the applicable Loan Parties' fee simple title to, or leasehold interest in, the Real Property Collateral and all improvements and all appurtenances thereto (including such easements and appurtenances as may be required by the Agent), free and clear of any and all defects and encumbrances whatsoever, subject only to such exceptions as may be approved in writing by the Agent, with endorsements thereto as to such matters as the Agent may designate, purchased by the Loan Parties on the Closing Date for each of the Mortgages except for the Calder Mortgage. The Loan Parties shall purchase title insurance for the Calder Mortgage in accordance with Section 6.21.

(m) The Borrower shall deliver surveys of the properties listed on Schedule 4.1(i)(m) not later than three (3) days prior to the Closing Date. Such surveys shall be prepared by surveyors listed on such Schedule 4.1(i)(m). Such surveys shall be reasonably satisfactory to the Agent and shall be certified to the Collateral Agent, each Lender and the Title Insurer. Each survey shall evidence to the satisfaction of the Agent that all of the Real Property Collateral included in the applicable Mortgage is owned by the applicable Loan Party free and clear of defects of title, obstructions or hindrances, except for Permitted Liens, and be sufficient to allow the Title Insurer to issue loan policies without survey exceptions.

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

(o) Existing Environmental audits and/or Phase I Environmental assessments performed on each parcel of Real Property Collateral listed on Schedule 4.1(i)(o), with the results of such environmental audits and/or assessments satisfactory to the Agent in its discretion. In the event Phase II assessments, contamination assessment reports or remediation action plans have been prepared for any Real Property Collateral, such plans, assessments and reports, including recent updates and data submissions, shall be provided to Agent and must be satisfactory to Agent in its discretion. Without limiting the foregoing, such assessments and/or audits shall be performed in accordance with ASTM 1527 E standards for environmental assessments and shall determine whether there are any Recognized Environmental Conditions (as defined in such standards) on the Real Property Collateral, provide the historical ownership and use of the Real Property Collateral, describe the current use of the Real Property Collateral, provide any information available in EPA records and state EPA records on previous investigations and litigation, describe any adjacent properties which have been or could be potential hazards, and locations of equipment containing PCBs and provide a conclusion and recommendation statement. If any of the Real Property Collateral contains any Hazardous Materials (other than materials used by the Loan Parties from time to time in the ordinary course of business), that might be potentially Hazardous Materials if not handled, stored, and/or used in accordance with all relevant Environmental Laws, rules and/or regulations dealing with Hazardous Materials or potentially Hazardous Materials, but only to the extent it is actually handled, stored and used in connection with all such Laws, rules and/or regulations) or, in the Agent's discretion the Real Property Collateral has been adversely affected by any Hazardous Materials or substances, the Lenders shall be excused from any obligation to provide the Credit Extensions.

(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 including such consents, approvals and agreements as the Agent may require from the Louisville/Jefferson County Metro Government with respect to the Borrower's property subject to the Master Plan Bond Transaction.

(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 outstanding loans, interest and other obligations under the Prior Credit Facility (except in the case of the Letters of Credit described in Section 2.3.1) 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 PNC Bank, as agent under the Prior Credit Facility and evidencing the payoff and termination of such Prior Credit Facility, as well as termination of any Liens in connection therewith.

(u) **[Reserved]**

(v) Unqualified audited financial statements for the Borrower dated as of December 31, 2002.

(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, 2002 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, 2002.

(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, 2002 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, 2002 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, 1998. 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. Subject to the terms of the Collateral Sharing Agreement and except for the Permitted Liens, liens granted to the Collateral Agent for the benefit of the Lenders pursuant to the Mortgages 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) shall have occurred on the Closing Date (or within one Business Day following the Closing Date *provided* that the title insurance policy relating to such Mortgages (other than the Calder Mortgage) provides coverage as of the Closing Date based on pro forma policies delivered and accepted on or before the 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 Securities and Exchange Commission, 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 Securities and Exchange Commission, 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 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 the furnishing thereof to the shareholders of the Borrower, 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.

(ix) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which any of the Loan Parties files with the Securities and Exchange Commission.

(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) refinance the Prior Credit Facility 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 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 satisfactory to the Agent in form, amount and insurer. Such insurance shall provide that any loss thereunder 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) Indebtedness of not greater than $100,000,000 in principal, plus accrued interest not yet due and payable, under the Term Notes;

(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) to, lease, sell or otherwise dispose of its Property to any other Person, except:

(a) Sales of inventory in the ordinary course of business (subject to subsection (ii) below).

(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) The sales of assets permitted under (i) (a), and (b) above would be permitted only on the condition that for leases, sales or other dispositions that, in any single transaction or related series of transactions, generate $1,000,000 or more of lease, sale or disposition proceeds, immediately upon completion of the sale the full amount of the proceeds realized on the lease, sale or other disposition are applied to reduce the Aggregate Outstanding Credit Exposure.

(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, to the extent the Agent may do so under, and subject to the terms of, the Collateral Sharing Agreement.

(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 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, to the extent the Agent may do so under, and subject to the terms of, the Collateral Sharing Agreement, *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, and *provided* further that Guarantor is simultaneously released from any and all guaranty and/or other obligations with respect to the Term Notes and/or the Note Purchase Agreement.

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) Cash Equivalent 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, 6.17, 6.18, 6.19, 6.23, 6.24, 6.25, 6.26, 6.30, 6.32, 6.33 and 6.34 (including in such computation Indebtedness, Contingent Obligations, Sale and Leaseback Transactions and all other liabilities and/or obligations assumed or incurred by a Loan Party or such Person in connection with such Permitted Acquisition), and (ii) all other provisions of this Agreement after giving effect to any Permitted Acquisition, by delivering at least five (5) Business Days prior to such Permitted Acquisition a certificate in the form of Exhibit M (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 and subject to the terms of the Collateral Sharing Agreement, 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 and be subject to the collateral sharing provisions contained in the Collateral Sharing Agreement. 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 Capital Expenditures. The Borrower will not, nor will it permit any Subsidiary to, expend, or be committed to expend, funds for Capital Expenditures under the Borrower's Master Plan for Capital Expenditures in an amount exceeding $125,000,000.00 for the Borrower and its Subsidiaries in the aggregate.

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") will be filed concurrently with the Closing. 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 Fixed Charge Coverage Ratio. The Borrower will not permit the Fixed Charge 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 Fixed Charges, all calculated for the Loan Parties on a consolidated basis, to be less than 1.35 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, as adjusted by the Seasonal Borrowing Needs Adjustment in appropriate fiscal quarters, to (ii) Consolidated Adjusted EBITDA for the then most-recently ended four fiscal quarters to be greater than:

Leverage Ratio	Period
3.5 to 1.0	Closing Date through June 29, 2005
3.0 to 1.0	June 30, 2005 through June 29, 2006
2.5 to 1.0	June 30, 2006 and thereafter

6.24.3 Minimum Net Worth. The Borrower will at all times maintain Consolidated Net Worth of not less than (a) $195,000,000 as of the Closing Date, and (b) beginning with Borrower's fiscal year ending December 31, 2003, the sum of (i) $195,000,000 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, subject to the terms of the Collateral Sharing Agreement, 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 and Ellis Park Race Course, Inc. shall not 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 Collateral Sharing Agreement, 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, subject to the terms of the Collateral Sharing Agreement.

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 pursuant to and subject to the terms of the Collateral Sharing Agreement, 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, 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 pursuant to and subject to the Collateral Sharing Agreement.

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; and (iv) guaranties of the obligations of Loan Parties not to exceed $10,000,000 at any one time in the aggregate for all such guaranties.

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. In addition, the Loan Parties covenant that they shall not, and shall not cause or permit any Subsidiary to, deliver any guaranty or any other collateral, in each case, securing or with respect to obligations of the Borrower or any other Subsidiary in respect of the Note Purchase Agreement unless any such guaranty or additional collateral is in favor of the Collateral Agent under the Collateral Sharing Agreement.

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, 6.17, 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 The occurrence of any "Default" or "Event of Default, " as defined in the Note Purchase Agreement, or the breach of any of the terms or provisions of the Note Purchase Agreement beyond any period of grace therein provided.

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) an amount equal to the *lesser* of (1) $30,000,000.00, or (2) the quotient of (A) the amount of LC Obligations at such time divided by (B) the aggregate of the Pro Rata Obligation Shares of all of the Lenders under the Collateral Sharing Agreement at the time of the determination, 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 pursuant to and in accordance with the Collateral Sharing Agreement.

(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 in accordance with Section 9 of the Collateral Sharing Agreement.

(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 and the Collateral Sharing Agreement, 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 Sharing Agreement and/or the other 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, and to the extent the Agent may do so under, and subject to the terms of, the Collateral Sharing Agreement.

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 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 and Banc One Capital Markets, 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, Banc One Capital Markets, 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, Banc One Capital Markets, Inc., the LC Issuer and the Lenders, which attorneys may be employees of the Agent, Banc One Capital Markets, Inc., or the Lenders) paid or incurred by the Agent, Banc One Capital Markets, 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 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 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 connection 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 proceeding 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.

ARTICLE X

THE AGENT

10.1 Appointment; Nature of Relationship. Bank One is hereby appointed by each of the Lenders as its contractual representative (herein referred to 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.

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, subject to the terms of the Collateral Sharing Agreement. 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. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, 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 or been removed 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 or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal 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 February 7, 2003, 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 the extent the Agent may do so under, and subject to the terms of, the Collateral Sharing Agreement, 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, pursuant and subject to the terms of, the Collateral Sharing Agreement (including, without limitation, any required consent or authorization, in certain circumstances, of the "Requisite Creditors" as defined in the Collateral Sharing Agreement), 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, or, if required by the Collateral Sharing Agreement, the Requisite Creditors) in writing (or as otherwise provided in the Collateral Sharing Agreement), 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.

10.18 Collateral Sharing Agreement. The Lenders acknowledge that Bank One is entering into the Collateral Sharing Agreement as the Collateral Agent to act as the contractual representative of the Lenders and the Term Note Purchasers as provided in, and with the rights and duties expressly set forth in, the Collateral Sharing Agreement. The Lenders consent to Bank One entering into that Collateral Sharing Agreement and to Bank One having and exercising such powers and duties under the Collateral Sharing Agreement and the other Loan Documents as are specifically delegated to Bank One as Collateral Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. Bank One 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 Collateral Sharing Agreement. The Agent shall have no duty to take, or refrain from taking, any action under this Agreement if such action or restraint by the Agent would require action by the Collateral Agent under the Collateral Sharing Agreement which the Collateral Agent is not authorized to take. To the extent of any conflict between the Collateral Sharing Agreement and this Agreement, the Collateral Sharing Agreement shall prevail and control.

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 and the Agent 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 prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund. 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

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Loan Parties, the Agent, the LC Issuer and the Lenders and each party has notified the Agent by facsimile transmission or telephone that it has taken such action.

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 Lenders, the LC Issuer and the Agent have executed this Agreement as of the date first above written.

CHURCHILL DOWNS INCORPORATED

By /s/ Rebecca C. Reed

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

GUARANTORS:

CHURCHILL DOWNS MANAGEMENT COMPANY

By /s/ Rebecca C. Reed

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

CHURCHILL DOWNS INVESTMENT COMPANY

By /s/ Rebecca C. Reed

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

RACING CORPORATION OF AMERICA

By /s/ Rebecca C. Reed

Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

CALDER RACE COURSE, INC.

By /s/ Rebecca C. Reed

Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

TROPICAL PARK, INC.

By /s/ Rebecca C. Reed

Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

CHURCHILL DOWNS CALIFORNIA COMPANY

By /s/ Rebecca C. Reed

Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

CHURCHILL DOWNS CALIFORNIA FALL OPERATING COMPANY

By /s/ Rebecca C. Reed

Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

ARLINGTON PARK RACECOURSE, LLC

By /s/ Rebecca C. Reed

Title: Secretary
700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

ARLINGTON MANAGEMENT SERVICES, LLC

By /s/ Rebecca C. Reed

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

ARLINGTON OTB CORP.

By /s/ Mary Ann Guenther

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

QUAD CITY DOWNS, INC.

By /s/ Mary Ann Guenther

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

CDIP, LLC

By /s/ Rebecca C. Reed

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

CDIP HOLDINGS, LLC

By /s/ Rebecca C. Reed

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

ELLIS PARK RACE COURSE, INC.

By /s/ Rebecca C. Reed

Title: Secretary

700 Central Avenue
Louisville, Kentucky 40208
Attention: General Counsel
Telephone: (502) 636-4429
FAX: (502) 636-4439

Commitment

$30,000,000.00

BANK ONE, KENTUCKY, NA as Agent,
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

With a copy to:
Frost Brown Todd LLC
Suite 3200
400 W. Market Street
Louisville, Kentucky 40202
Attention: Charles R. Keeton, Esq.
Telephone: (502) 568-0257
FAX: (502) 581-1087

Commitment

$30,000,000.00

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

$25,000,000.00

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

By /s/ Kevin L. Anderson

Kevin L. Anderson
Senior Vice President
101 South Fifth Street
37th Floor
Louisville, Kentucky 40202

Attention: Kevin L. Anderson
Telephone: (502) 581-7894
FAX: (502) 581-4424

Commitment

$22,500,000.00

FIFTH THIRD BANK, KENTUCKY, INC.

By /s/ Edward B. Martin

Edward B. Martin
Vice President
401 South 4th Avenue
Louisville, Kentucky 40202-3411

Attention: Edward B. Martin
Telephone: (502) 562-5536
FAX: (502) 562-5540

Commitment

$18,500,000.00

BRANCH BANKING & TRUST COMPANY

By /s/ Frank R. Eckerd

Frank R. Eckerd
Senior Vice President
500 West Broadway
7th Floor
Louisville, Kentucky 40202

Attention: Frank R. Eckerd
Telephone: (502) 562-5877
FAX: (502) 562-6990

Commitment

$18,500,000.00

COMERICA BANK

By /s/ Kathleen Kasperek

Kathleen Kasperek
Vice President
500 Woodward Avenue
MC 3269 – 9th Floor
Detroit, Michigan 48214

Attention: Kathleen Kasperek
Telephone: (313) 222-3808
FAX: (313) 222-9516

Commitment

$18,500,000.00

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

$18,500,000.00

SUN TRUST BANK

By /s/ Scott Corely

Scott Corley
Director
201 4th Avenue N.
3rd Floor
Nashville, Tennessee 37219

Attention: Scott Corley
Telephone: (615) 748-5715
FAX: (615) 748-5269

Commitment

$18,500,000.00

BANK OF AMERICA

By /s/ Bryan Hulker

Bryan Hulker
Senior Vice President
414 Union Street
TN1-100-04-01 – 4th Floor
Nashville, Tennessee 37239

Attention: Bryan Hulker
Telephone: (615) 749-3001
FAX: (615) 749-4762

Total $200,000,000.00

The other schedules and other attachments to this agreement, which disclose certain information responsive to provisions of the agreement or reflect the terms of the agreement, have been omitted because they are duplicative of information contained in the agreement and/or are not material. The registrant agrees to furnish supplementally a copy of any such omitted schedules or other attachments to the Commission upon request.

PRICING SCHEDULE

APPLICABLE MARGIN	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS
Eurodollar Rate	*1.25%*	*1.50%*	*1.75%*	*2.25%*
Floating Rate	*0%*	*0%*	*0.25%*	*0.75%*

APPLICABLE FEE RATE	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS
Commitment Fee	*0.25%*	*0.30%*	*0.375%*	*0.50%*

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

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

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

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

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

"Level IV Status" exists at any date if 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 or 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.

Exhibit 99(a)

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Churchill Downs Incorporated (the "Company") for the quarterly period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Thomas H. Meeker, as President and Chief Executive Officer of the Company, and Michael E. Miller, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas H. Meeker

Thomas H. Meeker
President and Chief Executive Officer
May 14, 2003

/s/ Michael E. Miller

Michael E. Miller
Executive Vice President and Chief Financial Officer
May 14, 2003

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to Churchill Downs Incorporated and will be retained by Churchill Downs Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.