

BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of

THE APPLICATIONS OF CHURCHILL DOWNS CALIFORNIA COMPANY
AND CHURCHILL DOWNS CALIFORNIA FALL OPERATING COMPANY
FOR APPROVAL TO SHARE IN THE REVENUE FROM THE CONDUCT
OF OFF-TRACK PARI-MUTUEL WAGERING AT HOLLYWOOD PARK
RACE TRACK

ORDER

THIS MATTER came on regularly for hearing before the State Gaming Control Board ("Board") on October 6, 1999, and before the Nevada Gaming Commission ("Commission") on October 21, 1999, at Carson City, Nevada; and

THE BOARD AND COMMISSION having considered all information pertinent hereto;

IT IS HEREBY ORDERED BY THE NEVADA GAMING COMMISSION UPON THE RECOMMENDATION OF THE STATE GAMING CONTROL BOARD:

1. THAT the applications of Churchill Downs California Company and Churchill Downs California Fall Operating Company each, for approval to share in the revenue from the conduct of off-track pari-mutuel race wagering at Hollywood Park Race Track in Inglewood, California, as amended and supplemented, have been filed.

2. THAT Churchill Downs California Company and Churchill Downs California Fall Operating Company are each granted approval to share in the revenue from the conduct of off-track pari-mutuel race wagering at Hollywood Park Race Track in Inglewood, California, said approval being conditioned as follows:

a. That Churchill Downs Incorporated, Churchill Downs California Company and Churchill Downs Fall Operating Company shall comply with the provisions of NRS 463.639(1) and NGC Regulation 16.330, and shall also comply with any requests for additional reporting requirements made by the State Gaming Control Board.

b. That the following information shall be reported to the Board, in writing, within 30 days after the end of the quarter concerning the occurrence or absence of the following:

(1) Any changes in Churchill Downs California Company's and Churchill Downs Fall Operating Company's officers, directors, or key personnel directly or indirectly engaged in the active administration or supervision of the racing operations conducted at Hollywood Park Race Track and related facilities who earn \$50,000 or more annually.

(2) All gaming related complaints, investigations into alleged misconduct, orders to show cause, and disciplinary actions instituted by, presided over, or in connection with the California Horse Racing Board, or any gaming regulatory agency, involving Churchill Downs California Company or Churchill Downs Fall Operating Company or its officers, directors, owners, agents or employees thereof.

(3) All arrests made of Churchill Downs California Company's and Churchill Downs Fall Operating Company's and its affiliates' officers, directors, owners, agents or employees and its patrons involving gaming misconduct or felony charges in the State of California. The report shall include: the name, position, charge, arresting agency and a brief description of the event.

(4) Any known gaming cheating or theft wherein an arrest is not made.

(5) A copy of the application for licensure to conduct horse racing, and any exhibits or attachments thereto, as provided to the California Horse Racing Board.

c. That no agreements approved pursuant to NGC Regulation 26A shall be changed, altered, modified or amended without the prior administrative approval to the Chairman of the Board or his designee. If the Chairman of the Board or his designee determines that any proposed change, alteration, modification or amendment is substantial, then the approval of the Commission shall be required.

d. That Churchill Downs California Company and Churchill Downs Fall Operating Company shall fund and maintain with the Board a revolving fund in the total amount of \$5,000 for the purpose of funding investigative reviews by the Board for compliance with the terms of this Order. Without limiting the foregoing, the Board shall have the right, without notice, to draw upon the funds of said account for the payment of costs and expenses incurred by the Board and its staff in the surveillance, monitoring and investigative reviews of the activities of Churchill Downs Incorporated and its controlled affiliates.

ENTERED at Carson City, Nevada, this 21st day of October 1999.