

BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of

THE APPLICATION OF CHURCHILL DOWNS
INCORPORATED AND ARLINGTON
INTERNATIONAL RACECOURSE, INC., FOR
APPROVAL TO SHARE IN THE REVENUE FROM
THE CONDUCT OF OFF-TRACK PARI-MUTUEL
RACE WAGERING AT ARLINGTON PARK

ORDER

THIS MATTER came on regularly for hearing before the State Gaming Control Board ("Board") on April 4, 2001, and before the Nevada Gaming Commission ("Commission") on April 19, 2001 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 following applications, as amended and supplemented, have been filed:

a. The applications of Churchill Downs Incorporated and Arlington International Racecourse, Inc., dba Arlington Park, each for approval to share in the revenue from the conduct of off-track pari-mutuel race wagering; and

b. The applications of Churchill Downs Incorporated, Churchill Downs California Company and Churchill Downs California Fall Operating Company to consolidate their Orders.

2. THAT Churchill Downs Incorporated, Churchill Downs California Company, Churchill Downs California Fall Operating Company and Arlington International Racecourse, Inc., are each granted approval to share in the revenue from the conduct of off-track pari-mutuel race wagering, said approval conditioned as follows:

a. That Churchill Downs Incorporated, 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 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 the officers, directors, or key personnel of Churchill Downs Incorporated, Churchill Downs California Company, Churchill Downs California Fall Operating Company or Arlington International Racecourse, Inc., who are directly or indirectly engaged in the active administration or supervision of the gaming operations conducted at Churchill Downs, Hollywood Park or Arlington Park (collectively the "Churchill Tracks") 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 Kentucky State Racing Commission, the California Horse Racing Board, the Illinois Racing Board, the Securities and Exchange Commission or any gaming regulatory agency (collectively, the "Regulatory Agencies"), involving Churchill Downs Incorporated, Churchill Downs California Company, Churchill Downs California Fall Operating Company, Arlington International Racecourse, Inc. or the Churchill Tracks, or their officers, directors, owners, agents or employees.

(3) All arrests made of any officer, director, owner, agent, employee or patron of Churchill Downs Incorporated, Churchill Downs California Company, Churchill

Downs California Fall Operating Company, Arlington International Racecourse, Inc., or the Churchill Tracks involving gaming misconduct or felony charges in the states of Kentucky, California, or Illinois. 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 was not made.

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

c. THAT no agreements approved pursuant to NGC Regulation 26A shall be changed, altered, modified or amended without the prior administrative approval of 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 Incorporated shall fund and maintain with the State Gaming Control Board a revolving fund in the total amount of \$10,000 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, Churchill Downs California Company, Churchill Downs California Fall Operating Company, Arlington International Racecourse, Inc., the Churchill Tracks and their controlled affiliates.

ENTERED at Carson City, Nevada, this 19th day of April 2001.