

STATE OF INDIANA

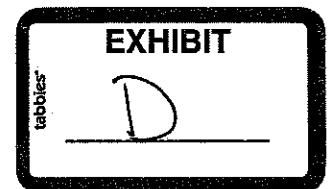
BEFORE THE INDIANA HORSE RACING COMMISSION

IN RE:)
THE PETITION OF CENTAUR HOLDINGS, LLC,)
NEW CENTAUR, LLC, CENTAUR ACQUISITION,)
LLC, AND HOOSIER PARK, LLC, FOR:)
(1) APPROVAL TO TRANSFER LICENSES AND)
PERMITS FROM THE BANKRUPTCY ESTATE OF)
INDIANAPOLIS DOWNS, LLC AND INDIANA)
DOWNS CAPITAL CORP.; (2) APPROVAL TO)
ACQUIRE ALL OF THE ASSETS OF THE ESTATE AS)
SET FORTH IN THE ASSET PURCHASE)
AGREEMENT; (3) FIND THAT THE TRANSFER)
IS IN THE BEST INTERESTS OF THE STATE OF)
INDIANA AND HORSE RACING; (4) APPROVAL OF)
ACQUISITION FINANCING; (5) APPROVAL TO)
AMEND RACING DATES FOR ONE-BREED /)
ONE-TRACK RACING; (6) APPROVAL FOR)
CONSTRUCTION OF ADDITIONAL STALLS;)
(7) APPROVAL OF CONTINUED EXISTENCE OF)
EVANSVILLE SATELLITE FACILITY INCLUDING)
FUTURE ABILITY TO MOVE FACILITY; AND)
(8) SUCH OTHER APPROVALS AS MAY BE)
NECESSARY TO IMPLEMENT THE TRANSFER, THE)
PURCHASE OF ASSETS AND ALL OTHER MATTERS)
AS A PART OF AND NECESSARY TO THE)
APPROVALS.)

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INDIANA HORSE RACING COM.

FINAL ORDER

This matter came before the Indiana Horse Racing Commission (the "Commission") on December 14, 2012 (the "Hearing") pursuant to The Petition (the "Transfer Petition") of Centaur Holdings, LLC, New Centaur, LLC, Centaur Acquisition, LLC, and Hoosier Park, LLC, filed on or about November 14, 2012, for: (1) Approval to Transfer Licenses and Permits from the Bankruptcy Estate of Indianapolis Downs, LLC and Indiana Downs Capital Corp.; (2) Approval to Acquire All of the Assets of the Estate as Set Forth in the Asset Purchase Agreement; (3) Find that the Transfer is in the Best Interests of the State of Indiana and Horse Racing; (4) Approval



of Acquisition Financing; (5) Approval to Amend Racing Dates for One-Breed/One-Track Racing; (6) Approval for Construction of Additional Stalls; (7) Approval of Continued Existence of Evansville Satellite Facility Including Future Ability to Move Facility; and (8) Such Other Approvals as May be Necessary to Implement the Transfer, the Purchase of Assets and all Other Matters as a Part of and Necessary to the Approvals filed on or about November 14, 2012. The undersigned Members of the Commission¹ having considered the Transfer Petition, the presentation of the Petitioners, the Commission Staff and others at a public meeting of the Commission which was conducted on December 14, 2012, and the various exhibits and other materials admitted into evidence which were referenced and considered at the meeting and being in all respects duly advised hereby render the following Final Order:

The Record Before the Commission

1. Petitioners Centaur Holdings, LLC, New Centaur, LLC, Hoosier Park, LLC, and Centaur Acquisition, LLC (collectively "Petitioners" or "Centaur") filed the Transfer Petition on November 14, 2012. The Transfer Petition included Centaur's Application and a significant number of exhibits, exceeding five hundred pages of detailed information regarding Centaur's proposed acquisition of Indianapolis Downs, LLC ("Indiana Downs"), Centaur's business plans for (a) operating Indiana Downs and (b) operating Hoosier Park and Indiana Downs together, and Centaur's related financial projections.

2. Pursuant to the Commission's Pre-Hearing Order, Centaur also submitted Pre-Filed Testimony on December 7, 2012, which included testimony from three Centaur employees, each of the State's horsemen's associations (the Indiana Standardbred Association, the Indiana

¹ Jason Barclay, a member of the Commission, recused himself from this matter pursuant to I.C. § 4-21.5-3-9(c) and the applicable provisions of the Indiana Rules of Professional Responsibility. Mr. Barclay attended the December 14, 2012 hearing but did not participate in the hearing, the related deliberation and vote, or the issuance of this Order.

Horsemen's Benevolent & Protective Association, the Indiana Thoroughbred Owners and Breeders Association, and the Quarter Horse Racing Association of Indiana), and several public officials. The testimony further attached letters from several veterinarians. These materials each expressed support for the Transfer Petition.

3. Pursuant to the Commission's Pre-Hearing Order and pursuant to I.C. § 4-21.5-3-26(f), Centaur also submitted a Request For Official Notice. The Commission granted that request and officially took administrative notice that Hoosier Park and Indiana Downs were subject to, among other things, laws and regulations contained in Title 4, Articles 31 and 35 of the Indiana Code (I.C. § 4-31 and I.C. § 4-35) and Titles 71 and 68 of the Indiana Administrative Code (Indiana Horse Racing Commission and Indiana Gaming Commission, respectively).

4. Pursuant to the Commission's Pre-Hearing Order, the Commission Staff submitted its Staff Report on December 10, 2012, recommending that the Transfer Petition be granted, subject to certain operational covenants such as the construction of additional stalls and obtaining additional certification of Indiana Downs' race track and operations.

5. The Commission further engaged Dr. Charlene Sullivan (Associate Dean of Undergraduate Programs and Professor of Finance at Purdue University's Krannert School of Management) to review and evaluate Centaur's financial projections. Dr. Sullivan has been engaged by the Indiana Gaming Commission for numerous similar matters over several years and has, from time-to-time also served as a consultant for the Commission.

6. Dr. Sullivan issued a preliminary draft report based upon information relating to the proposed transfer that was initially provided to her. That preliminary draft report was provided to Centaur on or about December 7, 2012. Thereafter, Centaur filed a Response to Dr.

Sullivan's report on December 12, 2012, together with Centaur's detailed financial model for the anticipated operations of Hoosier Park and Indiana Downs.

7. The Commission further requested additional information from Centaur on December 12, 2012 concerning other aspects of the financial terms and projections associated with Centaur's Transfer Petition. Centaur provided such information to the Commission that same day.

8. The Commission held a (public) Hearing on December 14, 2012. Notice of the Hearing, including the Commission's consideration of the Transfer Petition, was timely provided to the public on December 4, 2012.

9. All of the documents and information referenced above were offered and admitted into evidence at the Hearing. Certain exhibits were admitted pursuant to Stipulation and others were admitted after a proper foundation (under oath) was established at the Hearing.

10. Dr. Charlene Sullivan testified at the December 14, 2012 Hearing regarding her preliminary draft report that recommended "that the IGC and IRC should force management to provide a more detailed explanation of operating plans and have the opportunity to examine carefully the final debt contracts before approving the acquisition." Dr. Sullivan also testified after her subsequent review of the supplemental materials provided to her by Centaur. Dr. Sullivan further answered questions posed to her at the hearing by the Commission and the Petitioners.

11. Centaur also presented the testimony of seven individuals, five of whom were employed by Centaur and two of whom were engaged as independent expert witnesses to testify regarding industry trends and the reasonableness of Centaur's financial projections. These

witnesses were available to and did answer questions posed to them at the Hearing by the Commission.

12. The Executive Director of the Commission, Mr. Joe Gorajec, testified at the Hearing regarding his analysis that the Transfer Petition met applicable standards and was in the best interests of racing as long as certain conditions regarding additional stalls and NTRA accreditation were met. Mr. Gorajec did not address Centaur's financial projections or the proposed financing.

13. As reflected in the Commission's Pre-Hearing Order, the Commission further provided an opportunity for interested individuals or entities to speak on behalf of, or in opposition to, the Transfer Petition. Five individuals testified before the Commission. This testimony was overwhelmingly in support of the Transfer Petition.

14. Subject to the conditions and/or covenants contained in this Final Order, the Commission heard credible evidence and reviewed reasonable financial projections to consider the Transfer Petition and render this decision.

The Governing Criteria

1. The Commission has specifically evaluated and considered this Application against the Indiana General Assembly's stated criteria, as set forth in Indiana Code § 4-31-5-8. In particular, pursuant to Indiana Code § 4-31-5-8(c)(3), the Commission considered pre-filed testimony, witness testimony at the Hearing on December 14, 2012, the report of the Commission Staff, and other information which it deemed relevant, then deliberated in an open meeting and determined that granting the Transfer Petition, subject to the conditions and/or covenants herein, would be in the best interests of the Indiana horse racing industry and the State of Indiana.

2. The Commission also has considered and determined that Centaur's Transfer Petition is consistent with the Commission's permit requirements and factors, as outlined in 71 I.A.C. § 11-1-6.

Findings of Fact

1. The State of Indiana has cultivated a horse racing and breeding industry over the last two decades that has generated a significant state-wide economic impact. According to the Indiana Racing and Breeding Industry Survey (which has been admitted into evidence through the pre-filed testimony of Jim Brown), "the State of Indiana is generating extraordinary economic activity from its far-sighted design of an ongoing investment in the state horse racing and breeding industry." That Survey specifically concluded that the industry generates a direct impact of \$733 million and a total impact of more than \$1 billion on the State's economy. Also according to that Survey, the industry is responsible for the direct and related employment of 9,865 jobs across Indiana and further responsible for approximately \$69 million in state and local tax revenue.

2. By way of background, Hoosier Park opened in 1994 and was the State's only racetrack until December 2002, when Indiana Downs opened. The State's handle and directly-related tax revenue peaked a few years later in 2005, but has decreased each year since.

3. The Indiana General Assembly has passed several laws designed to support the racing and breeding industry. For example, in 2007 the General Assembly expressly limited competition within Indiana by fixing the number of track permits (2) and off-track betting facilities to the number of tracks and facilities that existed on the effective date of the legislation. By statute, therefore, there could (and can) be no more than two racetracks in the State of Indiana. The General Assembly (in 2007) also authorized the two tracks to conduct electronic

gambling games operations with the express requirement that fifteen percent of their adjusted gross gaming receipts be redirected to reinvestment in the horse racing industry. The permit to conduct such gaming operations was conditioned upon an initial license fee of \$250 million and capital improvements of another \$100 million.

4. Hoosier Park and Indiana Downs obtained their gambling games licenses and paid the requisite license and capital improvement fees. However, the debt burden and downturn in the economy proved too much to bear and both companies ultimately filed for bankruptcy. Centaur filed for bankruptcy in March 2010 and Indiana Downs filed for bankruptcy in April 2011.

5. In April 2011 (as Hoosier Park was emerging from bankruptcy and Indiana Downs was entering bankruptcy), the General Assembly considered, debated, and ultimately passed SB-36, which was commonly referred to as the "Two-Track Bill." Until that law was passed, the State's racetracks were required to have completely separate ownership structures. Pursuant to that amendment in the law (I.C. § 4-31-5-8(c)(3)), the General Assembly specifically authorized the two facilities to be owned by the same person (or entity) provided that this Commission determined such ownership to be in the best interests of the Indiana horse racing industry and the State of Indiana.

6. The General Assembly has specifically delegated to this Commission the responsibility and authority to determine if single-entity ownership is in the industry's and State's best interests. As noted throughout this Final Order, the Commission hereby finds that Centaur has met its burden of showing it is.

7. Centaur has emerged from bankruptcy and after the restructuring of its debt, it is a financially viable company.

8. Centaur presented multiple witnesses who described the thorough process that it used to develop its financial (revenue and profitability) projections and further described the specific bases for those projections. The confidential financial details underlying Centaur's projections and testimony were also submitted to the Commission and its Staff in advance of the Hearing. The testimony of Centaur's employees was supported by Centaur's independent expert witnesses who are very familiar with the gaming industry and attested to the reasonableness of Centaur's projections, including the reasons that consolidated ownership is in the State's best interests.

9. The Commission is mindful of the concerns and reservations expressed by Dr. Sullivan. Many of those have been addressed by the supplemental information provided by Centaur to Dr. Sullivan after she issued her Preliminary Report. The Commission also notes the testimony presented by Centaur that its gaming revenues, while not immune from competition from neighboring states, is not as vulnerable inasmuch as the vast majority of Centaur's customer base is from Central Indiana. While the terms and conditions of the final loan documents are not yet known, the Commission has been provided with parameters of the conditions and interest rates for the new debt. While there are no guarantees in going forward, the Commission finds there is a reasonable expectation that Centaur will be able to generate sufficient revenues to service the new debt obligations.

10. As noted below, the Commission has reserved the right and delegated to its Chair the responsibility to review Centaur's final financing documents to confirm that the financing plan remains feasible and that there has been no material change to the terms and conditions of the preliminary loan documents. Centaur's current revenue, operating, and EBITDA projections are reasonable. The detailed financial projections for a combined entity operating both facilities

reflect consistent revenue growth, significant operational savings and efficiencies, and the continued ability to make capital investments.

11. Centaur has a reputable management team that is well-known to the Commission and well-respected throughout the industry and across Indiana. The management team includes Rod Ratcliff (Chairman, Chief Executive Officer and Equity Manager), Kurt Wilson (Executive Vice President and Chief Financial Officer), Jim Brown (President and Chief Operating Officer), John Keeler (Vice President and General Counsel), Brian Elmore (Vice President of Racing), and others, each of whom has significant experience with racing issues. The suitability of these individuals was confirmed by Commission Ex. 7, the letter from Garth Brown, IGC Director of Background Investigation, to R. Babbitt dated December 11, 2012 regarding the suitability of Centaur's current Managers and Directors, which was admitted into the record.

12. The Commission Staff and each of the state-wide horsemen associations have endorsed Centaur's Transfer Petition. These endorsements collectively speak highly of Centaur's proven commitment to support the racing industry in Indiana. For example, the President of the Indiana Standardbred Association stated that: "This management team has demonstrated a commitment to the sport of horse racing not found at other tracks. It is responsive to the needs of horsemen, and has enthusiastically, financially, and creatively supported and promoted the sport. The management has operated Hoosier Park as an integrated facility, blending the entertainment attributes of racing and gaming in a manner that benefits the horse racing industry. The ISA is confident that the Centaur team's positive commitment to the horse racing industry would carry over to its operation of the Downs facilities."

13. Contrary to current industry trends, Centaur is increasing its investment in the racing side of its operations. Centaur recently made capital expenditures of approximately \$3

million to move and expand its satellite wagering facility in downtown Indianapolis to a new location at a time when satellite facilities are being closed in other States. Centaur also recently expended approximately \$750,000 to construct and install a new Jumbotron for the benefit of racing patrons at Hoosier Park.

14. Centaur's Transfer Petition also reflects its detailed plans to conduct single-breed races at each track (flat racing featuring thoroughbreds and quarter horses exclusively at Indiana Downs and standardbred racing exclusively at Hoosier Park). Each of the State's horsemen associations have submitted testimony fully supporting and endorsing this concept, often described as "one-breed/one-track racing".

15. According to all of the testimony submitted to the Commission, this change will provide the best and safest racing surface for the horses since each track can be specifically and permanently configured for the unique features of each breed. It will also significantly reduce industry expenses since horses will no longer need to rotate between tracks (twice each year), it will increase the safety of the equine athletes through a better track surface and fewer transitions between venues, and it will improve the quality of life for horsemen and jockeys who focus on a specific breed.

16. According to the testimony, this change is expected to also generate higher-quality and more-exciting races for customers. Centaur has indicated that it intends to specifically support one-breed/one-track racing with an extended and even more-effective racing-based marketing program. Centaur intends to support this initiative by building 300 additional stalls at Indiana Downs at significant expense, currently estimated to be \$2 million. Centaur has committed to seek certification for Grade 1 status for certain races at Indiana Downs. The improved races, featuring longer seasons and supported by new marketing

campaigns, are expected to increase race attendance and overall handle, which would generate better financial results for the industry as a whole and the State of Indiana.

17. This change is expected to further improve the quality of racing in Indiana. First, customers who regularly visit one facility will have the opportunity to become more familiar with the specific horses that are racing there. Second, the longer meetings, the increased purses, the enhanced safety measures, and the decreased transition expenses are expected to encourage more breeders to participate at Indiana's racetracks, thereby increasing the quality of racing.

18. All of these changes (including the capital expenditure investments, the change in management, and the single-breed seasons) are important to the Indiana horse racing industry given the financial and other perils the industry is facing both in Indiana and across the country. As noted above, for example, Indiana's total racing handle peaked at \$190 million in 2005, but has fallen each year through 2011 to approximately \$125 million. This decline is consistent with national trends.

19. Indiana's racing industry, moreover, has long been supported by State gaming revenues. Those funds have been reduced in recent years and future amounts are uncertain.

20. The Indiana horse racing industry, itself, is critical to the State of Indiana. In particular, it is critical to the State's broader agri-business initiatives. As previously stated, the Indiana Racing and Breeding Industry Survey concluded that the industry generated a direct impact of \$733 million and a total impact of more than \$1 billion on the State's economy. The Survey also recognized that the industry is responsible for the direct and related employment of 9,865 jobs across Indiana and further responsible for approximately \$69 million in state and local tax revenue.

21. The Industry Survey also recognized that “the State of Indiana is generating extraordinary economic activity from its far-sighted design of an ongoing investment in the state horse racing and breeding industry” and that “the equine industry is a significant export industry, generating in-state revenues from out-of-state sources.” The Survey further concluded: “This is an industry that is especially important to the two communities, Anderson and Shelbyville, and the surrounding areas, but the impact is statewide because of the broad statewide involvement of the breeding services, and likely other equine industry activity.”

22. Hoosier Park and Indiana Downs also directly provide significant financial support to the State of Indiana. Hoosier Park alone has paid approximately \$700 million in state and local taxes since 2008 and both facilities collectively employ approximately 2,500 people.

23. Indiana’s racino model (allowing electronic gaming at the State’s racetracks) was implemented by the General Assembly in 2007 based on the apparent recognition that racing and gaming have grown inseparable, with the dependence of racing on gaming revenues. As mentioned above, fifteen percent of the facilities’ gambling games revenues are directed to the racing industry, while the State also collects over \$100 million per year in wagering taxes from these facilities.

24. The 2010 Annual Report of the Gaming Study Committee (authorized by the Indiana Legislative Council – a bipartisan group of leaders from both chambers) concluded that casinos provided employment for approximately 15,000 workers in Indiana and that “it is in the best interests of the state and its taxpayers to take reasonable actions designed to protect jobs and future tax revenues from increased competition in neighboring states.”

25. Indiana’s casino and gaming industry has an increasingly significant impact on the State as a whole. According to the 2012 IGC Annual Report, Hoosier Park and Indiana

Downs are part of a state-wide gaming industry that provides approximately 15,000 jobs across the State and generates more than \$850 million in wagering and admission taxes (more than \$100 million of which is paid by Hoosier Park and Indiana Downs).

26. According to the Report on Distribution of Build Indiana Fund and Lottery and Gaming Revenues, the State's proceeds from gaming, racing, and lottery (the vast majority of which are from gaming) have been distributed to the State's General Fund, Teachers' Retirement Fund, Build Indiana Fund, Police/Fire Pension Relief Fund, Administrative Funds (including IHRC, IGC, and DOR), Other State Funds (as defined in the Report), and Local Distributions. A recent news publication admitted into evidence reported that "money from Indiana's expansive gambling industry [is] the third-largest source of money for the state [but] is dropping amid competition from neighboring states."

27. The Transfer Petition includes projections that appear to maximize gaming revenues as best as can reasonably be expected in this environment. Centaur's projections, for example, are based in part upon expected capital improvements including the addition of several hundred slot machines at both facilities and the construction of showrooms/performance theatres at both facilities. Centaur's proposed acquisition remains subject to review and approval by the Indiana Gaming Commission (the "IGC"), which is tasked with considering (among other things) the prospective total revenue to be collected by the State from the conduct of gambling games and the positive economic impact that the applicant's plan will have on the entire State of Indiana.

28. In addition, the Commission has considered a pending settlement between Centaur and the State of Indiana that will only become effective if this transaction is completed. In October 2011, the United States Bankruptcy Court for the District of Delaware (Court)

entered an order in the matter of *In re Indianapolis Downs*, et al, No. 11-11046 (Bankr. D. Del.) determining that neither Indiana Downs nor Hoosier Park were obligated to pay the graduated wagering tax on funds they were required to pay others pursuant to I.C. § 4-35-7-12(b). That decision is currently the subject of an appeal filed with the Third United States Circuit Court of Appeals; however, if the underlying decision were affirmed, there would be a very substantial financial loss to the State of Indiana (in excess of \$100 million). The terms of the Settlement have been submitted to the Commission as Confidential pursuant to applicable Rules, though the Commission is comfortable stating that the impact of the Settlement to the State of Indiana is substantially more favorable than if the decision against the State were to be affirmed.

29. Centaur's operation of both Hoosier Park and Indiana Downs will also remain under the strict supervision of this Commission and the IGC. As an initial matter, the licenses and permits issued by the Commission and the IGC remain subject to annual applications, consideration, and renewal.² Both the Commission and the IGC also share the overall regulation of their respective interests in the operations of the racinos.

30. For example, the Commission prescribes the rules and conditions of racing and initiates safeguards to account for the amount of money wagered at each track. The Commission also is empowered to adopt rules pertaining to the integrity of racing and related wagering, including dates/times of racing, procedures for wagering, and the wagering information to be provided to the public. The manner in which each race's wagering pools, pay-outs, and commissions are calculated also are further explicitly regulated by statute and the Commission.

31. The Commission may also demand at any time that a permit holder furnish the Commission with a full and complete statement of receipts, expenditures, attendance, and any

² Centaur understands and acknowledges that this Final Order will result in the issuance of two separate racing permits and will obligate Centaur to make the payments for each permit and license required by I.C. § 4-35-7-12 and I.C. § 4-35-8.7-2.

other information that the Commission requires. Each track must also provide and maintain equipment that displays the totals wagered in a manner that permits ready tabulation and recording of those totals by the Commission's representative before the wagering proceeds are cleared.

32. The Commission is further responsible for approving or denying licenses for every individual or employee associated with racing. The Commission must also approve (i) any contract exceeding \$50,000 that a permit-holder wishes to execute, (ii) any plans to modify the racing facility that exceed \$50,000 in costs, and (iii) certain transfers or pledges of an individual's or entity's ownership interest(s) in a permit-holder.

Conclusions of Law

A. Centaur's Transfer Petition Satisfies the Factors Set Forth in I.C. § 4-31-5-8

1. Pursuant to I.C. § 4-31-5-8(b)(1), the Commission may deny a permit to any applicant if denial is in the public interest. Pursuant to I.C. § 4-31-5-8(c)(3), moreover, the Commission shall deny a permit to any applicant that (either directly or through the applicant's owners) already holds the State's other racing permit unless the Commission determines that the applicant's petition is in the best interests of the Indiana horse racing industry and the State of Indiana.³

2. The Commission has fully considered the voluminous and detailed record before it and has unanimously determined that Centaur's Transfer Petition is in the best interests of the Indiana horse racing industry and the State of Indiana pursuant to I.C. § 4-31-5-8(c)(3), and that it is also therefore in the public interest pursuant to I.C. § 4-31-5-8(b)(1).

³ The remaining elements of I.C. §§ 4-31-5-8(b) and (c) do not apply to Centaur's Transfer Petition since Centaur has not defaulted on any payments described therein.

3. Centaur's Transfer Petition is in the best interests of the Indiana horse racing industry based upon all of the facts set forth above, including:

- (a) the combination will create an Indiana company with enhanced financial strength;
- (b) Centaur's proposed one-breed/one-track racing platform has been universally applauded by horsemen and the entire industry;
- (c) Centaur has an excellent management team that is fully-committed to cultivating a successful racing industry in Indiana; and
- (d) Centaur's Transfer Petition would create an enhanced customer experience, all of which are likely to generate increased attendance and handle (wagering revenues) than would otherwise be expected or could reasonably be achieved with separate enterprises.

Centaur's Transfer Petition will help provide higher-quality and more entertaining races for fans, while also increasing the horsemen's and the state's revenues and maximizing equine safety.

4. The Commission further finds that Centaur's Transfer Petition is in the best interests of the State based upon all of the facts set forth above, including:

- (a) the anticipated effect of increasing capital expenditures and economic development;
- (b) increased tax revenues and employment opportunities that Indiana derives from its racing and gaming industries;
- (c) positive impacts upon Indiana's agribusiness economy; and
- (c) resolution of pending tax litigation involving significant financial exposure to the State.

Maintaining the viability of the State's racetracks is critical to preserving the jobs and tax revenues that the State General Assembly has consistently sought to generate and protect. The racing industry faces many challenges that would be mitigated by approving the Transfer Petition. The Commission also is mindful of the financial difficulties that both racetracks have

experienced (with Indiana Downs currently in bankruptcy), such that the Commission believes that approving this Transfer Petition is clearly the best way to continue and support the racing and breeding industries in Indiana.

The Commission also is mindful that Hoosier Park and Indiana Downs are part of the State's gaming operations, which provide approximately 15,000 jobs across the State and generate more than \$850 million in wagering and admission taxes (more than \$100 million of which is paid by Hoosier Park and Indiana Downs). It also has been reported that gaming-related taxes are the State's third largest revenue source. Based on the testimony above, the Commission finds that Centaur's increased volume and, therefore, increased revenues projections are credible and reasonable.

B. Centaur's Transfer Petition Also Satisfies the Factors Set Forth in 71 I.A.C. § 11-1-6

5. 71 I.A.C. § 11-1-6 sets forth the regulatory factors this Commission shall apply when considering whether to grant an applicant's petition for a new permit. That same section also applies to transfer petitions such as Centaur's, though certain factors set forth therein clearly apply only to new permits (and, thus, not to transfer petitions).

6. As relevant here, the Commission concludes (among other things), pursuant to 71 I.A.C. § 11-1-6(a), that Centaur is qualified and financially able to operate a race track and that transferring the permit will ensure that racing will be conducted with the highest of standards and the greatest level of integrity, and will further ensure the protection of the public interest. Pursuant to 71 I.A.C. § 11-1-6(b), the Commission also has considered (among other things) Centaur's integrity, the quality of physical improvements and equipment being proposed by Centaur, Centaur's management ability, and Centaur's efforts to promote, develop, and improve the horse racing industry in Indiana.

7. The Commission, having considered all of the facts set forth above and the entire record presented to the Commission, hereby concludes that Centaur's Transfer Petition establishes by credible and substantial evidence that all of the applicable factors outlined in 71 I.A.C. § 11-1-6 have been met.

* * *

WHEREFORE, for the foregoing reasons, the Commission concludes that Centaur's Transfer Petition meets or exceeds all of the applicable statutory and regulatory standards and specifically finds that Centaur's Transfer Petition is in the best interests of the Indiana horse racing industry and the State of Indiana. The Commission, therefore, **ORDERS AND DECREES** that Centaur's Transfer Petition is **GRANTED**, and specifically that the Permit to conduct racing at Indiana Downs, the License to operate a satellite wagering facility in Clarksville, IN, and the (currently inactive) License to operate a satellite wagering facility in Evansville, IN shall be transferred to Centaur subject to the following conditions and covenants:

1. Centaur's Permit to conduct racing at Indiana Downs (and related Licenses) is subject to the condition of receiving approval from the IGC to transfer Indiana Downs' gambling games license to Centaur and other Federal approvals and/or authorizations as may be required by law.
2. Centaur's Permit (and related Licenses) is subject to the condition that the Chairman of the Commission shall review and approve the final financing documentation, which authority has been delegated in whole to the Chairman by the Commission and which approval shall be independent of any similar approval which is required from the IGC.
3. Centaur's Permit (and related Licenses) is subject to the pre-closing condition of continuity in management such that Mr. Rod Ratcliff shall not voluntarily or involuntarily be

removed as Chief Executive Officer or Equity Manager without Commission approval, nor shall his employment contract be terminated (notwithstanding any such right to terminate held by Centaur or its Managers) without Commission approval. Centaur's Permit (and related Licenses) is similarly subject to the pre-closing condition that no other management-level employee who is subject to an employment agreement shall be terminated (notwithstanding any such right to terminate held by Centaur or its Managers) without Commission approval.

4. Centaur covenants that, post-closing, Mr. Rod Ratcliff shall not voluntarily or involuntarily be removed as Chief Executive Officer or Equity Manager without Commission approval, nor shall his employment contract be terminated (notwithstanding any such right to terminate held by Centaur or its Managers) without Commission approval. Centaur similarly covenants that, post-closing, no other management-level employee who is subject to an employment agreement shall be terminated (notwithstanding any such right to terminate held by Centaur or its Managers) without Commission approval.

5. Centaur covenants to conduct one-breed/one-track racing as discussed above on racing dates to be approved annually by the Commission and to construct 300 additional stalls at Indiana Downs. If the transaction is completed by March 1, 2013, Centaur agrees to conduct one-breed/one-track racing in 2013 and agrees to complete the construction of 150 stalls at Indiana Downs by July 29, 2013 and another 150 stalls by July 29, 2014. If the transaction is not completed by March 1, 2013, then Centaur shall conduct one-breed/one-track racing in 2014 on approved dates and all (300) stall-construction deadlines shall be extended to no later than July 29, 2014.

6. Centaur covenants not to construct the required additional stalls without first submitting the plans and construction contracts for such stalls to the Executive Director of the

Commission, who is delegated the authority to review and approve such plans and contracts on behalf of the Commission.

7. Centaur covenants to cause the Indiana Downs racing facility to become fully-accredited by the National Thoroughbred Racing Association within eighteen months of completing its acquisition of Indiana Downs.

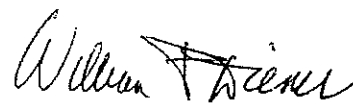
8. Centaur covenants to seek and obtain the Commission's approval before re-opening or re-locating (if Centaur so desires) the satellite wagering facility previously operated by Indiana Downs in Evansville, IN and acknowledges that such determination will be deferred pending an appropriate petition (that complies with statutory and regulatory requirements); and

9. Centaur acknowledges that warrants issued under the third lien term loans cannot be exercised without the prior written approval of the Commission.

10. Centaur covenants that each Member and/or Controlling Person of Centaur Holdings, LLC (as listed in response to Question V.D. 9 and V.E. of the Transfer Application and as identified in Commission Ex. 7) or their successors will maintain a current license and a status of "good standing" with the Indiana Gaming Commission.

11. Centaur's operations shall remain subject to the continued review and regulation by the Commission and the IGC (pursuant to laws and regulations contained in Title 4, Articles 31 and 35 of the Indiana Code, I.C. § 4-31 and I.C. § 4-35, and Titles 68 and 71 of the Indiana Administrative Code).

ORDERED this 7th day of January, 2013, by the Indiana Horse Racing Commission.



William Diener, Chairman

FROM :

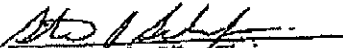
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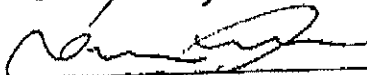
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Steve Schaefer, Vice-Chair


Doug Grimes, Member


Greg Schenkel, Member

CONDITION AND COVENANT JOINDER

Petitioners hereby join in this Order to evidence their acceptance of and agreement to the conditions and covenants imposed upon Petitioners by the foregoing Final Order.

Dated this _____ day of January, 2013.

Centaur Holdings, LLC

By: _____

Title: _____

New Centaur, LLC

By: _____

Title: _____

Hoosier Park, LLC

By: _____

Title: _____

Centaur Acquisition, LLC

By: _____

Title: _____