IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	:	**Chapter 11**
	:	
CENTAUR, LLC, et al.,[1]	:	**Case No. 10-10799 (KJC)**
	:	
Debtors.	:	**(Jointly Administered)**
	:	
~~**In re**~~	~~:~~	~~**Chapter 11**~~
	~~:~~	
~~**CENTAUR PA LAND, LP, et al.,**~~[2]	~~:~~	~~**Case No. 09-13760 (KJC)**~~
	~~:~~	
~~**Debtors.**~~	~~:~~	~~**(Jointly Administered)**~~
	~~:~~	

DISCLOSURE STATEMENT RELATING TO
THE AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION FOR
CENTAUR ~~PA LAND~~, ~~LP~~LLC AND ITS AFFILIATED DEBTORS

Dated: ~~March 28,~~May 7, 2010

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ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

[1] The Debtors in ~~the~~these cases ~~jointly administered under Case No. 10-10799 (KJC)~~, along with the last four digits of each Debtor's federal tax identification number, if applicable, are: Centaur, LLC (8148); Centaur Colorado, LLC (9131); Centaur Indiana, LLC; Centaur Racing, LLC; Hoosier Park, L.P. (0820); HP Dining & Entertainment, LLC; Centaur Pennsylvania, LLC; VVD Properties General Partner, LLC; Valley View Downs GP, LLC; VVD Properties, LP (6808); Valley View Downs, LP (1028); Centaur PA Land Management, LLC; ~~and~~ Centaur PA Land General Partner, LP; and Centaur PA Land, LP. Debtors Centaur PA Land, LP and Valley View Downs, LP (the "Valley View Downs Debtors") filed their chapter 11 petitions on October 28, 2009. The remaining Debtors (the "Centaur Debtors") filed their chapter 11 petitions on March 6, 2010.

[2] ~~The Debtors in the cases jointly administered under Case No. 09-13760 (KJC), along with the last four digits of each Debtor's federal tax identification number, if applicable, are: Valley View Downs, LP (1028) and Centaur PA Land, LP.~~

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE (THE "BANKRUPTCY COURT") UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE.~~[3]~~[2]

~~3~~ 2 Legend to be removed upon entry by the Clerk of the Bankruptcy Court of Order of the Bankruptcy Court approving this Disclosure Statement.

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SCHEDULES AND EXHIBITS

I.

INTRODUCTION

All capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Plan (see Article I of the Plan entitled "Definitions").

THIS DISCLOSURE STATEMENT INCLUDES AND DESCRIBES THE AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION, DATED ~~MARCH 28,~~MAY 7, 2010 (THE "PLAN"), A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT "A", FILED BY CENTAUR, LLC AND ITS AFFILIATED DEBTORS LISTED IN SCHEDULE 1 (THE "DEBTORS"). OTHER THAN CLASS 1 – PRIORITY NON-TAX CLAIMS, CLASS 4 – OTHER SECURED CLAIMS~~, CLASS 7 – CONVENIENCE CLAIMS,~~ AND CLASS 10 – SUBSIDIARY EQUITY INTERESTS, WHICH ARE UNIMPAIRED UNDER THE PLAN AND ARE THEREFORE DEEMED TO HAVE ACCEPTED THE PLAN, AND CLASS 6 – GENERAL UNSECURED CLAIMS, CLASS 8 – INTERCOMPANY CLAIMS, AND CLASS 9 – BORROWER EQUITY INTERESTS, WHICH ARE NOT ENTITLED TO A DISTRIBUTION UNDER THE PLAN AND ARE THEREFORE DEEMED TO HAVE REJECTED THE PLAN, ALL CLASSES ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. ACCORDINGLY, THE DEBTORS ARE SOLICITING ACCEPTANCES OF THE PLAN FROM THE HOLDERS OF ALL CLAIMS AND INTERESTS, OTHER THAN THOSE HOLDING CLASS 1 – PRIORITY NON-TAX CLAIMS, CLASS 4 – OTHER SECURED CLAIMS, CLASS 6 – GENERAL UNSECURED CLAIMS, ~~CLASS 7 – CONVENIENCE CLAIMS,~~ CLASS 8 – INTERCOMPANY CLAIMS, CLASS 9 – BORROWER EQUITY INTERESTS AND CLASS 10 – SUBSIDIARY EQUITY INTERESTS.

THE DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTEREST OF AND PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO HOLDERS OF ALL CLASSES OF CLAIMS AND EQUITY INTERESTS. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE URGED TO VOTE IN FAVOR OF THE PLAN. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED AND RECEIVED BY **4:00 P.M., EASTERN ~~STANDARD~~ TIME, ON [__________ __], 2010** (THE "VOTING DEADLINE").

FOR YOUR ESTIMATED PERCENTAGE RECOVERY UNDER THE PLAN, PLEASE SEE THE CHART SET OUT IN "OVERVIEW OF THE PLAN – SUMMARY OF DISTRIBUTIONS UNDER THE PLAN."

II.

NOTICE TO HOLDERS OF CLAIMS AND EQUITY INTERESTS

The purpose of this Disclosure Statement is to enable you, as a creditor whose Claim is impaired under the Plan, to make an informed decision in exercising your right to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN ~~AND~~, THE EXHIBITS ANNEXED TO THE PLAN AND ~~TO~~ THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) ~~OF THE BANKRUPTCY RULES~~ AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS ~~BEEN~~ NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS OF THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THE DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THE DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CHAPTER 11 CASES.

Each holder of a Claim entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for the Debtors and certain of the ~~professionals those parties~~Professionals the Debtors have retained, no person has been authorized to use or promulgate any information concerning the Debtors, their businesses, or the Plan other than the information contained in this Disclosure Statement and if given or made, such information may not be relied upon as having been authorized by the Debtors. You should not rely on any information relating to the Debtors, their businesses, or the Plan other than that contained in this Disclosure Statement and the exhibits hereto.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and return the same to the address set forth on the Ballot, in the enclosed, postage prepaid, return envelope so that it will be received by the Balloting Agent, no later than the Voting Deadline.

DO NOT RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT.

You may be bound by the Plan if it is accepted by the requisite holders of Claims even if you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a Confirmation Hearing on **[__________ __], 2010 at [__]:[__] [__].m.**, Eastern ~~Standard~~ Time, before the Honorable Kevin J. Carey, Chief United States Bankruptcy Judge. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before **[__________ __], 2010 at 4:00 p.m.** Eastern ~~Standard~~ Time, in the manner described in the related order.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF IMPAIRED CLAIMS TO ACCEPT THE PLAN.

III.

EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor-in-possession may reorganize its business for the benefit of its creditors, equity holders, and other parties in interest. The formulation of a plan of reorganization is the principal purpose of a ~~Chapter~~chapter 11 case. The plan sets forth the means for satisfying the holders of claims against and interests in the debtor's estate.

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of a debtor's assets. In either event, upon confirmation of the plan, it becomes binding on a debtor and all of its creditors and equity holders, and the obligations owed by a debtor to such parties are compromised and exchanged for the obligations specified in the plan.

After a plan of reorganization has been filed, the holders of impaired claims against and interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. **This Disclosure Statement is presented to holders of Claims against and Equity Interests in the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the solicitation of votes by the Debtors on the Plan.**

The bankruptcy court may confirm a plan of reorganization even though fewer than all the classes of impaired claims and equity interests accept such plan. For a plan of reorganization to be confirmed, despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the plan. **The Plan has been structured so that it will satisfy the foregoing requirements as to any rejecting class of Claims and can therefore be confirmed, if necessary, over the objection of any (but not all) classes of Claims.**

IV.

OVERVIEW OF THE PLAN

The Plan provides for the treatment of Claims against and Equity Interests in all of the Debtors in In re Centaur, LLC, et al., Case No. 10-10799 (KJC) (Jointly Administered)~~ and In re Centaur PA Land, LP, et al., Case No. 09-13760 (KJC) (Jointly Administered)~~.

A. Summary of the Terms of the Plan

The Plan implements and is built around the following key elements:

- the Plan will restructure the obligations under the Prepetition First Lien Credit Agreement and the Specified Hedging Agreements through (i) the cancellation of such obligations, (ii) the issuance of new first lien debt of the Reorganized Debtors to the Prepetition First Lien Claimholders in ~~an~~the amount of $115 million, less the amount of any exit financing necessary to fund the Debtors' emergence from chapter 11, secured by security interests in and liens upon all or substantially all of the ~~assets~~Assets of the Reorganized Debtors~~ and~~, (iii) the distribution to the Prepetition First Lien Claimholders of new payable-in-kind notes and non-detachable penny warrants to purchase new equity interests and (iv) (a) if the holders of Second Lien Claims do not vote in favor of the Plan as a class, those new payable-in-kind notes that would have been otherwise distributed to holders of Allowed Second Lien Claims under the Plan, and (b) if the holders of Valley View Downs Unsecured Claims do not vote in favor of the Plan as a class, those new payable-in-kind notes that would have been otherwise distributed to holders of Allowed Valley View Downs Unsecured Claims under the Plan;

- the Plan will restructure the obligations under the Prepetition Second Lien Credit Agreement ~~by cancelling such obligations in exchange for~~through the cancellation of such obligations and (i) in the event that holders of Second Lien Claims vote to accept the Plan, a distribution to the Prepetition Second Lien Claimholders of new payable-in-kind notes; or (ii) in the event that holders of Second Lien Claims do not vote to accept the Plan as a class, either (a) with no distribution being made on account of such claims or (b) a distribution of Cash being made to the Prepetition Second Lien Claimholders on account of such claims in the event that the Bankruptcy Court determines by a Final Order that any Assets of Valley View Downs, LP are not collateral or proceeds of collateral subject to the Prepetition First Lien Agent's and Prepetition Second Lien Agent's prepetition liens;

- the Plan provides that the obligations to holders of Other Secured Claims will be reinstated;

- the Plan provides that holders of unsecured claims (other than Convenience Claims) against Valley View Downs, LP will be cancelled ~~in exchange for a distribution~~and (i) in the event that holders of Valley View Downs Unsecured Claims vote to accept the Plan, a distribution to the holders of Valley View Downs Unsecured Claims of new payable-in-kind notes; or (ii) in the event that holders of Valley View Downs Unsecured Claims do not vote to accept the Plan as a class, either (a) with no distribution being made on account of such claims or (b) a distribution of Cash being made to the holders of Valley View Downs Unsecured Claims on account of such claims in the event that the Bankruptcy Court determines by a Final Order that any Assets of Valley View Downs, LP are not collateral or proceeds of collateral subject to the Prepetition First Lien Agent's and Prepetition Second Lien Agent's prepetition liens;

- the Plan provides that holders of unsecured claims equal to or less than $~~[__],~~10,000, or who elect to ~~reduced~~reduce the allowed amount of their claims, in their entirety, to $~~[__],~~10,000, will be paid 100 percent of their claims in cash; and

- the Plan provides that all other prepetition unsecured claims (other than priority claims) will be cancelled and will not receive a recovery under the Plan.

When evaluating the Plan, holders of Claims should be advised that the entire Plan is a compromise and settlement by the Prepetition First Lien Claimholders of their Claims against the Debtors, which are secured by liens on all or substantially all of the Debtors' Assets including the Debtors' rights under that certain Letter of Credit and Reimbursement Agreement, dated October 30, 2007 (as amended, restated, extended or otherwise modified from time to time, the "Reimbursement Agreement") among Valley View Downs, LP and the L/C Issuer. The value of the Debtors' businesses and Assets, whether as a going concern or in liquidation, is significantly less than the amount that the Debtors owe to the Prepetition First Lien Claimholders. In the absence of the compromise and settlement that is embodied in the Plan and absent a successful challenge, if any, to the prepetition liens of the Prepetition First Lien Agent and the Prepetition Second Lien Agent, there would not be any money, property or equity in the Reorganized Debtors available to distribute to other holders of Claims against the Debtors.

B. Summary of Distributions Under the Plan

The following is a summary of the distributions under the Plan. It is qualified in its entirety by reference to the full text of the Plan, which is attached to this Disclosure Statement as Exhibit "A".

The claim amounts set forth below reflect what the Debtors believe to be reasonable estimates of the likely resolution of outstanding disputed Claims. The amounts utilized may differ from the outstanding filed claims amounts.

The following chart summarizes the distribution to unclassified and classified Claims under the Plan:

UNCLASSIFIED CLAIMS

Classes of Claims	Treatment of Classes of Claims
Administrative Expense Claims (includes costs of the chapter 11 proceedings for the Debtors and expenses of operation as specified in ~~section~~sections 503(b) and 507(a)(2) of the Bankruptcy Code and any Allowed Claims under section 507(b) of the Bankruptcy Code including Fee Claims, Section 503(b)(9) Claims, Claims arising after the Petition Date, obligations with respect to assumed executory contracts and leases, and any outstanding statutory fees), but not including DIP Claims or Intercompany Financing Claims. Estimated Claims: Approximately $~~[—]~~9.3 million	On the Distribution Date, each holder of an Allowed Administrative Expense Claim shall receive in full satisfaction of such Claims (i) the amount of such holder's Allowed Administrative Expense Claim in one Cash payment, or (ii) such other treatment as may be agreed upon in writing by the Debtors and such holder; provided, that such treatment shall not provide a return to such holder having a present value as of the Effective Date in excess of such holder's Allowed Administrative Expense Claim; provided, further, that an Administrative Expense Claim representing a liability incurred postpetition in the ordinary course of business of the Debtors may be paid at the Debtors' election in the ordinary course of business. **Estimated Recovery: 100% of Allowed Claim.**
Priority Tax Claims Estimated Claims: Approximately $[~~—~~2.3] million	Each holder of an Allowed Priority Tax Claim will receive in full satisfaction of such holder's Allowed Priority Tax Claim, (i) on the Distribution Date, the amount of such holder's Allowed Priority Tax Claim in Cash; or (ii) such

	other treatment as may be agreed upon in writing by such holder; provided, that such agreed-upon treatment may not provide such holder with a return having a present value as of the Effective Date that is greater than the amount of such holder's Allowed Priority Tax Claim. **Estimated Recovery: 100% of Allowed Claim.**
DIP Claims Estimated Claims: ~~Approximately $[___]~~Not more than approximately $31.4 million	All obligations of the Debtors under the DIP Loan Facility will be paid in full in Cash on the Effective Date from the proceeds of the Exit ~~Facility~~Financing. **Estimated Recovery: 100% of Allowed Claim.**
Intercompany Financing Claims Estimated Claims: Approximately $[~~—~~1.4] million	All Intercompany Financing Claims shall, notwithstanding the occurrence of the Effective Date, remain outstanding and be retained by ~~Reorganized Centaur, LLC~~the Debtors or be paid in full in Cash on the Effective Date. **Estimated Recovery: 100% of Allowed Claim.**

CLASSIFIED CLAIMS AND INTERESTS

Classes of Claims and Interests	**Treatment of Classes of Claims and Interests**
Class 1 – Priority Non-Tax Claims Estimated Claims: Undetermined	Unimpaired. Each Allowed Priority Non-Tax Claim shall be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Claim entitles the holder in respect of such Claim shall be fully reinstated and retained, and such Allowed Priority Non-Tax Claim (including any amounts to which such holder is entitled pursuant to section 1124(2) of the Bankruptcy Code) shall be paid in full in accordance with such reinstated rights on the Effective Date. **Estimated Recovery: 100% of Allowed**

	Claim.
Class 2 – First Lien Claims	Impaired.
Estimated Claims: Approximately $[~~—~~405] million	Each holder of an Allowed First Lien Claim shall, on the Distribution Date, in full satisfaction of such holder's Allowed First Lien Claim, receive a Pro Rata Share, in accordance with that holder's Pro Rata Share of the Allowed First Lien Claims, of (i) the First Lien Take Back Paper, (ii) ~~[~~97.8~~]~~ percent of the NewCo PIK Notes, ~~and~~which NewCo PIK Notes are designated as type "A" in Exhibit "E" hereto, (iii) the NewCo Warrants and (iv) (a) if the holders of Second Lien Claims do not vote in favor of the Plan pursuant to section 1126 of the Bankruptcy Code, those NewCo PIK Notes that would have been otherwise distributed to holders of Allowed Second Lien Claims pursuant to Section 5.3(a) of the Plan; provided, that those NewCo PIK Notes shall be of the type designated as type "A" rather than type "B", and (b) if the holders of Valley View Downs Unsecured Claims do not vote in favor of the Plan pursuant to section 1126 of the Bankruptcy Code, those NewCo PIK Notes that would have been otherwise distributed to holders of Allowed Valley View Downs Unsecured Claims pursuant to Section 5.5(a) of the Plan; provided, that those NewCo PIK Notes shall be of the type designated as type "A" rather than type "B".
	Estimated Recovery: ~~—~~[79.6]% of Allowed Claim.
Class 3 – Second Lien Claims	Impaired.
Estimated Claims: Approximately $[~~—~~207] million	~~Each~~If the holders of Second Lien Claims vote in favor of the Plan pursuant to section 1126 of the Bankruptcy Code, each holder of an Allowed Second Lien Claim shall, on the Distribution Date, in full satisfaction of such holder's Allowed Second Lien Claim, receive a Pro Rata Share, in accordance with ~~that~~such holder's Pro Rata Share of the aggregate of the Allowed Second Lien Claims and Allowed Valley View Downs Unsecured Claims, of ~~[~~2.2~~]~~

percent of the NewCo PIK Notes, which NewCo PIK Notes are designated as type "B" in Exhibit "E" hereto. This distribution of NewCo PIK Notes is being offered to the holders of Allowed Second Lien Claims solely in settlement of the controversy described in Section V.C.(c) below.

If the holders of Second Lien Claims do not vote in favor of the Plan pursuant to section 1126 of the Bankruptcy Code, each holder of an Allowed Second Lien Claim shall (i) receive no distribution on account of such Claim or (ii) in the event the Bankruptcy Court determines by a Final Order that any Assets of Valley View Downs, LP are not collateral or proceeds of collateral subject to the prepetition liens and security interests of the Prepetition First Lien Agent or Prepetition Second Lien Agent, receive on the Distribution Date, in full satisfaction of such holder's Allowed Second Lien Claim, a Pro Rata Share, in accordance with such holder's Pro Rata Share of the aggregate of (A) the Allowed Second Lien Claims, (B) the Allowed Valley View Downs Unsecured Claims, (C) the unsecured deficiency portion of the Allowed First Lien Claims and (D) the Allowed Intercompany Claims against Valley View Downs, LP, of Cash in amount equal to the value of those unencumbered Assets remaining after payment in full of (w) Allowed Administrative Expense Claims against Valley View Downs, LP, (x) Intercompany Financing Claims against Valley View Downs, LP, (y) Claims related to Adequate Protection Obligations (as defined in the Final Cash Collateral Order) of Valley View Downs, LP pursuant to the Final Cash Collateral Order and any other order of the Bankruptcy Court and (z) any other Allowed Claims against Valley View Downs, LP having priority over General Unsecured Claims pursuant to section 507 and/or section 364 of the Bankruptcy Code or order of the Bankruptcy Court.

Estimated Recovery: ~~__~~[1.4]% of Allowed Claim, if the Plan is accepted.

Class 4 – Other Secured Claims	Unimpaired.
Estimated Claims: Approximately $~~[ ]~~0[3]	Each holder of an Allowed Other Secured Claim shall, on the Distribution Date, be reinstated or rendered unimpaired in accordance with section 1124 of the Bankruptcy Code. All Allowed Other Secured Claims not due and payable shall, at the Debtors' option in consultation with the Consenting First Lien Claimholders, be paid (i) in the ordinary course of business or (ii) by transfer of the collateral securing the Other Secured Claims. **Estimated Recovery: 100% of Allowed Claim.**
Class 5 – Valley View Downs Unsecured Claims	Impaired.
Estimated Claims: Approximately $~~[ ]~~30 million	~~Each~~If holders of Valley View Downs Unsecured Claims vote in favor of the Plan pursuant to section 1126 of the Bankruptcy Code, each holder of an Allowed Valley View Downs Unsecured Claim, shall, on the ~~Effective~~Distribution Date, in full satisfaction of such holder's Allowed Valley View Downs Unsecured Claim, receive a Pro Rata Share, in accordance with such holder's Pro Rata Share of the aggregate of the Allowed Second Lien Claims and Allowed Valley View Downs Unsecured Claims, of ~~[~~2.2~~]~~ percent of the NewCo PIK Notes which NewCo PIK Notes are designated as type "B" in Exhibit "E" hereto. This distribution of NewCo PIK Notes is being offered to the holders of Allowed Valley View Downs Unsecured Claims solely in settlement of the controversy described in Section V.C.(c) below. If the holders of Valley View Downs Unsecured Claims do not vote in favor of the Plan pursuant to section 1126 of the Bankruptcy Code, each holder of an Allowed Valley View Downs Unsecured Claim shall (i) receive no distribution

[3] At present, the Debtors estimate that there are no allowable Other Secured Claims. To the extent, however, that a creditor asserting a right of set off or recoupment with respect to its Claim, or a portion thereof, is able to demonstrate that its right of setoff or recoupment is valid, such that its Claim, or a portion thereof, is a Secured Claim, such Claim, or portion thereof, shall be treated as an Allowed Other Secured Claim.

on account of such Claim or (ii) in the event the Bankruptcy Court determines by a Final Order that any Assets of Valley View Downs, LP are not collateral or proceeds of collateral subject to the prepetition liens and security interests of the Prepetition First Lien Agent or the Prepetition Second Lien Agent, receive on the Distribution Date, in full satisfaction of such holder's Allowed Valley View Downs Unsecured Claim, a Pro Rata Share, in accordance with such holder's Pro Rata Share of the aggregate of (A) the Allowed Second Lien Claims, (B) the Allowed Valley View Downs Unsecured Claims, (C) the unsecured deficiency portion of the Allowed First Lien Claims and (D) the Allowed Intercompany Claims against Valley View Downs, LP, of Cash in amount equal to the value of those unencumbered Assets remaining after payment in full of (w) Allowed Administrative Expense Claims against Valley View Downs, LP, (x) Intercompany Financing Claims against Valley View Downs, LP, (y) Claims related to Adequate Protection Obligations (as defined in the Final Cash Collateral Order) of Valley View Downs, LP pursuant to the Final Cash Collateral Order and any other order of the Bankruptcy Court and (z) any other Allowed Claims against Valley View Downs, LP having priority over General Unsecured Claims pursuant to section 507 and/or section 364 of the Bankruptcy Code or order of the Bankruptcy Court.

Estimated Recovery: ~~__~~[1.4]% of Allowed Claim, if the Plan is accepted.

Class 6 – General Unsecured Claims	Impaired.
Estimated Claims: Approximately $~~[__]~~17 million	On the Effective Date, all General Unsecured Claims will be cancelled, and all holders of General Unsecured ~~Claim~~Claims will receive no distribution on account of such claims. **Estimated Recovery: None.**
Class 7 – Convenience Claims	~~Unimpaired~~Impaired.

Estimated Claims: Approximately $~~[ ]~~300,000[4]	Each holder of an Allowed Convenience Claim shall receive a single Cash payment equal to 100 percent of its Allowed Convenience Claim. **Estimated Recovery: 100% of Allowed Claim.**[5]
Class 8 – Intercompany Claims	Impaired.
Estimated Claims: Approximately $~~[ ]~~946 million[6]	On the Effective Date, all Intercompany Claims will be cancelled and all holders of Intercompany Claims will receive no distribution on account of such claims~~.~~; provided, however, that, if holders of Second Lien Claims and holders of Valley View Downs Unsecured Claims do not vote to accept the plan pursuant to section 1126 of the Bankruptcy Code, each holder of an Allowed Intercompany Claim against Valley View Downs, LP shall, in the event the Bankruptcy Court determines by a Final Order, that any Assets of Valley View Downs, LP are not collateral or proceeds of collateral subject to the prepetition liens and security interests of the Prepetition First Lien Agent or Prepetition Second Lien Agent, receive on the Distribution Date, in full satisfaction of such holder's Allowed Intercompany Claim against Valley View Downs, LP, a Pro Rata Share, in accordance with such holder's Pro Rata Share of the aggregate of (A) the Allowed Second Lien Claims, (B) the Allowed Valley View Downs Unsecured Claims, (C) the unsecured deficiency portion of the Allowed First Lien Claims and (D) the Allowed Intercompany Claims against Valley View Downs, LP, of Cash in amount equal to the

4 Pursuant to the Convenience Class Election, each holder of Valley View Downs Unsecured Claims or General Unsecured Claims may elect to reduce its Allowed Claims, in their entirety, to $~~[ ],~~10,000, and thereby receive treatment in Class 7 – Convenience Claims in full satisfaction of all of its Allowed Claims. As such, the estimated amount of Allowed Convenience Claims may increase based on the number of creditors electing the Convenience Class Election.

5 As shown by the analysis contained in Section VIII.C. in the Disclosure Statement, the Reorganized Enterprise Value (as defined below) of the Debtors is insufficient to permit the Prepetition First Lien Claimholders, who have valid and perfected liens on substantially all of the Debtors' Assets, to receive a recovery in full on account of their Allowed First Lien Claims. Nevertheless, in order to obtain confirmation of the Plan and facilitate the reorganization of the Debtors, the Consenting First Lien Claimholders, by their votes to accept the Plan, will agree to carve out from the Prepetition First Lien Claimholders' recovery, on account of their collateral, value sufficient to permit the distributions contemplated by the Plan to holders of Allowed Convenience Claims that would otherwise be distributable to holders of Allowed First Lien Claims.

6 Intercompany Claims, which total approximately $946 million, are internally offsetting in their entirety.

	value of those unencumbered Assets remaining after payment in full of (w) Allowed Administrative Expense Claims against Valley View Downs, LP, (x) Intercompany Financing Claims against Valley View Downs, LP, (y) Claims related to Adequate Protection Obligations (as defined in the Final Cash Collateral Order) of Valley View Downs, LP ~~**Estimated Recovery: None.**~~
	pursuant to the Final Cash Collateral Order and any other order of the Bankruptcy Court and (z) any other Allowed Claims against Valley View Downs, LP having priority over General Unsecured Claims pursuant to section 507 and/or section 364 of the Bankruptcy Code or order of the Bankruptcy Court. **Estimated Recovery: None.**
Class 9 – Borrower Equity Interests	Impaired. Borrower Equity Interests will be cancelled and the holders of Borrower Equity Interests will receive no distribution on account of such interests. **Estimated Recovery: None.**
Class 10 – Subsidiary Equity Interests	Unimpaired. Each holder of an Allowed Subsidiary Equity Interest will be unimpaired under the Plan, and, pursuant to section 1124 of the Bankruptcy Code, all of the legal, equitable and contractual rights to which such Subsidiary Equity Interests entitle such holder in respect of such Subsidiary Equity Interests will be fully reinstated and retained on and after the Effective Date. **Estimated Recovery: 100%.**

V.

~~**V.**~~

GENERAL INFORMATION

The Debtors consist of Centaur, LLC and thirteen (13) of its direct and indirect subsidiaries. The chart below depicts the corporate structure of non-debtor Centaur, Inc. and its subsidiaries, including the fourteen (14) Debtors, as of the date of this Disclosure Statement. The description in “General Information” of the Debtors and their ~~business~~businesses does not give effect to any changes in the corporate structure of the Debtors in connection with or under the Plan.

= Non-Debtor

A. The Businesses of the Debtors

The Debtors are leading domestic horse racing, off-track betting (“OTB”) and casino operators with approximately 219,000 square feet of combined gaming space. The Debtors currently own, operate, and/or have interests in racing and casino facilities in five distinct gaming markets in Indiana and Colorado, with a project in-progress in northwest Pennsylvania. The Debtors employ approximately 1,300 full and part-time individuals.

The Debtors own and operate ~~Hoosier Park,~~ a casino and horse racing track in Anderson, Indiana (“Hoosier Park”), along with three OTB facilities located in downtown Indianapolis, Fort Wayne, and Merrillville (collectively, the “OTB Facilities”). Hoosier Park is one of Indiana’s two horse racing tracks with seating capacity for 2,750 racing patrons and offering 143 days of live racing per year. Fully integrated with Hoosier Park’s racing facilities is a Las Vegas-style 92,000 square-foot casino building with nine bars and restaurants. The single-level casino floor features 2,000 slot machines and electronic table games including craps, poker, blackjack, and roulette. The three OTB Facilities average 22,500 square feet and seat 400 patrons, on average.

The Debtors also own the Fortune Valley Hotel & Casino in Central City, Colorado (“Fortune Valley”), located approximately 35 miles west of Denver. Fortune Valley’s 37,000 square feet of gaming space offers nearly 750 slots, video poker, video keno, and live table games including craps, roulette, blackjack, and poker. The two-floor complex also offers three restaurants, two bars and a multi-story hotel featuring 118 guest rooms and a parking garage.

The Debtors hold a racing, gaming, and entertainment development opportunity, to be known as “Valley View Downs”, in Lawrence County, Pennsylvania, 55 miles northwest of Pittsburgh. The Debtors currently own approximately 250 acres of land upon which they plan to construct Valley View Downs. In September 2007, the Debtors secured a racing license for Valley View Downs which entitles the Debtors to a gaming license subject to securing certain necessary approvals. As of the Petition Date, the Debtors had not yet secured all necessary approvals and licenses for the completion of Valley View Downs. The Debtors intend, however, to continue to spend those amounts necessary to prepare, during the pendency of the Chapter 11 Cases, to construct the casino, racetrack and entertainment venues at Valley View Downs.

B. Management

It is anticipated that the managers, limited and general partners, and officers of each of the Debtors who are serving as of the Confirmation Date will continue to serve in such capacities until the Effective Date. Entry of the Confirmation Order shall ratify and approve all actions taken by the managers, limited and general partners, and officers of the Debtors from the Petition Date through and until the Effective Date. Below is a list of the officers of the Debtors:

Roderick J. Ratcliff. Mr. Ratcliff currently serves as President and Chief Executive Officer of the Debtors. Mr. Ratcliff has served in this and other leadership positions within the Centaur group of companies since 1993.

Kurt E. Wilson. Mr. Wilson currently serves as Executive Vice President and Chief Financial Officer of the Debtors. Mr. Wilson has served in this and other leadership positions within the Centaur group of companies since 1993.

Jeffrey M. Smith. Mr. Smith currently serves as the General Manager of Racing at Hoosier Park and previously served as General Manager of Racing, Centaur, Inc. and Chief Executive Officer of Racing, Centaur, Inc. Mr. Smith has served ~~in those positions~~as General Manager of Racing at Hoosier Park since 2001.

James L. Brown. Mr. Brown currently serves as the General Manager of Gaming at Hoosier Park. Mr. Brown has served in that position since 2007.

Joseph M. DeRosa. Mr. DeRosa currently serves as the General Manager of Gaming at Valley View Downs. Mr. DeRosa has served in that position since 2008.

Phil Bainbridge. Mr. Bainbridge currently serves as General Counsel of the Debtors. Mr. Bainbridge has served in that position since 2006.

C. Prepetition Capital Structure

Centaur, LLC is the operating company that coordinates and manages the Hoosier Park (and related OTB Facilities, dining establishments and bars) operations, the Fortune Valley operations and the proposed Valley View Downs operations. Centaur, LLC is wholly owned by Holdings, which itself is wholly-owned by Centaur, Inc. Neither Centaur, Inc. nor Holdings is a Debtor in these ~~chapter~~Chapter 11 ~~cases~~Cases.

In connection with guarantees of the First and Second Lien Debt (each as defined below) issued by Centaur, LLC's direct and indirect subsidiaries, there are thirteen restricted subsidiaries of Centaur, LLC, including Centaur Pennsylvania, LLC; VVD Properties General Partner, LLC; Valley View Downs GP, LLC; VVD Properties, LP; Valley View Downs, LP; Centaur PA Land Management, LLC; Centaur PA Land General Partner, LP; Centaur PA Land, LP; HP Dining & Entertainment, LLC; Hoosier Park, L.P.; Centaur Racing, LLC; Centaur

Indiana, LLC; and Centaur Colorado, LLC (collectively, the "Restricted Subsidiaries"), and five unrestricted subsidiaries of Centaur, LLC (collectively, the "Unrestricted Subsidiaries"). The Restricted Subsidiaries own substantially all of the ~~Company~~Debtors'~~s~~ material ~~assets~~Assets. The Unrestricted Subsidiaries currently generate no revenue and hold no material ~~assets~~Assets other than approximately 194 acres of land in Pennsylvania. The Unrestricted Subsidiaries are not Debtors in these ~~chapter~~Chapter 11 ~~cases~~Cases.

(a) **First Lien Debt**

On or about ~~September 17, 2008,~~October 30, 2007, Holdings, Centaur, LLC and the Restricted Subsidiaries entered into the Prepetition First Lien Credit Agreement~~, a $610 million revolving credit and term loan agreement,~~ with Credit Suisse, Cayman Islands Branch ("Credit Suisse")~~,~~ as administrative agent and collateral agent and certain lenders from time to time party thereto (collectively, the "First Lien Lenders"). The Prepetition First Lien Credit Agreement, as amended and restated on or about September 17, 2008, is a revolving credit and term loan agreement in the amount of $610 million. The Prepetition First Lien Credit Agreement provides for (i) a first-lien security interest in, and lien on, substantially all property and ~~assets~~Assets of Centaur, LLC and the Restricted Subsidiaries (collectively, the "Collateral"), (ii) a first-lien guarantee of all obligations under the Prepetition First Lien Credit Agreement and related documents by the Restricted Subsidiaries and (iii) a first-lien equity pledge by Holdings of all of its equity interests in Centaur, LLC. In addition, Centaur, LLC entered into certain Interest Rate Swap Agreements (collectively, the "Swap") with Credit Suisse to manage the risk associated with the variable interest rate under the Prepetition First Lien Credit Agreement. Obligations owing under the Swap are secured ratably with the obligations owing under the Prepetition First Lien Credit Agreement.

As of the ~~Petition Date~~date the Centaur Debtors commenced their Chapter 11 Cases, not less than $~~382.5 million in principal amount~~405,145,293.37 was outstanding under the Prepetition First Lien Credit Agreement~~comprised of: approximately $15.0 million outstanding under the revolving loan, approximately $338.8 million outstanding under the term loan and approximately $28.7 million recorded as a liability under the Swaps (and~~, including an outstanding principal balance of $382,644,123.47, an amount of accrued and unpaid interest at the regular contract rates of $19,999,528.40, and an additional amount of accrued and unpaid interest at default rates of $2,501,641.50 (with all accrued but unpaid interest, costs, fees, charges and expenses ~~(including default interest, as applicable)~~ owing under the First Lien Credit Agreement and the ~~Swaps~~Swap, collectively, the "First Lien Debt"). The First Lien Debt had accelerated prior to the date the Valley View Downs Debtors commenced their chapter 11 cases.

(b) **Second Lien Debt**

On or about ~~September 17, 2008,~~October 30, 2007, Holdings, Centaur, LLC and the Restricted Subsidiaries entered into the Prepetition Second Lien Credit Agreement~~, a $180 million revolving term loan agreement,~~ with Wells Fargo Bank, N.A. as successor administrative agent and collateral agent and certain lenders from time to time party thereto (collectively, the "Second Lien Lenders"). The Prepetition Second Lien Credit Agreement, as amended and restated on or about September 17, 2008, is a revolving term loan agreement in the amount of $180 million. The Prepetition Second Lien Credit Agreement provides for (i) a second-lien security interest in, and lien on, the Collateral, (ii) a second-lien guarantee of all obligations under the Prepetition Second Lien Credit Agreement and related documents by the Restricted Subsidiaries and (iii) a second-lien equity pledge by Holdings of all of its equity interests in Centaur, LLC.

As of the ~~Petition Date, approximately $192 million in principal amount~~date the Centaur Debtors commenced their Chapter 11 Cases, not less than $207,190,876.43 was outstanding under the Prepetition Second Lien Credit Agreement ~~(~~, including an outstanding principal balance of $192,625,041.15, an amount of accrued and unpaid interest at the regular contract rates of $12,870,537.80, and an additional amount of accrued and unpaid interest at default rates of $1,419,806.10 (collectively, the "Second Lien Debt"). The Second Lien Debt had not accelerated as of the date the Valley View Downs Debtors commenced their chapter 11 cases.

(c) **Pennsylvania Cash Collateralized L/C**

The Existing L/C was issued in October 2007 in the amount of $50 million to the Commonwealth of Pennsylvania in connection with the application for a gaming license in Pennsylvania to secure the Debtors' obligations thereunder. The L/C Issuer holds a $50 million cash deposit in an account in the name of the L/C Issuer to secure the Existing L/C (the "L/C Cash ~~Collateral~~").

The Existing L/C was set to expire by its terms on October 30, 2009. The Debtors were unable to obtain an extension of the ~~expiring~~ Existing L/C absent the grant of protections that only the Bankruptcy Court could provide. As a consequence, the Valley View Downs Debtors ~~(as defined below)~~ filed chapter 11 cases in the Bankruptcy Court on October 28, 2009. The Bankruptcy Court approved an initial amendment of the Existing L/C by the L/C Issuer to extend the term thereof until January 29, 2010 on an interim basis on October 30, 2009 [Case No. 09-13760 (KJC), D.I. 15] and a final basis on November 23, 2009 [Case No. 09-13760 (KJC), D.I. 50]. The Bankruptcy Court approved ~~a~~ further ~~amendment~~amendments of the Existing L/C by the L/C Issuer to extend the term thereof for an additional ninety (90) days until April 29, 2010 by Order dated January 25, 2010 [Case No. 09-13760 (KJC), D.I. 82] and to extend the term thereof for an additional ninety (90) days until July 28, 2010 by interim Orders dated April 26, 2010 [Case No. 09-13760 (KJC), D.I. 279, Case No. 10-10799 (KJC), D.I. 182].

Pursuant to Sections 2.1 and 2.2 of the First Lien Pledge and Security Agreement and the Second Lien Pledge and Security Agreement, each dated October 30, 2007 (as each may have been amended, restated or modified from time to time, the "Prepetition Security Agreements"), and each among Centaur, LLC, as borrower, Centaur, LLC and the Restricted Subsidiaries, as grantors, and Credit Suisse, as collateral agent, the First Lien Lenders' and Second Lien Lenders' security interests do not extend to certain "Excluded Collateral" (as defined in Section 2.2 of the Prepetition Security Agreements). The Prepetition First Lien Claimholders' and Prepetition Second Lien Claimholders' prepetition security interests do not presently extend to the L/C Cash ~~Collateral~~ to the extent that the L/C Cash ~~Collateral~~ falls within the definition of "Excluded Collateral."

~~Although the Prepetition First Lien Agent does not dispute that the L/C Cash Collateral is not encumbered by its security interests while pledged to secure the Existing L/C, the Prepetition First Lien Agent believes that as a result of its and the First Lien Lenders' rights under that certain Letter of Credit and Reimbursement Agreement, dated October 30, 2007 (as amended, restated, extended or otherwise modified from time to time, the "Reimbursement Agreement") among Valley View Downs, LP and the L/C Issuer, the Prepetition First Lien Agent's and First Lien Lenders' security interests would attach to the funds should the L/C Cash Collateral be returned to Valley View Downs, LP pursuant to the terms of the Reimbursement Agreement (for instance, upon the Commonwealth of Pennsylvania's rejection of the Pennsylvania Gaming License Application or expiration, without timely amendment and extension, of the Existing L/C).~~

The rights of Valley View Downs, LP to receive the L/C Cash are governed by the Reimbursement Agreement. The First Lien Agent does not dispute that the L/C Cash is not subject to its security interests while it is maintained on deposit in a commingled account of the L/C Issuer at a third party depository bank in accordance with the Reimbursement Agreement to ensure that the L/C Issuer's credit exposure in connection with the Existing L/C is not affected by the prepetition security interests of the Prepetition First Lien Claimholders and Prepetition Second Lien Claimholders granted pursuant to the Prepetition Security Agreements until such exposure is terminated in accordance with the terms of the Reimbursement Agreement and all amounts due and payable to the L/C Issuer under the Reimbursement Agreement shall have been duly paid. The Reimbursement Agreement is personal property of Valley View Downs, LP and its contractual rights thereunder constitute "General Intangibles" (as defined in the Prepetition Security Agreements), which are subject to the prepetition security interests of the Prepetition First Lien Claimholders and Prepetition Second Lien Claimholders granted by, among others, Valley View Downs, LP pursuant to the Prepetition Security Agreements. The First Lien Agent asserts its liens would attach to the $50 million as proceeds of its prepetition collateral should the L/C Cash be returned to Valley View Downs, LP.

The Prepetition Second Lien Agent and Goldman Sachs Specialty Lending Holdings, Inc. ("Goldman Sachs"), a Second Lien Lender, have taken the position that the L/C Cash ~~Collateral~~ is unencumbered. Moreover, the Debtors expect that the Prepetition Second Lien Agent ~~and Goldman Sachs~~ will dispute the Prepetition First Lien Agent's contention that the Prepetition First Lien Agent and First Lien Lenders would have a first priority lien on the L/C Cash ~~Collateral~~ in the event it reverts back to Valley View Downs, LP by virtue of the Prepetition First Lien Agent's and First Lien Lenders' rights under the Reimbursement Agreement.

The relative rights and priorities of the Prepetition First Lien Agent and the First Lien Lenders, on the one hand, and the Prepetition Second Lien Agent and the Second Lien Lenders, on the other, with respect to certain shared collateral are set forth in the Prepetition Intercreditor Agreement. ~~It is the position of the Debtors and the Prepetition First Lien Agent that the terms of the Prepetition Intercreditor Agreement prohibit the Prepetition Second Lien Agent and the Second Lien Lenders from objecting to requests for the use of cash collateral where the Prepetition First Lien Agent and First Lien Lenders have consented to the use of cash collateral. See Prepetition Intercreditor Agreement § 6.1. Further, it is the position of the Debtors and the Prepetition First Lien Agent that, pursuant~~Pursuant to the terms of the

Prepetition Intercreditor Agreement, the Prepetition Second Lien Agent and the Second Lien Lenders expressly waived ~~(1)~~ the right to contest "the priority, validity, perfection or enforceability of a Lien held by or on behalf of any of the First Lien Claimholders in the First Lien Collateral~~," and, (2)~~." See Prepetition Intercreditor Agreement § 2.2. In addition, subject to certain other provisions of the Prepetition Intercreditor Agreement, the Prepetition Second Lien Agent and the Second Lien Lenders waived their right to "object to the manner in which the First Lien Collateral Agent or the First Lien Claimholders seek to enforce or collect the First Lien Obligations or the Liens securing the First Lien Obligations granted in any of the First Lien Collateral undertaken in accordance with the Prepetition Intercreditor Agreement, regardless of whether any action or failure to act by or on behalf of the First Lien Collateral Agent or First Lien Claimholders is adverse to the interest of the Second Lien Claimholders." See Prepetition Intercreditor Agreement ~~§§ 2.2, 3.1(d)(2~~§ 3.1(d)(2). Finally, the Prepetition Intercreditor Agreement provides that the Second Lien Lenders' exercise of any rights they may hold as unsecured creditors must be in accordance with the Second Lien Loan Documents (as defined by the Prepetition Intercreditor Agreement), which by definition includes the Prepetition Intercreditor Agreement. See Prepetition Intercreditor Agreement § 3.1(e).

In a preliminary objection to certain of the Debtors' first day motions filed on March 9, 2010 [Case No. 09-13760 (KJC), D.I. 128] (the "Goldman Sachs Preliminary Objection"), Goldman Sachs took the position that the Prepetition Intercreditor Agreement deals with "collateral" the definition of which in the Prepetition Intercreditor Agreement does not include the L/C Cash ~~Collateral~~ or any gaming or racing license of Valley View Downs, LP. See Goldman Sachs Preliminary Objection ¶ 9. Consequently, Goldman Sachs takes the view that Second Lien Lenders have the right to object to the grant of any lien in favor of the Prepetition First Lien Agent and the First Lien Lenders on the L/C Cash ~~Collateral~~, any proceeds thereof or any right of Valley View Downs, LP (or any other person) to receive such $50 million of cash. See id. Goldman Sachs has also asserted that the Second Lien Lenders and their agents are not prohibited from objecting to the terms of use of cash collateral where the Prepetition Second Lien Agent and the Second Lien Lenders are not provided the same adequate protection as the First Lien Lenders and that the Prepetition Intercreditor Agreement expressly permits the Second Lien Lenders to take any action and file any objection as unsecured creditors. See id. ~~Notably, however, although counsel for Goldman Sachs made written and oral objections to the Debtors' use of cash collateral, the Prepetition Second Lien Agent did not object to the request for interim use of cash collateral.~~ The acting duty judge, the Honorable Mary F. Walrath, declined to take up or rule on the correct interpretation of the Prepetition Intercreditor Agreement during the first day hearing on interim use of cash collateral.

The Debtors anticipate that the Committee will argue that the Prepetition First Lien Agent did not hold, as of October 28, 2009, a valid, enforceable, perfected and non-avoidable first lien security interest on the right, title and interest of Valley View Downs, LP in and to, in connection with, arising from or relating to the L/C Cash and/or any claims or rights of Valley View Downs, LP with respect to, in connection with, arising from or relating to the L/C Cash and/or any rights, general intangibles or payment intangibles arising under the Reimbursement Agreement or any and all other related orders entered with respect to or documents or agreements entered into in connection with or related to the Reimbursement Agreement (collectively, the "L/C Documents") (or any other applicable contract) to receive any repayment or return of the L/C Cash following the expiration or release and return of the

Existing L/C and satisfaction of all other obligations owing to the L/C Issuer under the L/C Documents and/or any proceeds thereof (all such right, title and interest of Valley View Downs, LP in all such property and Assets and proceeds, collectively, the "L/C Cash Collateral Property"). Additionally, the Debtors anticipate that the Committee may take the position that any first lien security interest which the Prepetition First Lien Agent may have held in the L/C Cash Collateral Property as of October 28, 2009 was, as of or subsequent to October 28, 2009, released, novated, extinguished, terminated or waived, or that the Prepetition First Lien Agent is estopped from asserting any such first lien security interest, either by actions of the Prepetition First Lien Agent and/or the Debtors or by operation of applicable bankruptcy and/or non-bankruptcy law. Finally, the Debtors believe that the Committee may argue that the operation of section 552(a) of the Bankruptcy Code or any other provision of applicable bankruptcy and/or non-bankruptcy law has resulted in a circumstance such that the Prepetition First Lien Agent no longer holds a valid, enforceable, perfected and non-avoidable first lien security interest on the L/C Cash Collateral Property.

In connection with confirmation of the Plan and in absence of a settlement or acceptance of the Plan by the holders of Second Lien Claims and Valley View Downs Unsecured Claims, the Debtors will seek a determination that the reversionary interest in the L/C Cash and all other Assets of Valley View Downs, LP constitute Collateral of the Prepetition First Lien Claimholders and that the Prepetition Second Lien Claimholders and unsecured creditors of Valley View Downs, LP are not entitled to any distribution under the Plan.

D. Events Leading to the Commencement of the Chapter 11 Cases

The Debtors have suffered substantial delays related to the licensing and construction of Valley View Downs. The lack of cash flow from this project, combined with the payment of a $250 million licensing fee in Indiana~~,~~ and the weakened economy, have created a situation where operations do not generate sufficient cash flow to support the interest expense under the Prepetition First Lien Credit Agreement and the Prepetition Second Lien Credit Agreement.

On October 27, 2009, scheduled interest payments were due under the Prepetition First Lien Credit Agreement and the Prepetition Second Lien Credit Agreement to the First Lien Lenders and the Second Lien Lenders. The Debtors failed to make such interest payments because they did not have sufficient liquidity to cover the interest payments and operate their businesses. Since then, the Debtors had been operating in default of their obligations under the Prepetition First Lien Credit Agreement and the Prepetition Second Lien Credit Agreement while engaging in negotiations with ~~their lenders~~the First Lien Lenders regarding a consensual, comprehensive restructuring of their debt and a recapitalization of their businesses.

Pursuant to the Prepetition Intercreditor Agreement, the Prepetition Second Lien Agent and Second Lien Lenders were prohibited from exercising any remedy for default under the Prepetition Second Lien Credit Agreement only until March 6, 2010—the 120th day following the date upon which the ~~collateral agent under the~~ Prepetition Second Lien ~~Credit Agreement~~Agent declared the existence of an event of default under the Prepetition Second Lien Credit Agreement (the "Standstill Period"). The Debtors determined that, once the Standstill Period expired, it would no longer be prudent to continue operating without the protection of the

Bankruptcy Court. Consequently, to preserve the Debtors' businesses as going concerns and to facilitate the restructuring of their debt, the ~~Debtors (other than~~ Centaur ~~PA Land, LP and Valley View Downs, LP)~~Debtors commenced chapter 11 cases on March 6, 2010 to obtain the protection that only the Bankruptcy Court could provide.

VI.

THE REORGANIZED COMPANY

Pursuant to the Plan, immediately following the Effective Date, the Reorganized Debtors will be direct and indirect subsidiaries of NewCo, ~~an [~~a Delaware or Indiana limited liability company~~]~~ managed by a Board of Managers, the composition of which shall be as described in Exhibit "H" hereto and acceptable to the Consenting First Lien Claimholders. The members of the Board of Managers will be required to be licensed by ~~the [~~all required regulatory authorities~~]~~. The Board of Managers will have the authority to manage the business and direct the affairs of NewCo. The equity interests of NewCo will be distributed to the Existing Management in a manner and amount satisfactory to the Consenting First Lien Claimholders but will be subject to dilution upon the conversion of the NewCo Warrants to be issued to holders of Allowed First Lien Claims and for any NewCo Membership Interests issuable under the Management Incentive Plan.

The Plan also provided for the issuance by NewCo of the NewCo PIK Notes having an aggregate face amount of $~~[___]~~155 million and bearing interest of ~~[___]~~9 percent per annum, which shall be payable-in-kind. The face amount of the NewCo PIK Notes is within a range, of which $155 million is the midpoint, and may change subject to regulatory requirements. Certain of the holders of the NewCo PIK Notes will also receive non-detachable penny warrants to purchase up to ~~[___]~~99.9 percent of the NewCo Membership Interests, calculated on a fully-diluted basis after the exercise of the NewCo Warrants, and subject to dilution for any NewCo Membership Interests issuable under the Management Incentive Plan, which will be ~~[~~(i) exercisable by a holder thereof in accordance with the terms of the NewCo Warrants and upon such holder becoming licensed by ~~the [~~all required regulatory authorities~~]~~, and (ii) transferrable, subject to any applicable securities and other laws and in accordance with the terms of the NewCo Warrants.~~]~~

The Plan further contemplates that the Reorganized Debtors will issue the First Lien Take Back Paper, which will be new first lien debt in an amount equal to $115 million, less the amount of the Exit ~~Facility, which debt will be structured in such a manner as to allow for the incurrence of senior debt pursuant to the Exit Facility~~Financing. The terms of the First Lien Take Back Paper are described more fully in Exhibit "D" hereto. The First Lien Take Back Paper shall be in substantially the form filed with the Bankruptcy Court as a Plan Document.

~~The Reorganized Debtors also intend to enter into the Exit Facility, which will be a first priority secured facility extended to~~ Reorganized Centaur, LLC, as borrower and NewCo and the Subsidiary Guarantors, as guarantors~~. The Exit Facility~~ also intend to obtain the Exit Financing, which will be included in a single facility, and be pari passu, with the First Lien Take Back Paper. The Exit Financing will be in an amount agreed upon by the Debtors and the Consenting First Lien Claimholders, but regardless of the amount of the Exit Financing, the aggregate amount of the Exit Financing and the First Lien Take Back Paper will be $115 million. The proceeds of the Exit ~~Facility~~Financing will be used to, among other things, repay any DIP Claims in full in Cash on the Effective Date and pay the costs associated with the Debtors' emergence from the Chapter 11 Cases. The terms of the Exit ~~Facility are~~Financing will be the same as those of the First Lien Take Back Paper described ~~more fully~~ in Exhibit "D" hereto. ~~The Exit Facility shall be in substantially the form filed with the Bankruptcy Court as a Plan Document.~~

VII.

SELECTED FINANCIAL INFORMATION

A. Consolidated ~~and Year-to-Date~~Unaudited Annual Financial Information for the Debtors

~~[TO COME]~~

Centaur, LLC and Subsidiaries

Consolidated Balance Sheet
($ in thousands)

	2007	2008	2009
Assets			
Current Assets			
Cash and Cash Equivalents	$25,060.2	$31,751.1	$25,736.4
Restricted Cash Accounts	462,862.9	67,846.8	55,179.1
Accounts Receivable	6,534.3	1,750.4	260.7
Other Receivables	1,367.7	532.1	0.1
Inventories	318.6	698.7	704.2
Prepaid Expenses	1,276.6	2,209.1	3,825.7
Note Receivable – Related Party	5,562.5	–	–
Total Current Assets	**502,982.7**	**104,788.2**	**85,706.2**
Net Property and Equipment	85,351.9	160,096.9	148,127.3
Licenses (Net of Accum Amort)	326,807.5	322,202.7	322,202.7
Other Assets	50,429.1	34,016.8	25,658.1
Total Assets	**$965,571.3**	**$621,104.7**	**$581,694.3**
Liabilities and Members' Equity			
Current Liabilities			
Accounts Payable, Trade and Contracts	$8,078.4	$6,905.6	$4,673.6
Racing Related Payables	2,539.4	10,060.2	9,878.0
Line of Credit	–	13,687.5	15,000.0
Accrued Liabilities	7,261.1	10,955.7	10,791.1
Churchill Note	–	15,000.0	15,000.0
Ames Note	–	1,216.0	1,268.5
Liability Subject to Compromise – PREIT	–	–	29,976.9
Notes Payable - Minority Interest in VVD	5,000.0	–	–
Due to the State of Indiana – Gaming License	100,000.0	–	–
Total Current Liabilities	**122,879.0**	**57,825.0**	**86,588.0**
Long-Term Debt			
First Lien Term Loan	470,000.0	341,483.9	338,789.2
Swap - Crystalized Value 11/3/2009	–	–	28,729.3
Second Lien Term Loan	180,000.0	184,770.3	190,206.1
Accrued Cash Pay Interest - 1st, 2nd, and Swap	–	255.3	25,498.5
Accrued PIK Interest on 2nd Lien	–	–	1,220.5
Other Long Term Obligations	38,104.3	27,785.4	1,400.0
Total Long Term Liabilities	688,104.3	554,294.9	585,843.5
Swap at Mark to Market - 12/31/2008	15,625.2	37,808.5	–
Total Liabilities	**826,608.5**	**649,928.4**	**672,431.5**
Members' Equity	138,962.8	(28,823.7)	(90,737.2)
Total Liabilities and Members' Equity	**$965,571.3**	**$621,104.7**	**$581,694.3**

Centaur, LLC and Subsidiaries

Consolidated Statement of Operations
($ in thousands)

	2007	2008	2009
Revenues:			
Income (Loss From Hoosier Park)	($155.1)	–	–
Casino	37,596.8	137,830.4	224,679.1
Racing	29,507.7	26,442.2	21,493.4
Other	–	–	–
Total Net Revenues	**66,949.4**	**164,272.6**	**246,172.5**
Operating Expenses:			
Casino Operational and Pre-Opening	21,164.4	89,340.5	137,893.2
Racing Operational Expenses	24,034.3	26,822.1	23,439.6
Marketing	4,352.6	14,032.5	15,922.2
General and Administrative	29,784.7	36,393.0	35,414.0
Depreciation and Amortization	12,975.6	18,517.8	23,196.3
Total Operating Expenses	**92,311.7**	**185,106.0**	**235,865.4**
Operating Profit (Loss)	**(25,362.3)**	**(20,833.4)**	**10,307.2**
Other Income and (expenses):			
Interest Income	4,388.1	10,250.5	486.4
Gain / Loss on Disposal of Assets	(594.8)	(115.5)	(16.4)
Termination of Swap	–	–	–
Writedown of PA CIP and License Costs	(4,032.8)	(16,036.4)	–
Impairment Alowances	(25.0)	(12,014.0)	–
Equity Based Compensation	(23,438.3)	(25.0)	(25.0)
Substantial Mod Loan Cost Write-off	(15,625.2)	(21,186.6)	5,210.1
Swap - Mark to Market	(15,367.6)	(22,183.2)	5,425.8
Interest Expense	100.6	(72,405.4)	(80,613.5)
Restructuring Costs	–	–	(2,713.1)
Total Other Income and (expenses)	**(54,595.0)**	**(133,715.6)**	**(72,245.6)**
Net Loss	**($79,957.3)**	**($154,549.0)**	**($61,938.5)**

Centaur, LLC and Subsidiaries

Consolidated Statement of Cash Flows
($ in thousands)

	2007	**2008**	**2009**
Cash Flows From Operating Activities			
Net (Loss)	($79,957.3)	($154,549.0)	($61,938.5)
Adjustments to Reconcile Net Loss to			
Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization	12,975.6	18,517.8	23,196.3
(Gain) Loss on Disposal of Assets	594.8	115.5	(63.4)
Undistributed Net (Income) Loss from Investments	155.1	–	–
Noncash Option Related Compensation	25.0	25.0	25.0
Writedown of PA CIP and License Costs to Fair Value	–	16,036.4	–
Impairment Allowance - FV Goodwill in 2008	4,032.8	12,014.0	–
Substantial Mod Loan Cost Write-off (Non-Cash)	–	9,250.5	–
Minority Interest in Subsidiary Earnings	(100.6)	–	–
Mark to Market on Swap	15,625.2	22,183.2	(10,004.2)
(Increase) Decrease in Current Assets--			
Accounts Receivable	23.4	4,783.9	1,420.0
Accrued Interest Receivable	(1,525.0)	835.6	532.0
Accrued Management Fees Receivable	17.2	–	–
Inventories	45.9	(380.1)	(5.5)
Prepaid Expenses	87.2	(932.5)	(1,711.1)
Increase (Decrease) in Current Liabilities--			
Accounts Payable	4,802.4	(1,172.8)	(5,458.5)
Racing Payable	(3,405.3)	7,520.8	2,972.4
Due to Indiana Gaming	–	(100,000.0)	–
Accrued Liabilities	(67.8)	4,165.8	19,556.4
Net Cash Used in Operating Activities	**(46,671)**	**(161,586)**	**(31,479)**
Cash Flows From Investing Activities			
Proceeds From Sale of Fixed Assets	6.3	154.4	–
Purchase of Beaver County Land	(4,561.0)	–	–
Note Receivable	(5,562.5)	5,562.5	–
Net Purchase of Land Rights	(9.8)	–	–
Racing and Gaming Licenses Capitalized Costs	(197,336.6)	(1,494.8)	–
Purchase of Minority Interest	(17,658.5)	–	–
Net Cash Recd in the Purchase of Hoosier Park	9,431.2	–	–
Purchase / Construction of Fixed Assets	(42,754.5)	(97,144.1)	(2,790.0)
Net Cash Used in Investing Activities	**(258,445.5)**	**(92,922.1)**	**(2,790.0)**
Cash Flows From Financing Activities			
Proceeds of Long-term Debt and Convertible NP	679,867.4	33,185.6	–
Payments on Long-term Debt	(45,302.0)	(165,151.7)	(2,844.7)
Loan Issuance Costs	(37,773.1)	(11,177.6)	–
Draws on Revolver / Line of Credit	–	13,687.5	1,312.5
Distributions	(134.4)	(13,262.5)	–
Capital Contributions from Parent	190,685.5	–	–
Accruals of Noncurrent Interest and Development Fee	–	8,901.4	16,888.4
Net Cash Provided by Financing Activities	**787,343**	**(133,817)**	**15,356**
Increase (Decrease) in Cash	482,226.6	(388,325.1)	(18,912.9)
Cash–Beginning of Period	5,696.4	487,923.0	99,597.9
Cash--End of Period	**$487,923.0**	**$99,597.9**	**$80,685.1**

VIII.

FINANCIAL PROJECTIONS AND ASSUMPTIONS; VALUATION

A. Purpose and Objectives

The Debtors' long term business plan (the "Business Plan") and the underlying projections and assumptions serve as the basis for the Plan. The Debtors believe that the assumptions that underlie the projections are reasonable under the circumstances and that achieving the projections set forth herein will maximize the value of the Debtors' businesses. The Debtors have prepared the projected operating and financial results (the "Projections") on a consolidated basis for the Reorganized Debtors for the period ending five years from the Effective Date. The Projections and a summary of significant assumptions related thereto are attached to this Disclosure Statement as Exhibit "B".

THE PROJECTIONS ATTACHED HERETO AS EXHIBIT "B" WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH PROJECTIONS OF ITS ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. THE DEBTORS DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THIS DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE DEBTORS BELIEVE THAT THE PROJECTIONS ARE BASED ON ESTIMATES AND ASSUMPTIONS THAT ARE REASONABLE. THE ESTIMATES AND ASSUMPTIONS MAY NOT BE REALIZED, HOWEVER, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. NO REPRESENTATIONS CAN BE OR ARE MADE AS TO WHETHER THE ACTUAL RESULTS WILL BE WITHIN THE RANGE SET FORTH IN ITS PROJECTIONS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE, AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR MAY BE UNANTICIPATED, AND THEREFORE MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE

RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. SEE ARTICLE XI., "RISK FACTORS."

B. Consolidated Pro Forma Statement of Financial Position

The Debtors have prepared consolidated pro forma statements of the financial position of the Reorganized Debtors (the "Pro Forma Statements"). The Pro Forma Statements are attached hereto as Exhibit "C" and reflect the Projections with respect to the consolidated financial position of the Reorganized Debtors assuming the effects of certain transactions that will occur in connection with and upon consummation of the Plan.

C. Valuation

~~[TO COME]~~

(a) Reorganized Enterprise Value

In conjunction with formulating the Plan, the Debtors have estimated the post-confirmation going-concern enterprise value of the Reorganized Debtors (the "Reorganized Enterprise Value"). At the Debtors' request, Blackstone Advisory Partners L.P. ("Blackstone") performed an analysis of the estimated reorganization value of Reorganized Debtors on a going-concern basis.

Blackstone utilized a sum-of-the-parts valuation analysis to determine Reorganized Enterprise Value given the discrete nature of the Assets comprising the Reorganized Debtors. For the valuation of Hoosier Park, Blackstone considered two valuation methodologies to determine its reorganization value: (i) comparable public company analysis based on trading multiples, and (ii) discounted cash flow analysis using the terminal EBITDA multiple method. The methodologies rely on the financial projections developed by management of the Debtors. Based on these methodologies, the estimated Hoosier Park reorganization value is approximately $[240] to $[300] million.

The Debtors are in the midst of a sale process for the Fortune Valley property. Thus, Blackstone relied on the results of the ongoing sale process to conclude that the value of this property is approximately $17.5 million, representing the net proceeds due to the Estate.

There are currently no existing operations for the Debtors' third property, Valley View Downs. Due to uncertainty surrounding the future of this property, Blackstone conservatively determined the equity value of Valley View Downs to be $50 million, reflecting the current amount of restricted cash associated with the entity.

This sum-of-the-parts valuation analysis indicates a Reorganized Enterprise Value range of approximately $307 to $367 million.

a. Comparable Public Company Analysis

The Comparable Public Company Analysis examines the value of comparable companies as a multiple of their key operating statistics and then applies a range of multiples to the projected 2010 and 2011 EBITDA of the Reorganized Debtors. The estimated revenue and EBITDA for comparable companies are based on consensus estimates by equity analysts as compiled by Capital IQ / Reuters.

A key factor to the Comparable Public Company Analysis approach is the selection of companies with relatively similar business and operational characteristics to the Reorganized Debtors. The selection of truly comparable companies is often difficult and subject to interpretation. Criteria for selecting comparable companies include, among other relevant characteristics, lines of business, business risks, key business drivers, growth prospects, maturity of businesses, market presence and brands, and size and scale of operations.

b. Discounted Cash Flow Analysis

The Discounted Cash Flow Analysis estimates value by calculating the present value of projected future cash flows. The present value is obtained by discounting the future cash flows by the weighted average cost of capital ("WACC") of the Reorganized Debtors. The WACC is calculated as the average of the cost of equity and the after-tax cost of debt, weighted by the ratios of total equity to capitalization and total debt to capitalization.

The Reorganized Enterprise Value was determined using the terminal EBITDA multiple method, and was calculated as the sum of the present value of the cash flows for fiscal years 2010 through 2014, plus the estimated value of cash flows beyond the projection.

(b) **Reorganized Equity Value**

In order to calculate the equity value of the Reorganized Debtors (the "Reorganized Equity Value"), the Reorganized Enterprise Value is reduced by the face amount of up to $115 million of the First Lien Take Back Paper, and $155 million of NewCo PIK Notes. The Reorganized Equity Value is estimated to be approximately $47 to $87 million.

THE DEBTORS BELIEVE THAT THE FOREGOING VALUATION ACCURATELY REFLECTS THE REORGANIZED ENTERPRISE VALUE. HOWEVER, THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS WHICH ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS AND BLACKSTONE. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE ESTIMATED VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. ADDITIONALLY, THE REORGANIZED ENTERPRISE VALUE ESTIMATED BY BLACKSTONE DOES NOT NECESSARILY REFLECT, AND SHOULD NOT BE CONSTRUED AS REFLECTING, VALUES THAT WILL BE ATTAINED IN THE PUBLIC OR PRIVATE MARKETS. THE VALUE DESCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET TRADING VALUE. SUCH TRADING VALUE MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZED ENTERPRISE VALUE RANGES ASSOCIATED WITH THE DEBTORS' VALUATION ANALYSIS.

IX.

THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

On October 28, 2009, ~~Centaur PA Land, LP and Valley View Downs, LP (the "~~the Valley View Downs Debtors~~")~~ each filed a voluntary ~~petitions~~petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, the Honorable Kevin J. Carey presiding. On March 6, 2010, the ~~remaining~~Centaur Debtors each filed a voluntary ~~petitions~~petition under chapter 11 of the Bankruptcy Code in the Bankruptcy Court ~~(the "Centaur Debtors")~~.

B. Continuation of Business after the Petition Date

Since October 28, 2009 and March 6, 2010, the Valley View Downs Debtors and the Centaur Debtors, respectively, have continued to operate their businesses and manage their ~~property~~properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As discussed in this section, during the period immediately following the date the Valley View Downs Debtors commenced their ~~chapter~~Chapter 11 ~~cases~~Cases and the date the Centaur Debtors commenced their ~~chapter~~Chapter 11 ~~cases~~Cases, the Debtors sought and obtained authority from the Bankruptcy Court with respect to a number of matters deemed by the Debtors to be essential to their smooth and efficient transition into chapter 11 and the stabilization of their operations. As also described below, the Debtors intend to seek authority to obtain debtor-in-possession financing.

(a) Letter of Credit

In October 2007, the Debtors ~~had~~ contracted with the L/C Issuer, to provide the $50 million Existing L/C to the Commonwealth of Pennsylvania for the purpose of securing the Debtors' application for a gaming license in Pennsylvania related to Valley View Downs. The Existing L/C was scheduled to expire on October 30, 2009. The Debtors were unable to obtain an extension of the ~~expiring~~ Existing L/C absent the grant of protections that only the Bankruptcy Court could provide.

As mentioned above, the Bankruptcy Court approved an initial amendment of the Existing L/C by the L/C Issuer to extend the term thereof until January 29, 2010 on an interim basis on October 30, 2009 [Case No. 09-13760 (KJC), D.I. 15] and a final basis on November 23, 2009 [Case No. 09-13760 (KJC), D.I. 50]. The Bankruptcy Court approved ~~a~~ further ~~amendment~~amendments of the Existing L/C by the L/C Issuer to extend the term thereof for an additional ninety (90) days until April 29, 2010 by Order dated January 25, 2010 [Case No. 09-13760 (KJC), D.I. 82] and to extend the term thereof for an additional ninety (90) days until July 28, 2010 by interim Orders dated April 26, 2010 [Case No. 09-13760 (KJC), D.I. 279, Case No. 10-10799 (KJC), D.I. 182]. Pursuant to the Plan, the Existing L/C will be further amended, and the term thereof extended, or replaced.

(b) **Intercompany Financing**

The Bankruptcy Court, by interim and final Orders, dated November 23, 2009 [Case No. 09-13760 (KJC), D.I. 49] and December 4, 2009 [Case No. 09-13760 (KJC), D.I. 60] (the "Final Intercompany Financing Order"), respectively, authorized the Valley View Downs Debtors to obtain unsecured postpetition financing from the Valley View Downs Debtors' indirect parent company, Centaur, LLC, to enable the Valley View Downs Debtors to continue to incur, on a postpetition basis, certain limited, but necessary, operating costs, obligations to vendors, consultants, and regulatory authorities related to their gaming license application pending in Pennsylvania, and to satisfy certain nominal prepetition expenses, including expenses related to the gaming license application (the "Intercompany Financing"). On or about March 16, 2010, the Bankruptcy Court entered an Order supplementing the Final Intercompany Financing Order, and, inter alia, authorizing the Valley View Downs Debtors to obtain up to an additional $165,000 of Intercompany Financing [Case No. 09-13760 (KJC), D.I. 164]. On April 26, 2010, the Bankruptcy Court entered interim Orders [Case No. 09-13760 (KJC), D.I. 279, Case No. 10-10799 (KJC), D.I. 182] further supplementing the Final Intercompany Financing Order, and, inter alia, authorizing Centaur, LLC to advance to Valley View Downs, LP up to an additional $100,000 of Intercompany Financing to compensate the L/C Issuer for agreeing to amend the Existing L/C and extend the term thereof until July 28, 2010.

The Intercompany Financing is necessary to maintain the Valley View Downs Debtors' relationships with their vendors, consultants and regulatory authorities and will permit the Debtors to preserve their racing, gaming and entertainment development opportunity at Valley View Downs. Such intercompany borrowings are reflected on the Valley View Downs Debtors' books as a loan and are subordinate ~~and subject~~ in right of payment to the obligations of the First Lien Lenders and Second Lien Lenders pursuant to the terms of an intercompany subordinated demand and promissory note dated October 30, 2007. The Intercompany Financing Claim is junior only to the superpriority ~~administrative expense claim~~Administrative Expense Claim of the L/C Issuer with respect to the Valley View Downs Debtors' obligations pursuant to the Reimbursement Agreement. All receivables arising from the Intercompany Financing are pledged to the Prepetition First Lien Agent and the First Lien Lenders.

(c) **Use of Cash Collateral**

By motion filed shortly after the Petition Date (the "Cash Collateral Motion"), the Debtors sought emergency relief (i) authorizing the use of the First Lien Lenders' and Second Lien Lenders' cash collateral, (ii) granting adequate protection and (iii) scheduling a final hearing. As of the Petition Date, the Debtors' only source of liquidity was the First Lien Lenders' and Second Lien Lenders' cash collateral and the income generated by the Debtors' business operations. Given that substantially all of the Debtors' ~~assets~~Assets are encumbered by the First Lien Lenders' and Second Lien Lenders' liens, the Debtors would have been unable to continue their business operations or fund their Chapter 11 Cases absent some form of immediate relief from the Bankruptcy Court. The Cash Collateral Motion also proposed that certain adequate protection be provided to the First Lien Lenders' and Second Lien Lenders' including (i) replacement liens, (ii) superpriority claims under section 507(b) of the Bankruptcy Code, and (iii) certain financial reporting by the Debtors.

~~On March 9, 2010, Goldman Sachs filed the Goldman Sachs Preliminary Objection and objected to, among other things, the Debtors' Cash Collateral Motion. Among other things, Goldman Sachs argued in the Goldman Sachs Preliminary Objection that the relief requested in the Cash Collateral Motion should be denied because assets of Valley View Downs, LP should not be used for adequate protection for the use of cash collateral by Debtors other than Valley View Downs, LP where Valley View Downs, LP would get no benefit from such use and where it would be detrimental to creditors of Valley View Downs, LP. See Goldman Sachs Preliminary Objection, at 11. The predicate for this argument and other objections raised by Goldman Sachs in the Goldman Sachs Preliminary Objection is Goldman Sachs' assertion that the Prepetition First Lien Agent and the First Lien Lenders do not have a lien on the $50 million cash deposit that the Debtors posted in connection with the Existing L/C. See Goldman Sachs Preliminary Objection, at ¶¶ 1, 10.~~ By interim Orders entered March 11, 2010 [Case No. 10-10799 (KJC), D.I. 39]~~ and~~, March 22, 2010 [Case No. 09-13760 (KJC), D.I. 175], March 29, 2010 [Case No. 09-13760 (KJC), D.I. 198, Case No. 10-10799 (KJC), D.I. 89] and April 16, 2010 [Case No. 09-13760 (KJC), D.I. 273, Case No. 10-10799 (KJC), D.I. 168], the Bankruptcy Court granted the relief requested in the Cash Collateral Motion with some modifications. By a Final Order entered on April 30, 2010 [Case No. 10-10799 (KJC), D.I. 205], the Bankruptcy Court granted the relief requested in the Cash Collateral Motion with some modifications.

(d) **Debtor-in-Possession Financing**

The Debtors anticipate seeking authority for the Debtors to enter into the DIP Loan Facility, a $~~[___]~~31.4 million term loan facility with the DIP Lender. On April 14, 2010, the Debtors filed a motion [Case No. 10-10799 (KJC), D.I. 153] for an order (i) authorizing the Debtors to perform their obligations under that certain Credit Facilities Engagement Letter Agreement by and among Centaur, LLC and Credit Suisse Securities (USA) LLC and (ii) approving the payment of certain fees and expenses thereunder including, but not limited to, a $450,000 structuring fee. Under the Plan, all obligations of the Debtors under the DIP Loan Facility will be paid in full in Cash on the Effective Date with the proceeds of the Exit ~~Facility~~Financing.

(e) **Business Operations and Bankruptcy-Related Relief**

The Debtors sought various types of "first day" relief, including, among other things, orders (i) authorizing the Debtors to continue to use their existing cash management systems; (ii) authorizing the Debtors to pay certain prepetition obligations owing to the Debtors' employees, independent contractors and other third parties; (iii) prohibiting the Debtors' utility companies from altering, refusing or discontinuing service; (iv) authorizing the Debtors to honor certain prepetition customer programs; (v) authorizing the Debtors to pay certain prepetition taxes owed to taxing and regulating authorities in the ordinary course of business; (vi) authorizing the Debtors to pay certain obligations to maintain their insurance programs and insurance premium financing arrangements; and (vii) authorizing the Debtors to pay prepetition claims of certain essential suppliers.

The Debtors filed a motion (the "Cash Management Motion") pursuant to sections 363(c) and 345 of the Bankruptcy Code, seeking authority to, among other things, continue use of their current cash management systems (the "Cash Management Systems"). The Debtors also sought, among other things, (i) approval of the Debtors' continued use of their prepetition bank accounts and business forms, (ii) authority for the Debtors' banks to honor certain transfers and (iii) authority to continue certain intercompany transactions. The Cash Management Systems are ordinary course, essential business practices of the Debtors and in light of certain regulatory requirements imposed due to the nature of the Debtors' racing and gaming operations, any disruption in their cash management procedures would hamper the Debtors' efforts to preserve the value of their ~~estates~~Estates. On March 10, 2010 the Bankruptcy Court entered an Order granting the relief requested in the Cash Management Motion as modified in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases [Case No. 10-10799 (KJC), D.I. 30]. On March 11, 2010, the Bankruptcy Court entered an interim Order granting the relief requested in the Cash Management Motion as modified in the Valley View Downs Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases [Case No. 09-13760 (KJC), D.I. 153]. Following entry of an Order that jointly administered the Valley View Downs Debtors' Chapter 11 Cases with those of the Centaur Debtors, on May 6, 2010, the Debtors tendered to the Bankruptcy Court under certification of counsel [Case No. 10-10799 (KJC), D.I. 230] a single proposed Order that both (i) grants final relief on the Cash Management Motion as to the Valley View Downs Debtors and (ii) modifies the Final Order entered on the Cash Management Motion as to the Centaur Debtors.

The Debtors also filed a motion (the "Employee Motion") for authority to, inter alia, pay certain prepetition obligations owing to the Debtors' employees, independent contractors and other third parties. Among other things, the Debtors requested authority to pay or otherwise honor (i) prepetition employee wages, salaries, tips, vacation time and other accrued compensation (collectively, the "Compensation"); (ii) obligations relating to employee benefits provided by the Debtors; (iii) amounts owed to administrators or providers of services with respect to the Debtors' payroll and employee benefits programs; (iv) certain workers' compensation obligations; and (v) other miscellaneous employee related expenses. By the Employee Motion, the Debtors also asked for authority to continue in the ordinary course, pay and otherwise honor any Compensation in the form of unused paid vacation time that, as of the Petition Date, had accrued but was not yet payable, if and when such Compensation becomes due and to pay cash in lieu of unused vacation time only where the Debtors believe they are required to do so by applicable state law. Moreover, the Debtors requested authority to remit prepetition amounts withheld or deducted from their employees' wages to the appropriate third parties and to make further payments in the ordinary course of or with respect to Compensation, employee benefits, workers' compensation obligations and obligations to administrative service providers. The Debtors deemed much of the relief sought in the Employee Motion critical to employee morale and future business needs. By Order entered March 10, 2010 in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases, the Bankruptcy Court granted the relief requested in the Employee Motion as modified [Case No. 10-10799 (KJC), D.I. 22].

The Debtors also filed a motion (the "Utilities Motion") seeking entry of an order pursuant to sections 105(a) and 366(b) of the Bankruptcy Code, prohibiting utility companies from altering, refusing or discontinuing service to the Debtors, providing for the payment of certain deposits as adequate assurance of future payment to those utility companies and establishing certain procedures for addressing requests by utility companies for additional adequate assurance. If the Debtors' utility companies are allowed to alter, refuse or discontinue service to the Debtors, the Debtors' ability to continue their operations and reorganize will be jeopardized. ~~On March 10, 2010,~~By interim Order dated March 10, 2010 [Case No. 10-10799

(KJC), D.I. 23], and by Final Order dated April 13, 2010 [Case No. 10-10799 (KJC), D.I. 143], the Bankruptcy Court ~~entered an interim Order granting~~granted the relief requested in the Utilities Motion in the Centaur Debtors' ~~chapter 11 cases [Case No. 10-10799 (KJC), D.I. 23]~~Chapter 11 Cases.

The Debtors also filed a motion (the "Customer Programs Motion") seeking entry of an order pursuant to sections 105(a) and 363 of the Bankruptcy Code, authorizing, but not directing, the Debtors, in their business judgment, to continue to honor prepetition (i) obligations to customers and otherwise continue customer programs, and (ii) Horsemen Accounts (as defined below) that the Debtors maintained prior to the Petition Date to help the Debtors remain competitive in the markets in which they operate. Among other things, the Debtors requested authority to honor prepetition obligations related to outstanding wagering obligations, progressive slot and poker liabilities, cage accounts, patron reward programs, gift certificates and coupons and promotions. These customer programs are essential to provide the level of customer satisfaction and loyalty on which the Debtors' operations depend. As part of the Customer Programs Motion, the Debtors also asked for authority to honor obligations owed to, and continue to operate, accounts (the "Horsemen Accounts") set up for the owners (the "Horsemen") of the horses that win the races held at Hoosier Park. This relief is necessary to ensure that the Horsemen will continue to enter their horses in the races at Hoosier Park. By Order entered March 10, 2010 in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases, the Bankruptcy Court granted the relief requested in the Customer Programs Motion [Case No. 10-10799 (KJC), D.I. 21].

The Debtors also filed a motion (the "Taxes and Fees Motion") seeking entry of an order pursuant to sections 105(a) and 363 of the Bankruptcy Code, authorizing, but not directing, the Debtors, in their business judgment, to continue to honor prepetition obligations owed to federal, state and local taxing and regulating authorities including, but not limited to, gaming and racing taxes and fees, hotel taxes, sales and use taxes, and "winnings" taxes (collectively, the "Taxes and Fees"). The Debtors operate racing, gaming and hotel facilities that are heavily regulated and which require periodic payment of the Taxes and Fees to maintain the licenses and rights to operate those facilities in the respective states. If the Debtors fail to timely pay the necessary Taxes and Fees, their regulatory authorizations to operate their racing, gaming and hotel facilities could be suspended or revoked. On March 10, 2010, the Bankruptcy Court entered an Order granting the relief requested in the Taxes and Fees Motion in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases [Case No. 10-10799 (KJC), D.I. 24].

The Debtors also filed a motion (the "Insurance Motion") seeking entry of ~~any~~an order pursuant to sections 105(a) and 363 of the Bankruptcy Code, authorizing, but not directing, the Debtors, in their business judgment, to continue their insurance programs and to pay certain prepetition obligations owed in connection therewith. In connection with the daily operation of their businesses, the Debtors maintain certain insurance policies in respect of, among other things, property, commercial general liability, automobile and garagekeepers, participant accident, excess liability, criminal liability, employment practices and fiduciary liability and directors and officers liability. A portion of the premiums ~~are~~is financed through premium financing arrangements. The continuation of these insurance policies and premium financing arrangements is necessary to allow the Debtors to maintain a comprehensive range of coverage in full force and effect for the Debtors, their businesses and their properties. By Order entered

March 10, 2010 in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases [Case No. 10-10799 (KJC), D.I. 29] and by Order entered March 11, 2010 in the Valley View Downs Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases [Case No. 09-13760 (KJC), D.I. 154], the Bankruptcy Court granted the relief requested in the Insurance Motion.

The Debtors also filed a motion (the "Essential Supplier Motion") for, among other things, authority to pay prepetition claims of certain parties who supply goods or services critical to the continued operation of the Debtors' businesses (collectively, the "Essential Suppliers"). The Essential Suppliers that the Debtors sought to pay include (i) a supplier of goods and services related to simulcasting and wagering, (ii) a supplier of tickets and programs necessary in connection with simulcasting and wagering and (iii) a provider of specialized direct mail services. Based on the lack of any executory contract with any of the Essential Suppliers and the importance of each Essential Supplier to the Debtors' operations, it is the Debtors' position that authorization to pay the claims of the Essential Suppliers, in the event they refuse to continue to provide goods and services, is necessary to prevent immediate and irreparable damage to the Debtors' business operations (and customer confidence therein), going concern value and ability to reorganize that would result from the Debtors' inability to obtain indispensable goods and services. By the Essential Supplier Motion, the Debtors also sought authority to require, as a condition to any payment to an Essential Supplier, that the Essential Supplier agree to provide the Debtors with goods or services on credit, pricing or payment terms and order limits that are equal to, or better than, those provided to the Debtors prepetition (the "Trade Terms") and proposed consequences that will ensue if ~~a supplier~~an Essential Supplier accepts an essential supplier payment and thereafter fails to provide the agreed upon Trade Terms. On March 10, 2010, the Bankruptcy Court entered an Order granting the relief requested in the Essential Supplier Motion in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases [Case No. 10-10799 (KJC), D.I. 28].

C. Representation of the Debtors

In September 2009, the Debtors retained White & Case LLP as lead bankruptcy counsel to the Debtors in connection with the Chapter 11 Cases. The Debtors also retained Fox Rothschild LLP to serve as bankruptcy co-counsel. By separate ~~orders~~Orders entered January 25, 2010 in the Valley View Downs Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases, the Bankruptcy Court approved the retention applications of White & Case LLP [Case No. 09-13760 (KJC), D.I. 84] (the "White & Case Retention Order") and Fox Rothschild LLP [Case No. 09-13760 (KJC), D.I. 83] (the "Fox Rothschild Retention Order"). By Order entered March 10, 2010 in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases, the Bankruptcy Court made the White & Case Retention Order and the Fox Rothschild Retention Order applicable in the Centaur Debtors' ~~chapter~~Chapter 11 ~~cases~~Cases [Case No. 10-10799 (KJC), D.I. 25].

By ~~applications~~Orders dated ~~March 18,~~April 26, 2010 [Case No. 09-13760 (KJC), D.I. ~~168;~~280, Case No. 10-10799 (KJC), D.I. ~~65~~183], the ~~Debtors also sought approval from the~~ Bankruptcy Court approved the Debtors' applications to retain Blackstone ~~Advisory Services L.P.~~ as the Debtors' investment banker and financial advisor. By Order dated April 27, 2010, the Bankruptcy Court approved the Centaur Debtors' application to retain Innovation Capital, LLC as financial advisor for Centaur, LLC and Centaur Colorado, LLC in connection with the sale of certain Assets including Fortune Valley [Case No. 10-10799 (KJC), D.I. 197].

D. Formation and Representation of the Committee

On or about March 17, 2010, the U.S. Trustee appointed the Committee [Case No. 09-13760 (KJC), D.I. 186, Case No. 10-10799 (KJC), D.I. 80]. ~~The Committee retained~~By Orders dated April 15, 2010 [Case No. 09-13760 (KJC), D.I. 262, Case No. 10-10799 (KJC), D.I. 158], the Bankruptcy Court approved the Committee's application to retain as counsel the law firm of Blank Rome LLP. In addition, on April 16, 2010, the Committee ~~retained~~filed an application [Case No. 10-10799 (KJC), D.I. 169] to retain Deloitte Financial Advisory Services LLP as its financial ~~adviser~~advisor. The current members of the Committee include: ~~Preit-Rubin~~PREIT-RUBIN, Inc. & PR Valley View Downs, L.P. (together, "PREIT"), Ames Construction, Inc., Churchill Downs, Inc., U.S. Food Service, Inc. and WMS Gaming, Inc.

E. Representation of the First Lien Lenders

Credit Suisse, as ~~administrative agent and collateral agent for the~~Prepetition First Lien ~~Lenders~~Agent, retained Latham & Watkins LLP and Duane Morris LLP as legal counsel in connection with the Chapter 11 Cases.

F. Representation of the Second Lien Lenders

Wells Fargo Bank, N.A., as ~~administrative agent for the~~Prepetition Second Lien ~~Lenders~~Agent, retained Ropes & Gray LLP, Schulte Roth and Zabel LLP, Richards, Layton & Finger, P.A., and Potter Anderson & Corroon LLP as legal counsel in connection with the Chapter 11 Cases.

G. Matters Relating to Unexpired Leases and Executory Contracts

Section 365 of the Bankruptcy Code grants a debtor the power, subject to the approval of the ~~Bankruptcy Court~~bankruptcy court, to assume or reject executory contracts and unexpired leases. As amended, section 365(d)(4) of the Bankruptcy Code provides that if a debtor does not assume or reject an unexpired lease of nonresidential real property under which a debtor is the lessee (i) within 120 days after the petition date (the "365(d)(4) Deadline"), (ii) within an additional 90-day period as the bankruptcy court, for cause, may allow, or (iii) within such additional time as the bankruptcy court may permit with the consent of the landlord of the leased premises, then such lease is deemed rejected.

By Order of the Bankruptcy Court entered February 23, 2010 [Case No. 09-13760 (KJC), D.I. 101], the Bankruptcy Court extended the initial 365(d)(4) Deadline for the Valley View Downs Debtors through and including May 26, 2010. The initial 365(d)(4) Deadline with respect to the Centaur Debtors is not scheduled to expire until early June 2010.

The Debtors are party to approximately ~~[150]~~400 executory contracts and unexpired leases. The Plan contemplates the automatic rejection of executory contracts and unexpired leases, as of and subject to the occurrence of the Effective Date, except for ~~[specific~~

~~executory contracts and unexpired leases] and~~ any executory contract or unexpired lease specifically designated for assumption.

With respect to the ~~[specific~~ executory contracts and unexpired leases~~]~~, set forth on Schedule 2, the Plan contemplates the assumption, as amended, of such contracts as of the Effective Date.

H. Exclusivity

Pursuant to sections 1121(b) and (c)(3) of the Bankruptcy Code, the Debtors have a certain amount of time within which (a) to file their Plan; and (b) to solicit acceptances of their timely filed Plan (the "Solicitation Period") before other parties in interest are permitted to file plans. The Debtors filed the Plan and this Disclosure Statement on ~~March 28,~~May 7, 2010. Accordingly, no other party may file a plan unless the Solicitation Period expires or the Bankruptcy Court orders otherwise. By Order entered March 17, 2010 [Case No. 09-13760 (KJC), D.I. 166], the Valley View Downs Debtors received an extension of their Solicitation Period, through and including June 25, 2010. The initial Solicitation Period for the Centaur Debtors is not scheduled to expire until early September 2010.

I. Schedules, Bar Date and Section 503(b)(9) Bar Date

~~By Order entered March 10, 2010 in the Valley View Downs Debtors' chapter 11 cases [Case No. 09-13760 (KJC), D.I. 142], the Valley View Downs Debtors received an extension from the Bankruptcy Court of the time to file their Schedules. The Order granting the extension gave the Valley View Downs Debtors until March 31, 2010 to file their Schedules without prejudice to the Valley View Downs Debtors' right to seek additional extensions. Prior to this most recent extension, the Valley View Downs Debtors had received other extensions of time to file their Schedules. By Order dated December 2, 2009, the Bankruptcy Court granted the initial extension of~~

The Valley View Downs Debtors filed their Schedules [Case No. 09-13760 (KJC), D.I. 203, 204] on March 31, 2010 and the Centaur Debtors filed their Schedules on May 5, 2010 [D.I. 216-227].

By motion filed April 29, 2010 [D.I. 203] (the "Bar Date Motion"), the Debtors sought entry of an order by the Bankruptcy Court fixing June 30, 2010 at 4:00 p.m. Eastern Time, as the deadline for certain holders of alleged Claims against the Debtors to file proofs of claim against the Debtors (the "Bar Date"). The Bar Date Motion also sought approval of the form of notice of the Bar Date, the form of publication notice and the form of the proof of claim to be utilized by creditors.

Also by motion filed April 29, 2010 [D.I. 204] (the "Section 503(b)(9) Bar Date Motion"), the Debtors sought entry of an order by the Bankruptcy Court fixing June 30, 2010 at 4:00 p.m. Eastern Time, as the deadline for the filing of administrative expense claims asserted against the Centaur Debtors under section 503(b)(9) of the Bankruptcy Code. The Section 503(b)(9) Bar Date Motion also sought approval of the form, manner and sufficiency of notice of the Section 503(b)(9) Bar Date.

J. Claim Objections

In the ordinary course of business, the Debtors maintain books and records (the "Books and Records") that reflect, among other things, the Debtors' liabilities and the amounts owed to their creditors in connection with such liabilities. The Debtors, the Disbursing Agent and their Professionals will review the proofs of claim submitted in the Chapter 11 Cases, including any supporting documentation, and compare the Claims asserted in the proofs of claim with the Books and Records to determine the validity of such Claims. The Debtors and the Disbursing Agent may file procedural objections based upon such review.

K. Motion to Convert the Valley View Downs Debtors' ~~time to file their Schedules, extending the deadline through and including December 14, 2009 [Case No. 09-13760 (KJC), D.I. 56]. On January 4, 2010, the Bankruptcy Court granted a second extension of the Valley View Downs Debtors' time to file their Schedules, extending the deadline through and including January 13, 2010 [Case No. 09-13760 (KJC), D.I. 68]. Then, on January 25, 2010, the Bankruptcy Court granted a third extension of the Valley View Downs Debtors' time to file their Schedules, extending the deadline through and including March 15, 2010 [Case No. 09-13760 (KJC), D.I. 85].~~

~~-~~ ~~By Order entered March 10, 2010 in the Centaur Debtors' chapter 11 cases [Case No. 10-10799 (KJC), D.I. 25], the deadline for the Centaur Debtors to file Schedules was extended until May 5, 2010.~~**Chapter 11 Cases to Cases Under Chapter 7 of the Bankruptcy Code**

On March 25, 2010, the Prepetition Second Lien Agent filed a motion for an order pursuant to section 1112 of the Bankruptcy Code to convert the Valley View Downs Debtors' Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code [Case No. 09-13760 (KJC), D.I. 189] (the "Motion to Convert"). The Prepetition Second Lien Agent asserts that conversion of the Valley View Downs Debtors' Chapter 11 Cases is warranted because the Valley View Downs Debtors have no operations and conduct no business. The Prepetition Second Lien Agent also argues that (i) the Valley View Downs Debtors are unable to avail themselves of the development opportunity at Valley View Downs, (ii) the costs of preserving that opportunity is consistently and materially eroding creditor recoveries, and (iii) the Centaur Debtors, specifically Centaur, LLC through its claims against the Valley View Downs Debtors pursuant to the Intercompany Financing, are attempting to subsidize the costs of their Chapter 11 Cases by gaining access to the L/C Cash.

On April 8, 2010, the Valley View Downs Debtors filed an objection to the Motion to Convert [Case No. 09-13760 (KJC), D.I. 234]. The Valley View Downs Debtors believe that the Motion to Convert is a tactic being employed by the Prepetition Second Lien Agent, who is dissatisfied with the proposed treatment of the Second Lien Claims under the Plan, in order to gain leverage over the Prepetition First Lien Agent in Plan negotiations. The Valley View Downs Debtors believe that the Motion to Convert should be denied because the Valley View Downs Debtors have the opportunity to realize value in excess of the amount of the L/C Cash through the continued prosecution of their cases under chapter 11. Conversion is also unwarranted because the Motion to Convert rests entirely on the disputed premise that the L/C Cash would be unencumbered if returned to the Valley View Downs Debtors' Estates.

Regardless of who might be entitled to receive the value of the Assets of the Valley View Downs Debtors, if the Bankruptcy Court grants the Motion to Convert, any value in excess of the L/C Cash would undoubtedly be lost. Although Administrative Expense Claims are being incurred to preserve the Valley View Downs opportunity, the Valley View Downs Debtors believe that such expenses are essential to provide the Valley View Downs Debtors with adequate time to explore all reasonable means of realizing value in excess of the L/C Cash. For the foregoing reasons, the Valley View Downs Debtors believe that conversion of the Valley View Downs Debtors' Chapter 11 Cases to cases under chapter 7 is not in the best interests of creditors or the Valley View Downs Debtors' Estates. On April 8, 2010, the Prepetition First Lien Agent filed a statement in support of the Valley View Downs Debtors' objection to the Motion to Convert [Case No. 09-13760 (KJC), D.I. 235], reiterating the arguments made by the Valley View Downs Debtors and asserting that the Second Lien Lenders waived their right to seek liquidation of the Valley View Downs Debtors' Estates pursuant to the terms of the Prepetition Intercreditor Agreement.

Also on April 8, 2010, the Committee and PREIT responded and/or objected to the Motion to Convert. The Committee objected to the Motion to Convert [Case No. 09-13760 (KJC), D.I. 224, Case No. 10-10799 (KJC), D.I. 110] simply to protect the L/C Cash, and claims that any necessary protections in this regard can be implemented through the order authorizing the Debtors to use the First Lien Lenders' and Second Lien Lenders' cash collateral. PREIT, in its response [Case No. 09-13760 (KJC), D.I. 228], contended that the Motion to Convert was premature, and argued that more time is needed to evaluate the Valley View Downs Debtors' ability to reorganize.

The Motion to Convert was originally scheduled to be heard on April 15, 2010, but the hearing was adjourned until a later date.

X.

THE CHAPTER 11 PLAN

A. Introduction

The following is a summary of certain terms and provisions of the Plan. This summary of the Plan is qualified in its entirety by reference to the full text of the Plan, which is annexed to this Disclosure Statement as Exhibit "A".

B. General Description of the Treatment of Claims and Equity Interests

(a) **Unclassified Claims**

Administrative Expense Claims and Priority Tax Claims are treated in accordance with sections 1129(a)(9)(A) and 1129(a)(9)(C) of the Bankruptcy Code. Administrative Expense Claims and Priority Tax Claims are not designated as classes of Claims for the purposes of the Plan or for the purposes of sections 1123, 1124, 1125, ~~1126,~~1126 or 1129 of the Bankruptcy Code.

(b) **Treatment of Administrative Expense Claims, DIP Claims and Intercompany Financing Claims**

a. Administrative Expense Claims Defined

Administrative Expense Claims are rights to payment constituting a cost or expense of administration of any of the Chapter 11 Cases allowed under sections 503(b) and 507(a)(2) of the Bankruptcy Code and any Allowed Claims under section 507(b) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the ~~estates~~Estates of each of the Debtors, any actual and necessary costs and expenses of operating the businesses of each of the Debtors, any indebtedness or obligations incurred or assumed by any of the Debtors in connection with the conduct of its business on or after the Petition Date, any allowances of compensation and reimbursement of expenses to the extent allowed by a Final Order under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the ~~estates~~Estates of the Debtors under 28 U.S.C. § 1930.

b. Time for Filing Administrative Expense Claims

The holder of an Administrative Expense Claim, other than (i) a DIP Claim, (ii) a Fee Claim, (iii) a liability incurred and payable after the Petition Date in the ordinary course of business by a Debtor (and not past due), (iv) a Section 503(b)(9) Claim, (v) an Intercompany Financing Claim or (vi) an Administrative Expense Claim that has been Allowed on or before the Effective Date, must file with the Bankruptcy Court and serve on the Debtors, the Committee, and the U.S. Trustee, notice of such Administrative Expense Claim within forty (40) days after service of Notice of Confirmation or such other specific date as may be established by the Bankruptcy Court. Such notice must include at a minimum (A) the name of the Debtor(s) which are purported to be liable for the Claim, (B) the name of the holder of the Claim, (C) the amount of the Claim~~,~~ and (D) the basis of the Claim (including any documentation evidencing or supporting such Claim). **THE FAILURE TO FILE NOTICE OF AN ADMINISTRATIVE EXPENSE CLAIM ON OR BEFORE THE ADMINISTRATIVE EXPENSE CLAIMS BAR DATE SHALL RESULT IN SUCH ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED, DISALLOWED AND DISCHARGED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT**.

c. Time for Filing Fee Claims

Each Professional who holds or asserts a Fee Claim shall be required to file with the Bankruptcy Court, and serve on all parties required to receive notice, a Fee Application within forty-five (45) days after the Effective Date or such other specific date as may be established by the Bankruptcy Court. **THE FAILURE TO FILE TIMELY AND SERVE SUCH FEE APPLICATION SHALL RESULT IN THE FEE CLAIM BEING FOREVER BARRED AND DISCHARGED.**

d. Time For Filing Section 503(b)(9) Claims

Each holder of a Section 503(b)(9) Claim is required to submit to the Claims Agent, with copies to counsel for the Debtors, a request for allowance of such Section 503(b)(9)

Claim prior to the Section 503(b)(9) Bar Date. **THE FAILURE TO SUBMIT SUCH REQUEST BY THE SECTION 503(B)(9) BAR DATE SHALL RESULT IN THE SECTION 503(B)(9) CLAIM BEING DEEMED DISALLOWED AS AN ADMINISTRATIVE EXPENSE CLAIM.** Such disallowance does not prevent such Claim from being Allowed as a Claim other than as an Administrative Expense Claim to the extent otherwise allowable.

e. Allowance of Administrative Expense Claims, Fee Claims~~,~~ and Section 503(b)(9) Claims

An Administrative Expense Claim (other than a DIP Claim, a Fee Claim, an Intercompany Financing Claim or a Section 503(b)(9) Claim) with respect to which notice has been properly filed and served pursuant to Section 6.2(a) of the Plan, or a Section 503(b)(9) Claim with respect to which a request for allowance has been properly submitted pursuant to Section 6.2(~~d~~c) of the Plan, shall become an Allowed Administrative Expense Claim if no objection is filed within thirty (30) days after the later of (i) the Effective Date, or (ii) the date of service of the applicable notice of Administrative Expense Claim or such later date as may be approved by the Bankruptcy Court on motion of a party in interest, without notice or a hearing. If an objection is filed within such 30-day period (or any extension thereof), the Administrative Expense Claim shall become an Allowed Administrative Expense Claim only to the extent allowed by Final Order. A Fee Claim in respect of which a Fee Application has been properly filed and served pursuant to Section 6.2(b) of the Plan shall become an Allowed Administrative Expense Claim only to the extent allowed by Final Order.

f. DIP Claims

All amounts due on account of DIP Claims will be Allowed as superpriority Administrative Expense Claims pursuant to the DIP Order or otherwise are Allowed pursuant to the Plan. All obligations of the Debtors under the DIP Loan Facility will be paid in full in Cash on the Effective Date from the proceeds of the Exit ~~Facility~~Financing.

g. Payment of Allowed Administrative Expense Claims

On the Distribution Date, each holder of an Allowed Administrative Expense Claim, excluding DIP Claims, which shall be satisfied in accordance with Section 6.2(e) of the Plan and Intercompany Financing Claims, which shall be treated in accordance with Section 6.2(g) of the Plan, shall receive in full satisfaction of such Claims (i) the amount of such holder's Allowed Administrative Expense Claim in one Cash payment~~,~~ or (ii) such other treatment as may be agreed upon in writing by the Debtors and such holder; provided, that such treatment shall not provide a return to such holder having a present value as of the Effective Date in excess of such holder's Allowed Administrative Expense Claim; provided, further, that an Administrative Expense Claim representing a liability incurred in the ordinary course of business of the Debtors may be paid at the Debtors' election in the ordinary course of business.

h. Intercompany Financing Claims

All Intercompany Financing Claims, which are (i) in the case of advances by Centaur, LLC to the Valley View Downs Debtors, superpriority Administrative Expense Claims junior only to the superpriority Administrative Expense Claim of the L/C Issuer with respect to the obligations of Valley View Downs, LP pursuant to the Reimbursement Agreement and (ii) in all other cases, Administrative Expense Claims, shall, notwithstanding the occurrence of the Effective Date, remain outstanding and be retained by ~~Reorganized Centaur, LLC~~the Debtors or be paid in full in Cash on the Effective Date.

(c) **Treatment of Priority Tax Claims**

Each holder of an Allowed Priority Tax Claim will receive in full satisfaction of such holder's Allowed Priority Tax Claim, (a) on the Distribution Date, the amount of such holder's Allowed Priority Tax Claim in Cash, or (b) such other treatment as may be agreed upon in writing by such holder; provided, that such agreed-upon treatment may not provide such holder with a return having a present value as of the Effective Date that is greater than the amount of such holder's Allowed Priority Tax Claim. The Confirmation Order will enjoin any holder of an Allowed Priority Tax Claim from commencing or continuing any action or proceeding against any responsible person or officer of the Debtors that otherwise would be liable to such holder for payment of a Priority Tax Claim so long as the Debtors are in compliance with Section 6.3 of the Plan. So long as the holder of an Allowed Priority Tax Claim is enjoined from commencing or continuing any action or proceeding against any responsible person or officer under Section 6.3 of the Plan or pursuant to the Confirmation Order, the statute of limitations for commencing or continuing any such action or proceeding will be tolled.

(d) **Classified Claims and Equity Interests**

The classified Claims against, and Equity Interests in, the Debtors are classified in the Plan as follows:

i. Class 1 — Priority Non-Tax Claims

ii. Class 2 — First Lien Claims

iii. Class 3 — Second Lien Claims

iv. Class 4 — Other Secured Claims

v. Class 5 — Valley View Downs Unsecured Claims

vi. Class 6 — General Unsecured Claims

vii. Class 7 — Convenience Claims

viii. Class 8 — Intercompany Claims

ix. Class 9 — Borrower Equity Interests

x. Class 10 — Subsidiary Equity Interests

C. Treatment of Claims and Equity Interests

The treatment of each class of Claims and Equity Interests is summarized in Article IV.B – "Summary of Distributions Under the Plan."

D. Acceptance or Rejection of the Plan; Effect of Rejection by One or More Classes of Claims

(a) **Classes Entitled to Vote**

Except for Priority Non-Tax Claims, Other Secured Claims, General Unsecured Claims, ~~Convenience Claims,~~ Intercompany Claims, Borrower Equity Interests~~,~~ and Subsidiary Equity Interests, all classes of Claims and Equity Interests are entitled to vote on the Plan.

(b) **Class Acceptance Requirement**

A class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such class that have voted on the Plan. A class of Equity Interests shall have accepted the Plan if it is accepted by holders of at least two-thirds (2/3) in amount of the Equity Interests in such class that actually vote on the Plan.

(c) **Tabulation of Votes on a Non-Consolidated Basis**

The Balloting Agent will tabulate all votes on the Plan on a non-consolidated basis by class and by Debtor for the purpose of determining whether the Plan satisfies sections 1129(a)(8) and/or (10) of the Bankruptcy Code with respect to each Debtor.

(d) **Cramdown**

If all applicable requirements for confirmation of the Plan are met as set forth in section 1129(a) of the Bankruptcy Code, except subsection (8) thereof, the Plan shall be treated as a request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of section 1129(a)(8), on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each class of Claims that is impaired under, and has not accepted, the Plan.

(e) **Feasibility**

The Bankruptcy Code conditions confirmation of a plan of reorganization on, among other things, a finding that it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. For purposes of determining whether the Plan satisfies this condition, the Debtors have analyzed the capacity of each Debtor to service its obligations under the Plan. Based upon its analysis of their Projections, the Debtors believe they will be able to make all payments required to be made under the Plan. See "Projections and Summary of Significant Assumptions," attached hereto as Exhibit "B".

(f) **Confirmation of All Cases**

Except as provided in Section 17.18 and Section 17.27 of the Plan, the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors.

E. The Letter of Credit

As a condition precedent to the implementation and effectiveness of the Plan, unless waived as provided in the Plan, prior to the expiration of the Existing L/C, the Renewal or Replacement L/C shall have been issued. Pursuant to the Plan, Valley View Downs, LP ~~shall~~will be authorized, without further action under applicable law, regulation, order~~,~~ or rule, but only with the consent of the Consenting First Lien Claimholders, to enter into the Renewal or Replacement L/C and such other documents as may be necessary to effectuate the issuance of the Renewal or Replacement L/C, in form and substance satisfactory to the Consenting First Lien Claimholders.

F. Management Incentive Plan

On or after the Effective Date, NewCo shall be authorized to adopt and implement the Management Incentive Plan, subject to the satisfaction of the Consenting First Lien Claimholders and the Board of Managers, in exchange for Existing Management's entry into the Long Term Employment Agreements.

G. Means of Implementation of the Plan

(a) **Operations between the Confirmation Date and the Effective Date**

Through the Effective Date, the Debtors shall continue to operate their businesses as Debtors-in-Possession, subject to the oversight of the Bankruptcy Court as provided in the Bankruptcy Code, the Bankruptcy Rules, and all orders of the Bankruptcy Court that are then in full force and effect.

(b) **Certain Transactions on or Prior to the Effective Date**

a. Formation of NewCo

Pursuant to section 1123(a)(5) of the Bankruptcy Code, on or prior to the Effective Date, the Debtors or Reorganized Debtors, as the case may be, shall form NewCo as ~~an~~a Delaware or Indiana limited liability company. The terms of the limited liability company operating agreement of NewCo are described more fully in Exhibit "H" to this Disclosure Statement.

b. Issuance of New Centaur, LLC Membership Interests to NewCo

Pursuant to section 1123(a)(5) of the Bankruptcy Code, on the Effective Date, Centaur, LLC or Reorganized Centaur, LLC, as the case may be, shall issue the New Centaur, LLC Membership Interests to NewCo. Upon issuance of the New Centaur, LLC Membership Interests to NewCo, Centaur, LLC or Reorganized Centaur, LLC, as the case may be, shall be a direct subsidiary of NewCo.

c. Restructuring Transactions

Pursuant to section 1123(a)(5) of the Bankruptcy Code, on the Effective Date, the Debtors or the Reorganized Debtors, as the case may be, shall take such actions as may be necessary or appropriate to effect the following: (i) the distribution by Hoosier Park, L.P. of all of its Assets (including Hoosier Park, L.P.'s gambling gaming license and the Subsidiary Equity Interests of HP Dining & Entertainment, LLC) to Centaur Racing, LLC; (ii) the dissolution of Hoosier Park, L.P.; (iii) the merger of Centaur Indiana, LLC into Centaur Racing, LLC; (iv) the execution and delivery of appropriate agreements or other documents of formation, incorporation, merger, consolidation~~,~~ or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (v) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any property, right, liability, duty~~,~~ or obligation on terms consistent with the terms of the Plan; (vi) the amendment and restatement of constituent documents of the Reorganized Debtors in accordance with the terms of the Plan; (vii) the filing of appropriate organizational documents with the appropriate governmental authorities under applicable law; and (viii) all other actions that a Debtor or Reorganized Debtor determines are necessary or appropriate; provided, however, that in each case the documents necessary to effect such actions shall be in form and substance satisfactory to the Consenting First Lien ~~Lenders~~Claimholders.

Section 4-35-5-7 of the Indiana Code imposes a $50 million transfer fee on "an initial licensee" (e.g., Hoosier Park, L.P.) that sells or otherwise relinquishes a "controlling interest," as defined by Indiana Gaming Commission rules, in an Indiana gambling game license. However, no fee is payable if the gambling game license is transferred, among other reasons, "as a result of a bankruptcy, a receivership, or a debt adjustment initiated by or against the initial licensee or the substantial owners of the licensee." Ind. Code § 4-35-5-4. In connection with the consummation of the Plan, Hoosier Park, L.P.'s gambling game license will be transferred to Centaur Racing, LLC and, because such initial transfer will occur as a result of a bankruptcy or debt adjustment, the transfer and any subsequent transfer will be exempt from the $50 million transfer fee under Section 4-35-5-7 of the Indiana Code.

d. Entry into First Lien Take Back Documents and Exit ~~Facility~~Financing

Pursuant to section 1123(a)(5) of the Bankruptcy Code, on the Effective Date, NewCo, Reorganized Centaur, LLC and the Subsidiary Guarantors shall be authorized, without further act or action under applicable law, regulation, order~~,~~ or rule, to enter into the First Lien Take Back Documents and Exit ~~Facility.~~ Financing. Under the Plan, NewCo, Reorganized Centaur, LLC and the Subsidiary Guarantors ~~are hereby~~will be authorized to enter into such agreements, collateral documents and other documents, and issue such instruments, including, without limitation, promissory notes, as may be necessary to effectuate their entry into such documents, in form and substance satisfactory to the Consenting First Lien Claimholders.

e. Issuance of NewCo PIK Notes and NewCo Warrants

Pursuant to section 1123(a)(5) of the Bankruptcy Code, on the Effective Date, NewCo shall be authorized, without further act or action under applicable law, regulation, order or rule, to issue (i) the NewCo PIK Notes designated as type “A” in Exhibit “E” hereto to holders of the Allowed First Lien Claims, (ii) the NewCo PIK Notes designated as type “B” in Exhibit “E” hereto to holders of Allowed Second Lien Claims, and Allowed Valley View Downs Unsecured Claims~~,~~ and (~~ii~~iii) the NewCo Warrants to holders of the Allowed First Lien Claims, pursuant to the Plan. NewCo ~~is hereby~~will be authorized under the Plan to enter into such agreements and documents as may be necessary to effectuate the issuance of the NewCo PIK Notes and NewCo Warrants, in form and substance satisfactory to the Consenting First Lien Claimholders.

f. Issuance of NewCo Membership Interests

Pursuant to section 1123(a)(5) of the Bankruptcy Code, on the Effective Date, NewCo shall be authorized, without further act or action, under applicable law, regulation, order, or rule, to issue the NewCo Membership Interests to Existing Management in a manner and amount satisfactory to the Consenting First Lien Claimholders. NewCo and the Reorganized Debtors ~~are hereby~~will be authorized under the Plan to enter into such agreements as are necessary to effectuate the issuance of the NewCo Membership Interests, in form and substance satisfactory to the Consenting First Lien Claimholders.

The direct and indirect owners, directors and managers of the Debtors’ racing and gaming operations in Indiana, Colorado and Pennsylvania are all subject to stringent regulatory and licensing requirements.[~~5~~7]
The scrutiny and qualifications to which Entities or Persons attempting to secure such licenses are subject are rigorous and time-consuming. For instance, ~~Section~~section 433a.3 of ~~Title~~title 58 of the Pennsylvania Code requires that any individual who has any direct ownership interest or even a right to any profit or distribution from an entity licensed to conduct gaming in Pennsylvania must be licensed as a principal of that entity. Similarly, ~~Section~~section 4-31-5-1 of the Indiana Code requires all individuals or entities to apply for a permit in order to “conduct, assist, or aid or abet in conducting a horse racing meeting.”

~~5~~7 See Ind. Code §§ 4-35-6.5-2, 4-35-6.5-4, 4-33-6-4 (dealing with Indiana licensing requirements for management of gaming facilities); Ind. Code §§ 4-35-5-1, 4-35-5-2.4, 4-35-5-2.5, 4-33-6-4 (dealing with Indiana licensing requirements for owners of gaming facilities); Ind. Code §§ 4-31-6-1, 4-31-6-5, 4-31-6-6, 4-31-6-7 (dealing with Indiana licensing requirements for management of racing facilities); Ind. Code §§ 4-31-5-1, 4-31-5-2 (dealing with Indiana licensing requirements for owners of racing facilities); 58 Pa. Code §§ 433a.2, 433a.8 (dealing with Pennsylvania licensing requirements for management of gaming facilities); 58 Pa. Code §§ 433a.3, 433a.4, 433a.8 (dealing with Pennsylvania licensing requirements for owners of gaming facilities); 58 Pa. Code §§ 183.2, 185.29, 185.33 (dealing with Pennsylvania licensing requirements for management of racing facilities); 58 Pa. Code 185.11, 185.32 (dealing with Pennsylvania licensing requirements for owners of racing facilities); Colo. Rev. Stat. §§ 12-47.1-501, 12-47.1-505, 12-47.1-506, 12-47.1-510 (dealing with Colorado licensing requirements for management and owners of gaming facilities).

The investigatory and licensure process may require an extended period of time. For example, the process in Indiana may take at least six to eight months once the completed applications from all substantial owners, management members and occupational licensees have been received. In addition, the process does not begin until the ownership structure is finalized and any changes to the structure may induce further delay. It is also important to note that if a regulatory authority determines that one of the applicants or a key person or substantial owner of an applicant has a problem, the process will stop until the problem is resolved. The other states in which the Debtors operate have similar processes, with similar or longer timeframes.

Because the Pennsylvania Gaming Control Board, Colorado Limited Gaming Control Commission and Indiana Horse Racing Commission all have the authority to investigate all aspects of ownership, at any level, owners and controlling persons of entities holding equity interests are also subject to investigation. In addition, a regulator may suggest an alternative structure if it believes that the proper investigation would be too time consuming and detrimental to the property and the state. The Indiana Gaming Commission could also activate the power of attorney filed with it, thereby installing a trustee. Such action would increase the licensee's expenses and could jeopardize the licenses issued by other regulators.

The holders of Allowed First Lien Claims may not, in all cases, be willing to satisfy these rigorous licensing requirements. The holders of Allowed First Lien Claims that do not satisfy these licensing requirements cannot own or control the entities operating the racing and gaming facilities. All holders of Allowed First Lien Claims will, however, receive NewCo Warrants on the Effective Date, which are exercisable in accordance with the terms of the NewCo Warrants.

Because, among other things, (i) several of the holders of Allowed First Lien Claims are unwilling to satisfy the applicable licensing requirements and (ii) those holders of Allowed First Lien Claims that are willing to satisfy those requirements are not presently, and may not on the Effective Date be, licensed, the Plan provides for the NewCo Membership Interests to be distributed to Existing Management in a manner and amount satisfactory to the Consenting First Lien Claimholders. This distribution is being made to the Existing Management in order to facilitate the timely implementation of the Plan and not on account of Mr. Ratcliff's or Mr. Wilson's equity interests in Centaur, LLC's ultimate parent, Centaur, Inc. Further, as shown in the analysis contained in Section VIII.C. hereof, the Reorganized Enterprise Value of the Debtors is insufficient to enable the Prepetition First Lien Claimholders, who have valid and perfected liens on substantially all of the Debtors' Assets, to receive a recovery in full on account of their Allowed First Lien Claims. Nevertheless, in order to facilitate confirmation and consummation of the Plan, the Consenting First Lien Claimholders by their votes to accept the Plan, will agree to carve out from the Prepetition First Lien Claimholders' recovery and to permit the distribution of value in the form of the NewCo Membership Interests, which would otherwise be distributable to holders of Allowed First Lien Claims, to Existing Management.

(c) **Corporate Action**

The entry of the Confirmation Order shall constitute authorization for the Debtors and the Reorganized Debtors, ~~(~~as the case may be~~)~~, to take or cause to be taken all corporate actions necessary or appropriate to implement all provisions of, and to consummate, the Plan prior to, on and after the Effective Date and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act, or action under any applicable law, order, rule or regulation, including without limitation, any action required by the officers, members, managers, or general or limited partners of the Debtors and the Reorganized Debtors, ~~(~~as the case may be~~)~~, including, among other things, (i) the adoption or amendment of any organizational documents; (ii) the termination and cancellation of any Original Debt Documents or any other outstanding instrument, document or agreement evidencing Debt Claims as required by the Plan; (iii) the issuance of the Plan Securities; (iv) all transfers of Assets that are to occur pursuant to the Plan; (v) the incurrence of all obligations contemplated by the Plan and the making of all Plan Distributions; (vi) the reinstatement and assumption of all indemnity obligations to the officers, members, managers, and general and limited partners of the Debtors; (vii) the implementation of all settlements and compromises as set forth in or contemplated by the Plan; (viii) taking of all actions to preserve and provide for the prosecution of the Avoidance Actions; and (ix) entering into any and all transactions, contracts~~,~~ or arrangements permitted by applicable law, order, rule, or regulation; provided, however, that such actions taken following entry of the Confirmation Order but prior to the Effective Date shall be agreeable to the Consenting First Lien Claimholders and such actions taken on or after the Effective Date shall be agreeable to the Board of Managers.

The officers of the Debtors and the Reorganized Debtors, as the case may be, are authorized and directed to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and to take all necessary action required in connection therewith, in the name of and on behalf of the Debtors. All obligations of the Debtors to indemnify and hold harmless their current and former officers, members, managers, general and limited partners and employees, whether arising under the Debtors' constituent documents, contract, law, or equity, shall be fully reinstated and assumed by the Reorganized Debtors upon the occurrence of the Effective Date with the same effect as though such obligations constituted executory contracts that are assumed (or assumed and assigned, as applicable) under section 365 of the Bankruptcy Code, and all such obligations shall be fully enforceable on their terms from and after the Effective Date. Nothing in the Plan, including Sections 17.1 and 17.2, shall release any obligations of the Debtors to indemnify and hold harmless their current and former officers, members, managers, general and limited partners, and employees. Nothing in the Plan, including Section 17.22 of the Plan, shall enjoin any of the Debtors' current and former officers and employees from asserting any indemnity or hold harmless right against the Debtors, excluding any claim for payment of attorneys' fees arising out of or relating to the Chapter 11 Cases or investigations related thereto, except to the extent such attorneys' fees were incurred in the defense of a ~~claim~~Claim that was asserted or the subject of investigation or discovery after the Effective Date and which ~~claim~~Claim was released pursuant to Sections 17.1 and 17.2 of the Plan. The prosecution of any so-indemnified ~~Cause~~Causes of Action shall, upon the occurrence of the Effective Date, be enjoined and prohibited, except solely for the purpose of obtaining a recovery from the issuer of any available insurance policy proceeds.

The constituent documents of NewCo and the Reorganized Debtors shall, as of the Effective Date, prohibit or be amended to prohibit the issuance of non-voting equity securities by such ~~Debtor~~Entities as required by section 1123(a)(6) of the Bankruptcy Code, provided, however, that following the Effective Date, NewCo and the Reorganized Debtors shall be entitled to issue non-voting securities, in their sole discretion, and solely in accordance with the terms of the Plan Documents.

(d) **Termination of Certain Debt Obligations**

Upon the occurrence of the Effective Date, the Original Debt Documents shall be cancelled and annulled (along with such other documents appurtenant thereto). Immediately upon the completion of all Plan Distributions to the holders of Allowed First Lien Claims and Allowed Second Lien Claims, the Reorganized Debtors shall be authorized and directed (without further approval, act or other determination under applicable law, regulation, order or rule) to take such action as shall be necessary or appropriate to terminate and extinguish all of the Debtors' obligations under the Original Debt Documents.

(e) **Continued Corporate Existence**

Except as provided in Section 10.2(c) of the Plan, the Debtors shall continue to exist, as Reorganized Debtors, after the Effective Date as separate entities, with all the powers available to such legal entities, in accordance with applicable law and pursuant to their constituent documents, as modified by the Plan.

(f) **Re-vesting of Assets**

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates and any property acquired by a Debtor or Reorganized Debtor under the Plan shall vest in the Reorganized Debtors free and clear of all Claims, liens, encumbrances, charges and other interests, except as provided in the Plan. On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire~~,~~ or dispose of property and compromise or settle any claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges that it incurs on or after the Effective Date for all fees, disbursements, expenses or related support services of Professionals (including fees relating to the preparation of professional fee applications) without application to, or approval of, the Bankruptcy Court.

(g) **Initial Managers and General Partners**

From and after the Effective Date, (i) NewCo shall be managed by the Board of Managers, ~~and~~ (~~b~~ii) NewCo shall be the manager of ~~each of the Reorganized Debtors, as applicable, shall be~~ Reorganized Centaur, LLC, (iii) Reorganized Centaur, LLC shall be the manager of all of its subsidiaries that are limited liability companies and (iv) the general partners of Reorganized Centaur, LLC's subsidiaries that are limited partnerships shall manage such partnerships. Thereafter, the managers and general partners, as applicable, of NewCo and the Reorganized Debtors shall be selected and determined in accordance with the provisions of the organizational documents of NewCo and such Reorganized Debtors and applicable law. The members of the Board of Managers shall be as identified in the Plan Supplement.

(h) **Officers**

The current officers of each of the Debtors shall continue in such positions after the Effective Date in accordance with their respective employment agreements, if any, or, in the case of the Existing Management, the Long Term Employment Agreements, and applicable law. From and after the Effective Date, the officers of each of the Reorganized Debtors shall be selected and appointed by the respective members, managers, and partners of such entities, in accordance with, and pursuant to, the provisions of applicable law and their respective organizational documents. The officers of NewCo shall be as identified in the Plan Supplement.

(i) **Retention of Causes of Action/Reservation of Rights**

Except as set forth in Sections 17.1 and 17.2 of the Plan, all Causes of Action belonging to any of the Debtors shall, upon the occurrence of the Effective Date, be vested in the Reorganized Debtors for the benefit of the Debtors and their Estates. Except as set forth in Sections 17.1 and 17.2 of the Plan, the rights of the Reorganized Debtors to commence, prosecute, or settle such Causes of Action, respectively, shall be preserved notwithstanding the occurrence of the Effective Date.

No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or Committee will not pursue any and all available Causes of Action against them. The Debtors and the Estates, on their own behalf and on behalf of the Committee, expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise provided in the Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised~~,~~ or settled in the Plan or a Final Order, the Debtors, on their own behalf and on behalf of the Committee, expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon or after the confirmation or consummation of the Plan.

Except as set forth in Sections 17.1 and 17.2 of the Plan, nothing in the Plan or the Confirmation Order shall be deemed a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense which the Debtors had immediately prior to the Petition Date, against or with respect to any Claims left unimpaired by the Plan, except for avoidance actions pursuant to section 547 of the Bankruptcy Code (provided, however, that the Debtors' right to object to any Claim pursuant to section 502(d) of the Bankruptcy Code is fully preserved, including, without limitation, the right to object to any Claim of a recipient of a transfer that is avoidable under section 547 of the Bankruptcy Code).

(j) **Appointment of the Disbursing Agent**

Upon the occurrence of the Effective Date, the Reorganized Debtors shall be appointed to serve as the Disbursing Agent and shall have all powers, rights, duties, and protections afforded the Disbursing Agent under the Plan.

H. Distribution Provisions

(a) **Plan Distributions**

Pursuant to the terms and provisions of the Plan, the Disbursing Agent shall make the required Plan Distributions specified under the Plan on the relevant Distribution Date therefor.

The Disbursing Agent ~~shall~~may make all distributions on account of Allowed First Lien Claims to the Prepetition First Lien Agent in its capacity as administrative agent for the Prepetition First Lien Claimholders, which distributions the Prepetition First Lien Agent shall distribute to the Prepetition First Lien Claimholders on a ~~Pro Rata~~pro rata basis. The Prepetition First Lien Agent shall be entitled to the exculpation protections provided in Section 11.3 of the Plan with respect to any distributions the Prepetition First Lien Agent makes on account of Allowed First Lien Claims.

The Disbursing Agent ~~shall~~may make all distributions on account of Allowed Second Lien Claims to the Prepetition Second Lien Agent in its capacity as administrative agent for the Prepetition Second Lien Claimholders, which distributions the Prepetition Second Lien Agent shall distribute to the Prepetition Second Lien Claimholders on a ~~Pro Rata~~pro rata basis. The Prepetition Second Lien Agent shall be entitled to the exculpation protections provided in Section 11.3 of the Plan with respect to any distributions the Prepetition Second Lien Agent makes on account of Allowed Second Lien Claims.

(b) **Timing of Plan Distributions**

Each Plan Distribution shall be made on the relevant Distribution Date therefor. In the event a Plan Distribution shall be payable on a day other than a Business Day, such Plan Distribution shall instead be paid on the immediately succeeding Business Day, but shall be deemed to have been made on the date otherwise due. A Plan Distribution shall be deemed to have been timely made if made on such date or within ten (10) days thereafter.

For federal income tax purposes, except to the extent a Plan Distribution is made in connection with reinstatement of an obligation pursuant to section 1124 of the Bankruptcy Code, a Plan Distribution will be allocated first to the principal amount of a Claim and then, to the extent the Plan Distribution exceeds the principal amount of the Claim, to the portion of the Claim representing accrued but unpaid interest, provided, however, that notwithstanding all of the foregoing, the application of any distributions made on account of Allowed First Lien Claims and Allowed Second Lien Claims shall be governed by the Prepetition First Lien Credit Agreement and the Prepetition Second Lien Credit Agreement, respectively.

(c) **Surrender and Cancellation of Instruments**

As a condition to receiving any Plan Distribution, on or before the Distribution Date, the holder of an Allowed Claim evidenced by a certificate, instrument~~,~~ or note, other than any such certificate, instrument or note that is being reinstated or being left unimpaired under the Plan, shall (i) surrender such certificate, instrument or note representing such Claim, and (ii) execute and deliver such other documents as may be necessary to effectuate the Plan in the sole determination of the Disbursing Agent. Such certificate, instrument or note shall thereafter be cancelled and extinguished. The Disbursing Agent shall have the right to withhold any Plan Distribution to be made to or on behalf of any holder of such Claims unless and until (A) such certificates, instruments or notes are surrendered, or (B) any relevant holder provides to the Disbursing Agent an affidavit of loss or such other documents as may be required by the Disbursing Agent together with an appropriate indemnity in the customary form. Any such holder who fails to surrender such certificates, instruments or notes, or otherwise fails to deliver an affidavit of loss and indemnity prior to the second anniversary of the Effective Date, shall be deemed to have forfeited its Claims and shall not participate in any Plan Distribution. All property in respect of such forfeited Claims shall revert to the Reorganized Debtors.

I. Procedures for Resolving and Treating Contested Claims

(a) Objection Deadline

As soon as practicable, but in no event later than one hundred and eighty (180) days after the Effective Date (subject to being extended by ~~the~~ order of the Bankruptcy Court upon motion of the Disbursing Agent without notice or a hearing), objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made.

(b) Prosecution of Contested Claims

After the ~~Effective Date~~date the Confirmation Order becomes a Final Order, only the Reorganized Debtors may object to the allowance of Contested Claims filed with the Bankruptcy Court. All objections that are filed and prosecuted as provided in the Plan shall be litigated to Final Order or compromised and settled in accordance with Section 13.3 of the Plan.

(c) Claims Settlement

Notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Disbursing Agent shall have authority to settle or compromise all Claims and Causes of Action without further review or approval of the Bankruptcy Court.

(d) Entitlement to Plan Distributions Upon Allowance

Notwithstanding any other provision of the Plan, if any portion of a Claim is a Contested Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Claim becomes an Allowed Claim that is not a Contested Claim, subject to the setoff rights as provided in Section 17.19 of the Plan. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim, the holder of such Allowed Claim shall thereupon become entitled to receive the Plan Distributions in respect of such Claim the same as though such Claim had been an Allowed Claim on the Effective Date.

(e) **Contested Claims Reserve**

The Debtors may establish a Contested Claims Reserve in a segregated account for the purpose of effectuating distributions to the holders of Contested Claims pending the allowance or disallowance of such Claims in accordance with the Plan.

(f) **Estimation of Claims**

An Estimation Order may be used to calculate and establish the amount of the Contested Claims Reserve. The Debtors and the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent, unliquidated~~,~~ or Contested Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated~~,~~ or Contested Claim, the amount so estimated shall constitute either (i) the Allowed amount of such Contested Claim, (ii) a maximum limitation on such Contested Claim~~,~~ or (iii) in the event such Contested Claim is estimated in connection with the estimation of other Claims within the same class, a maximum limitation on the aggregate amount of Allowed Claims on account of such Contested Claims so estimated. If the estimated amount constitutes a maximum limitation on the amount of such Claim, or on more than one such Claim within a class of Claims, as applicable, the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the allowance of such Claims. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn~~,~~ or otherwise resolved by any mechanism approved by the Bankruptcy Court.

(g) **No Recourse Against the Debtors or the Reorganized Debtors**

If a Contested Claims Reserve is established pursuant to Section 13.5 of the Plan prior to the Effective Date, any holder of a Contested Claim that ultimately becomes an Allowed Claim shall be entitled to receive its applicable distribution under the Plan solely from the Contested Claims Reserve established on account of such Contested Claim. In no event shall any holder of a Contested Claim have any recourse with respect to distributions made, or to be made, under the Plan to holders of such Claims, to any Debtor or the Reorganized Debtors on account of such Contested Claim, regardless of whether such Contested Claim shall ultimately become an Allowed Claim, and regardless of whether sufficient Cash or other property remains available for distribution in the Contested Claims Reserve established on account of such Contested Claim at the time such Claim becomes entitled to receive a distribution under the Plan.

J. Conditions Precedent to Confirmation of Plan

As conditions precedent to confirmation of the Plan, the Clerk of the Bankruptcy Court shall have entered an order or orders:

(i) approving the Disclosure Statement as containing "adequate information" pursuant to section 1125 of the Bankruptcy Code;

(ii) authorizing the solicitation of votes with respect to the Plan;

(iii) determining that all votes are binding and have been properly tabulated as acceptances or rejections of the Plan;

(iv) reasonably acceptable, in form and substance, to the Debtors and the Consenting First Lien Claimholders and confirming and giving effect to the terms and provisions of the Plan;

(v) determining that all applicable tests, standards and burdens in connection with the Plan have been duly satisfied and met by the Debtors and the Plan;

(vi) approving the Plan Documents, which shall be in form and substance satisfactory to the Consenting First Lien Claimholders; and

(vii) authorizing the Debtors to execute, enter into, and deliver the Plan Documents and to execute, implement, and to take all actions otherwise necessary or appropriate to give effect to, the transactions contemplated by the Plan and the Plan Documents.

K. Conditions Precedent to Occurrence of the Effective Date

The following are conditions precedent to the occurrence of the Effective Date:

(i) ~~The~~the Confirmation Order shall have been entered by the Clerk of the Bankruptcy Court, be in full force and effect and not be subject to any stay or injunction;

(ii) ~~The~~the closing of the Exit ~~Facility~~Financing shall have occurred;

(iii) ~~The~~the forms of the NewCo PIK Notes and NewCo Warrants shall be in form and substance satisfactory to the Consenting First Lien Claimholders and shall have been issued pursuant to the Plan;

(iv) ~~The~~the Renewal or Replacement L/C, in form and substance satisfactory to the Consenting First Lien Claimholders, shall have been issued pursuant to the Plan;

(v) ~~The~~the composition of the Board of Managers shall be acceptable to the Consenting First Lien Claimholders and the Board of Managers shall have been seated; ~~and~~

(vi) the Bankruptcy Court shall have determined by a Final Order whether the Debtors' reversionary interest in the $50 million in cash deposited in an account in the name of the L/C Issuer to secure the Existing L/C constitutes collateral of the Prepetition First Lien Claimholders;

(vii) all necessary regulatory consents, authorizations and approvals of the post-Effective Date capital structure of the Reorganized Debtors shall have been given or the status of any requests or applications for such consents, authorizations or approvals immediately preceding the Effective Date shall be satisfactory to the Consenting First Lien Claimholders;

~~(vi)~~ ~~All~~(viii) all necessary consents, authorizations and approvals shall have been given for the transfers of property and the payments provided for or contemplated by the Plan, including, without limitation, (a) satisfaction or waiver of all conditions to the obligations of (1) the Debtors under the Plan and the Plan Documents, (2) the Debtors and the Prepetition First Lien Claimholders ~~Under~~under the First Lien Take Back Documents, and (b) the valid issuance of the Plan Securities or, in the case of regulatory consents, authorizations, or approvals, the status of any requests or applications for such consents, authorization, or approvals immediately preceding the Effective Date shall be satisfactory to the Consenting First Lien Claimholders; and

(ix) payment of all Intercompany Financing Claims; provided, however, that payment of such Claims may be waived in accordance with Section 15.3 of the Plan on a Debtor by Debtor basis.

L. Waiver of Conditions

The Debtors, with the written consent of the Consenting First Lien Claimholders, may waive any one or more of the conditions set forth in Section 15.1 or Section 15.2 of the Plan in a writing executed by each of them without notice or order of the Bankruptcy Court and without notice to any parties in interest.

M. Effect of Non-Occurrence of the Effective Date

If the Effective Date shall not occur, the Plan shall be null and void and nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims against or Equity Interests in a Debtor; (b) prejudice in any manner the rights of any party~~-~~ in~~-~~ interest; or (c) constitute an admission, acknowledgement, offer, or undertaking by the Debtors or any other party~~-~~ in~~-~~ interest.

N. Exculpation of Debtors and Released Persons

The Debtors and any Released Persons shall not be liable for any Cause of Action related to or arising in connection with or out of the administration of the Chapter 11 Cases, pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct as determined by Final Order of the Bankruptcy Court. The Confirmation Order shall enjoin all holders of Claims and Equity Interests from asserting or prosecuting any Claim or Cause of Action against any Released Person as to which such Released Person has been exculpated from liability pursuant to the preceding sentence.

O. Releases by the Debtors

On the Effective Date, each of the Released Persons shall be released by each Debtor and their respective Estates, from any and all Claims, including, without limitation, Avoidance Actions, liens, encumbrances, security interests, obligations, suits, judgments, damages, rights, Causes of Action~~,~~ and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity~~,~~ or otherwise, that any Debtor is entitled to assert in its own right or on behalf of the holder of any Claim or Equity Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event~~,~~ or other occurrence taking place on or prior to the Effective Date in any way relating to any Debtor, the Chapter 11 Cases, the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation~~,~~ or consummation of any of the Plan, or the property to be distributed under the Plan, the disclosure statement concerning the Plan, any contract, employee pension or other benefit plan, instrument, release or other agreement ~~of~~or document created, modified, amended, terminated~~,~~ or entered into in connection with either the Plan or any agreement between the Debtors and any Released Person, or any other act taken or omitted to be taken in connection with the Debtors' bankruptcy. Without limitation of the foregoing, each such Released Person shall be released and exculpated from any and all Claims, obligations, suits, judgments, damages, rights, Causes of Action~~,~~ and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing~~,~~ or hereafter arising, in law, equity~~,~~ or otherwise, that any holder of a Claim or Equity Interest is entitled to assert in its own right or on behalf of any other person, based in whole or in part upon any act or omission, transaction, agreement, event~~,~~ or other occurrence relating to the Debtors and taking place prior to the Effective Date.

P. Release of Released Persons by Other Released Persons

On the Effective Date, except as expressly provided under the Plan with respect to (a) Plan Distributions on account of Allowed Claims or Allowed Equity Interests, if any, that any of the Released Persons may have against any of the Debtors' Estates, and (b) any other rights or obligations under the Plan or the Plan Documents, each of the Released Persons shall release each other from any and all Claims, including, without limitation, Avoidance Actions, liens, encumbrances, security interests, obligations, suits, judgments, damages, rights, Causes of Action, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity~~,~~ or otherwise, that any Released Person is entitled to assert against any other Released Person, based in whole or in part upon any act or omission, transaction, agreement, event~~,~~ or occurrence taking place on or before the Effective Date in any way relating to any Debtor, the Chapter 11 Cases, the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation~~,~~ or consummation of any of the Plan, or the property to be distributed under the Plan, the disclosure statement concerning the Plan, any contract, employee pension or other benefit plan, instrument, release~~,~~ or other agreement ~~of~~or document created, modified, amended, terminated, or entered into in connection with either the Plan or any agreement between the Debtors and any Released Person, or any other act taken or omitted to be taken in connection with the Debtors' bankruptcy. Notwithstanding any of the foregoing, the Plan shall not release any

obligations of the Debtors to indemnify and hold harmless their current and former officers and employees, except for claims or Causes of Action against any current and former officers and employees resulting from the willful misconduct or gross negligence of such indemnified party, whether arising under the Debtors' constituent documents, contract, law~~,~~ or equity.

Q. Indemnification of the Prepetition First Lien Agent

From and at all times following the Effective Date, (a) each of NewCo and the Reorganized Debtors shall (and shall cause each of their present and future subsidiaries to), jointly and severally, and (b) each holder of an Allowed First Lien Claim (in the proportion that such holder's First Lien Claim bears to the total Allowed First Lien Claims but, subject thereto, jointly and severally with each Person specified in (a)), shall, on demand, advance and indemnify the Prepetition First Lien Agent and its respective officers, directors, principals, shareholders, parents, subsidiaries, affiliates, members, auditors, accountants, financial advisors, predecessors, successors, servants, employees, agents, counsel, attorneys, partners, insurers, underwriters, administrators, executors, representatives or assigns (each an "Indemnified Person") against all Causes of Action~~ and against all~~, regardless of whether any such Indemnified Person is a party thereto (and regardless of whether such matter is initiated by a third party or by NewCo, any Reorganized Debtor or any of their respective affiliates or shareholders), and against all losses, costs, liabilities, damages, obligations, expenses and disbursements (including, without limitation, the payment of any attorney or other advisory fees) and any duties, taxes and charges incurred or suffered by or awarded against them related to, in connection with or arising out of the performance by them of any actions required or contemplated by the Plan (including the implementation of any transactions contemplated by the Plan), the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except ~~for~~to the extent resulting primarily from the gross negligence or willful misconduct of such Indemnified Person as determined by Final Order of the Bankruptcy Court.

R. Executory Contracts and Unexpired Leases

(a) Executory Contracts and Unexpired Leases

The Bankruptcy Code entitles the Debtors, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. The Bankruptcy Code further entitles the Debtors, subject to satisfaction of certain conditions, to assign assumed executory contracts and unexpired leases to another entity. Rejection or assumption and assignment may be effected under a plan of reorganization.

(b) Assumption and Rejection of Executory Contracts and Unexpired Leases

All executory contracts and unexpired leases of the Debtors shall be rejected pursuant to the provisions of section 365 of the Bankruptcy Code effective as of and subject to the occurrence of the Effective Date, unless another date is specified in the Plan except: (i) any executory contracts and unexpired leases that are the subject of separate motions to assume or assume and assign filed pursuant to section 365 of the Bankruptcy Code by the Debtors before the Effective Date; (ii) contracts and leases listed in Schedule 2 attached hereto and any subsequently filed "Schedule of Assumed Executory Contracts and Unexpired Leases" to be filed by the Debtors with the Bankruptcy Court before the entry of, or as an exhibit to, the Confirmation Order; (iii) all executory contracts and unexpired leases assumed or assumed and assigned under the Plan or by order of the Bankruptcy Court entered before the Effective Date; (iv) any executory contract or unexpired lease that is the subject of a dispute over the amount or manner of cure pursuant to Section 14.2 of the Plan and for which the Debtors make a motion to reject such contract or lease based upon the existence of such dispute filed at any time; (v) any agreement, obligation, security interest, transaction or similar undertaking that the Debtors believe is not executory or a lease that is later determined by the Bankruptcy Court to be an executory contract or unexpired lease that is subject to assumption or rejection under section 365 of the Bankruptcy Code; (vi) any oral or written joint defense agreements relating to actual, potential, or threatened litigation or investigations involving any of the Debtors, which shall be assumed; (vii) any guaranty or similar agreement executed by a third party which guarantees repayment or performance of an obligation owed to any of the Debtors or to indemnify the Debtors; and (viii) agreements with third parties regarding preservation of the confidentiality of documents produced by the Debtors. Any order entered postconfirmation by the Bankruptcy Court, after notice and a hearing, authorizing the rejection of an executory contract or unexpired lease shall cause such rejection to be a prepetition breach under sections 365(g) and 502(g) of the Bankruptcy Code, as if such relief was granted and such order was entered preconfirmation. The Debtors reserve the right to amend Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" prior to the entry of the Confirmation Order. Each executory contract and unexpired lease to be assumed by the Debtors shall include modifications, amendments, supplements, restatements, or other similar agreements made directly or indirectly by any agreement, instrument~~,~~ or other document that affects such executory contract or unexpired lease, without regard to whether such agreement, instrument, or other document is listed on Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases."

The inclusion of a contract, lease or other agreement in Section 14.1(a) of the Plan or on Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" shall not constitute an admission by the Debtors as to the characterization of whether any such included contract, lease, or other agreement is, or is not, an executory contract or unexpired lease or whether any claimants under any such contract, lease~~,~~ or other agreement are time-barred from asserting Claims against the Debtors. The Debtors reserve all rights with respect to the characterization of any such agreements.

The Plan shall constitute a motion to reject such executory contracts and unexpired leases rejected pursuant to Section 14.1 of the Plan, and the Debtors shall have no liability thereunder except as is specifically provided in the Plan. Entry of the Confirmation Order by the Clerk of the Bankruptcy Court shall constitute approval of such rejections pursuant to section 365(a) of the Bankruptcy Code, subject to the occurrence of the Effective Date, and a finding by the Bankruptcy Court that each such rejected agreement, executory contract, or unexpired lease is burdensome and that the rejection thereof is in the best interests of the Debtors and their ~~estates~~Estates.

The Plan shall constitute a motion to assume and assign to the Reorganized Debtors such executory contracts and unexpired leases as set forth in Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" or otherwise designated for assumption in Section 14.1(a) of the Plan. Entry of the Confirmation Order by the Clerk of the Bankruptcy Court shall constitute approval of such assumption and assignment pursuant to sections 365(a), (b) and (f) of the Bankruptcy Code, and a finding by the Bankruptcy Court that the requirements of section 365(f) of the Bankruptcy Code have been satisfied. **Any non-Debtor counterparty to an agreement listed on Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" or any other contract or unexpired lease otherwise designated as being assumed or assumed and assigned in Section 14.1(a) of the Plan who disputes the assignment of an executory contract or unexpired lease must file with the Bankruptcy Court, and serve upon the Debtors and the Committee, a written objection to the assumption and assignment, which objection shall set forth the basis for the dispute by no later than ten (10) ~~days~~Business Days prior to the Confirmation Hearing. The failure to timely object shall be deemed a waiver of any and all objections to the assumption and assignment of executory contracts and leases as set forth in Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" or as otherwise designated as being assumed or assumed and assigned in Section 14.1(a) of the Plan.**

(c) **Cure**

At the election of the Debtors following consultation with the Consenting First Lien Claimholders, any monetary defaults under each executory contract and unexpired lease to be assumed under the Plan shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code: (a) by payment of the default amount in Cash on the Effective Date or as soon thereafter as practicable; or (b) on such other terms as agreed to by the parties to such executory contract or unexpired lease. In the event of a dispute regarding: (i) the amount of any cure payments; (ii) the ability to provide adequate assurance of future performance under the contract or lease to be assumed or assumed and assigned; or (iii) any other matter pertaining to assumption or assumption and assignment, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving assumption or assignment, as applicable. Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" attached to the Disclosure Statement set forth the Debtors' cure obligations for each agreement for which ~~a~~ cure ~~obligation~~obligations must be satisfied as a condition to the assumption and assignment of such agreement. **Any non-Debtor counterparty to an agreement listed on the Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" who disputes the scheduled cure obligation (or objects to the omission of a scheduled cure obligation) must file with the Bankruptcy Court, and serve upon the Debtors and the Committee, a written objection to the cure obligation, which objection shall set forth the basis for the dispute, the alleged correct cure obligation, and any other objection related to the assumption or assumption and assignment of the relevant agreement by no later than ten (10) Business Days prior to the Confirmation Hearing. If a non-Debtor counterparty fails to file and serve an objection which complies with the foregoing, the cure obligation set forth on the Disclosure Statement Schedule 2 or any "Schedule of Assumed Executory Contracts and Unexpired Leases" shall be binding on the non-Debtor counterparty, and the non-Debtor**

counterparty shall be deemed to have waived any and all objections to the assumption or assumption and assignment of the relevant agreement as proposed by the Debtors.

(d) **Claims Arising from Rejected Contracts**

Rejection Damage Claims must be submitted to the Claims Agent, with copies to counsel for the Debtors, by the first Business Day that is at least thirty (30) days following the Effective Date. The foregoing submission deadline applies only to Rejection Damage Claims arising out of executory contracts and unexpired leases that are rejected pursuant to the Plan. Nothing in the Plan shall alter the submission deadline for a party to an executory contract or unexpired lease that was rejected by separate motion or by operation of law. Properly submitted Rejection Damage Claims shall be treated as Valley View Downs Unsecured Claims, General Unsecured Claims, or Convenience Claims, as applicable, under the Plan subject to objection by the Reorganized Debtors. **ANY SUCH REJECTION DAMAGE CLAIMS THAT ARE NOT PROPERLY SUBMITTED PURSUANT TO SECTION 14.3 OF THE PLAN WILL FOREVER BE BARRED FROM ASSERTION AND SHALL NOT BE ENFORCEABLE AGAINST THE REORGANIZED DEBTORS, THEIR RESPECTIVE ESTATES, AFFILIATES OR ASSETS.**

S. Retention of Jurisdiction

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Cases or the Plan, or (c) as otherwise set forth in the Plan.

T. Other Material Provisions of the Plan

(a) **Payment of Statutory Fees**

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid by the Debtors on or before the Effective Date.

(b) **Satisfaction of Claims**

The rights afforded in the Plan and the treatment of all Claims and Equity Interests therein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever, including any accrued postpetition interest, against the Debtors and the Debtors-in-Possession, or any of their Estates, Assets, properties, or interests in property. Except as otherwise expressly provided in the Plan, on the Effective Date, all Claims against and Equity Interests in the Debtors and the Debtors-in-Possession shall be satisfied, discharged, and released in full. The Reorganized Debtors shall not be responsible for any pre-Effective Date obligations of the Debtors or the Debtors-in-Possession, except those expressly assumed by any Reorganized Debtor(s), as applicable. Except as otherwise provided herein, all Persons and Entities shall be precluded and forever barred from asserting against the Reorganized Debtors, their respective successors or assigns, or their Estates, Assets, properties, or interests in property any event, occurrence, condition, thing, or other or further Claims or Causes of Action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, other than subordination of the First Lien Claims, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

(c) **Third Party Agreements; Subordination**

The Plan Distributions to the various classes of Claims and Equity Interests thereunder shall not affect the right of any Person to levy, garnish, attach~~,~~ or employ any other legal process with respect to such Plan Distributions by reason of any claimed subordination rights or otherwise. All ~~of~~ such rights and any agreements relating thereto shall remain in full force and effect, except as compromised and settled pursuant to the Plan. Plan Distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan. The right of the Debtors to seek subordination of any lien, security interest, Claim or Equity Interest pursuant to section 510 of the Bankruptcy Code is fully reserved~~;~~ and the treatment afforded any Claim or Equity Interest that becomes a Subordinated Claim or subordinated Equity Interest at any time shall be modified to reflect such subordination. Unless the Confirmation Order provides otherwise, no Plan Distributions shall be made on account of a ~~subordinated~~Subordinated Claim or subordinated Equity Interest.

All contractual and subordination rights of the Prepetition First Lien Agent and other Prepetition First Lien Claimholders with respect to any Plan Distributions, including, without limitation, the subordination of the liens held by or on behalf of the Prepetition Second Lien Agent, the other Prepetition Second Lien Claimholders or any agent of trustee therefor to the liens held by or on behalf of the Prepetition First Lien Agent, the other Prepetition First Lien Claimholders or any agent or trustee therefor, as described in the Prepetition Intercreditor Agreement, shall be enforceable under the Plan, except if, and to the extent, expressly compromised by the Plan. The classification and manner of satisfying Claims under the Plan and the Plan Distributions take into consideration the contractual subordination rights that the Prepetition First Lien Agent and the other Prepetition First Lien Claimholders have against ~~a holder of another Claim~~holders of other Claims with respect to Plan Distributions.

(d) **Discharge of Liabilities**

Except as otherwise provided in the Plan, upon the occurrence of the Effective Date, the Debtors shall be discharged from all Claims and Causes of Action to the fullest extent permitted by section 1141 of the Bankruptcy Code, and all holders of Claims and Equity Interests shall be precluded from asserting against the Reorganized Debtors, the Debtors, the Estates, the Assets, or any property dealt with under the Plan, any further or other Cause of Action based upon any act or omission, transaction, event, thing, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, THE REORGANIZED DEBTORS SHALL NOT HAVE, AND SHALL NOT BE CONSTRUED TO HAVE OR MAINTAIN ANY LIABILITY, CLAIM, OR OBLIGATION, THAT IS BASED IN WHOLE OR IN PART ON ANY ACT, OMISSION, TRANSACTION, EVENT, OTHER OCCURRENCE, OR THING OCCURRING OR IN EXISTENCE ON

OR PRIOR TO THE EFFECTIVE DATE OF THE PLAN (INCLUDING, WITHOUT LIMITATION, ANY LIABILITY OR CLAIMS ARISING UNDER APPLICABLE NON-BANKRUPTCY LAW AS A SUCCESSOR TO THE DEBTORS) AND NO SUCH LIABILITIES, CLAIMS, OR OBLIGATIONS FOR ANY ACTS SHALL ATTACH TO THE REORGANIZED DEBTORS.

(e) **Discharge of Debtors**

Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, without further notice or order, all Claims of any nature whatsoever shall be automatically discharged forever. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, the Debtors, their Estates, and all successors thereto shall be deemed fully discharged and released from any and all Claims, including, without limitation, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h)~~,~~ or 502(i) of the Bankruptcy Code, whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (b) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code~~,~~ or (c) the holder of a Claim based upon such debt has accepted the Plan. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtors, their Estates~~,~~ and all successors thereto. As provided in section 524 of the Bankruptcy Code, such discharge shall void any judgment against the Debtors, their Estates, or any successor thereto at any time obtained to the extent it relates to a Claim discharged, and operates as an injunction against the prosecution of any action against the Reorganized Debtors or property of the Debtors or their Estates to the extent it relates to a discharged Claim.

(f) **Exemption from Transfer Taxes**

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, lien, pledge, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording~~,~~ or other similar tax.

(g) **Retiree Benefits**

Pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

(h) **Interest and Attorneys' Fees**

Interest accrued after the Petition Date will accrue and be paid on Claims only to the extent specifically provided for in the Plan, the Confirmation Order or as otherwise required by the Bankruptcy Court or by applicable law~~.~~, provided, however, pursuant to the Prepetition Intercreditor Agreement, interest, fees, expenses, and other charges shall continue to accrue from the Petition Date on the First Lien Claims and such amounts shall, if the Prepetition Second Lien Claimholders receive any proceeds from any collateral securing the First Lien Claims, be payable by the Prepetition Second Lien Claimholders to the Prepetition First Lien Claimholders, pursuant to the Prepetition Intercreditor Agreement, until the First Lien Obligations (as defined in the Prepetition Intercreditor Agreement) have been paid in full..

Except as set forth in the Plan or as ordered by the Bankruptcy Court, no award or reimbursement of attorneys' fees or related expenses or disbursements shall be allowed on, or in connection with, any Claim.

(i) **Modification of the Plan**

As provided in section 1127 of the Bankruptcy Code, modification of the Plan may be proposed in writing by the Debtors at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Debtors may modify the Plan at any time after confirmation and before substantial consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modifications, provided further, that any modification of the Plan between the Confirmation Date and the Effective Date shall be subject to the satisfaction of the Consenting First Lien Claimholders. A holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such holder.

(j) **Revocation of the Plan**

The Debtors reserve the right to revoke and withdraw the Plan or to adjourn the Confirmation Hearing with respect to the Plan and/or to submit any new plan of reorganization at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code. If the Debtors revoke or withdraw the Plan with respect to any one or more of the Debtors, or if the Effective Date does not occur as to any Debtor, then, as to such Debtor the Plan~~,~~ and all settlements and compromises set forth in the Plan and not otherwise approved by a separate Final Order shall be deemed null and void and nothing contained herein and no acts taken in preparation for consummation of the Plan shall be deemed to constitute a waiver or release of any Claims against or Equity Interests in such Debtor or to prejudice in any manner the rights of any of the Debtors or any other Person in any other further proceedings involving such Debtor.

In the event that the Debtors choose to adjourn the Confirmation Hearing with respect to any one or more of the Debtors, the Debtors reserve the right to proceed with confirmation of the Plan with respect to those Debtors in relation to which the Confirmation Hearing has not been adjourned. With respect to those Debtors with respect to which the Confirmation Hearing has been adjourned, the Debtors reserve the right to amend, modify, revoke or withdraw the Plan and/or submit any new plan of reorganization at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code.

(k) **Setoff Rights**

In the event that any Debtor has a Claim of any nature whatsoever against the holder of a Claim against such Debtor, then such Debtor may, but is not required to, set off against the Claim (and any payments or other Plan Distributions to be made in respect of such Claim hereunder) such Debtor's Claim against such holder, subject to section 553 of the Bankruptcy Code. Neither the failure to set off nor the allowance of any Claim under the Plan shall constitute a waiver or release of any Claims that any Debtor may have against the holder of any Claim.

(l) **Compliance with Tax Requirements**

In connection with the Plan, the Debtors and the Disbursing Agent, as applicable, shall comply with all withholding and reporting requirements imposed by federal, state, local, and foreign taxing authorities and all Plan Distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding the ~~above~~foregoing, each holder of an Allowed Claim or Equity Interest that is to receive a Plan Distribution shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any government unit upon it, including income, withholding~~,~~ and other tax obligations, on account of such Plan Distribution, and no holder of an Allowed Claim or Equity Interest shall have responsibility for the satisfaction and payment of any tax obligations imposed by any government unit upon any other holder of an Allowed Claim or Equity Interest. The Disbursing Agent has the right, but not the obligation, to not make a Plan Distribution until such holder has made arrangements satisfactory to the Disbursing Agent for payment of any such tax obligations.

(m) **Injunctions**

On the Effective Date and except as otherwise provided herein, all Persons who have been, are, or may be holders of Claims against or Equity Interests in the Debtors shall be permanently enjoined from taking any of the following actions against or affecting the Debtors, the Reorganized Debtors, the Estates, the Assets, the Disbursing Agent, or any of the Released Persons, or their respective ~~assets~~Assets and property, with respect to such Claims or Equity Interests (other than actions brought to enforce any rights or obligations under the Plan):

i) **commencing, conducting or continuing in any manner, directly or indirectly, any suit, action~~,~~ or other proceeding of any kind (including, without limitation, all suits, actions~~,~~ and proceedings that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice);**

ii) **enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order;**

iii) **creating, perfecting~~,~~ or otherwise enforcing in any manner, directly or indirectly, any encumbrance; and**

iv) **asserting any setoff, right of subrogation or recoupment of any kind; provided, that any defenses, offsets or counterclaims which the Debtors may have or assert in respect of the above referenced Claims are fully preserved in accordance with Section 17.19 of the Plan.**

(n) **Binding Effect**

The Plan shall be binding upon the Reorganized Debtors, the holders of all Claims and Equity Interests, parties in interest, Persons~~,~~ and Entities and their respective successors and assigns. To the extent any provision of the Disclosure Statement or any other solicitation document may be inconsistent with the terms of the Plan, the terms of the Plan shall be binding and conclusive.

(o) **Severability**

IN THE EVENT THE BANKRUPTCY COURT DETERMINES THAT ANY PROVISION OF THE PLAN IS UNENFORCEABLE EITHER ON ITS FACE OR AS APPLIED TO ANY CLAIM OR EQUITY INTEREST OR TRANSACTION, THE DEBTORS MAY MODIFY THE PLAN IN ACCORDANCE WITH SECTION 17.17 OF THE PLAN SO THAT SUCH PROVISION SHALL NOT BE APPLICABLE TO THE HOLDER OF ANY SUCH CLAIM OR EQUITY INTEREST OR TRANSACTION. SUCH A DETERMINATION OF UNENFORCEABILITY SHALL NOT (A) LIMIT OR AFFECT THE ENFORCEABILITY AND OPERATIVE EFFECT OF ANY OTHER PROVISION OF THE PLAN OR (B) REQUIRE THE RESOLICITATION OF ANY ACCEPTANCE OR REJECTION OF THE PLAN.

(p) **No Admissions**

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER CAUSES OF ACTION OR THREATENED CAUSES OF ACTIONS, THE PLAN AND THE DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION~~,~~ OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. NEITHER THE PLAN NOR THE DISCLOSURE STATEMENT SHALL BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, AND OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS OR THEIR AFFILIATES, AS DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CHAPTER 11 CASES.

(q) **Dissolution of the Committee**

Effective on the ~~Effective Date~~date the Confirmation Order becomes a Final Order, the Committee shall dissolve automatically, whereupon its members, professionals~~,~~ and agents shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to (i) applications for Fee Claims or reimbursement of expenses incurred as a member of the Committee, and (ii) any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order or pending appeals of Orders entered in the Chapter 11 Cases.

(r) **Potential Exclusion of the Pennsylvania Debtors and/or Centaur Colorado, LLC from the Plan**

The Debtors reserve the right, with the prior consent of the Consenting First Lien Claimholders, to (i) amend the Plan to treat the Pennsylvania Debtors and/or Centaur Colorado, LLC separately from the Indiana Debtors and Centaur, LLC and (ii) adjourn the ~~confirmation hearing~~Confirmation Hearing in respect of the Plan as to the Pennsylvania Debtors and/or Centaur Colorado, LLC until further notice or order of the Bankruptcy Court. If this occurs, the Confirmation Order shall (A) authorize NewCo or its subsidiaries to operate the businesses of, and provide debtor-in-possession financing to, ~~protected~~protect to the fullest extent permitted under sections 364(c) and (d) of the Bankruptcy Code~~, to~~ the Pennsylvania Debtors and/or Centaur Colorado, LLC and (B) provide an extension of the periods in which the Pennsylvania Debtors and/or Centaur Colorado, LLC possess or possesses, as applicable, the exclusive right to file a plan of reorganization and solicit acceptances thereto for an additional 180 days without prejudice to the rights of the Pennsylvania Debtors and/or Centaur Colorado, LLC to seek additional extensions or the rights of parties in interest to seek to shorten or terminate such exclusive periods. Such amendment shall be without prejudice to the Pennsylvania Debtors and/or Centaur Colorado, LLC to further amend, modify~~,~~ or revoke the Plan and/or submit any new plan of reorganization as it relates to the Pennsylvania Debtors and/or Centaur Colorado, LLC.

(s) **Plan Controls**

Unless otherwise specified, all section, article, and exhibit references in the Plan are to the respective section in, article of, or exhibit to, the Plan, as the same may be amended, waived, or modified from time to time. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender. The Disclosure Statement may be referred to for purposes of interpretation to the extent any term or provision of the Plan is determined by the Bankruptcy Court to be ambiguous.

XI.

RISK FACTORS

A. Certain Bankruptcy Considerations

If the Plan is not confirmed and consummated, there can be no assurance that any alternative plan of reorganization would be on terms as favorable to the holders of Claims as the terms of the Plan. In addition, if a protracted reorganization were to occur, there is a substantial risk that holders of Claims would receive less than they will receive under the Plan. See Exhibit "G" to the Disclosure Statement for a liquidation analysis of the Debtors.

B. The Reorganized Debtors' Actual Financial Results may Vary Significantly from the Projections Included in this Disclosure Statement

The financial projections included in this Disclosure Statement are dependent upon the successful implementation of the Reorganized Debtors' business plan and the validity of the numerous assumptions contained therein. The significant assumptions underlying the Projections are discussed in greater detail in Exhibit "B" to this Disclosure Statement.

Many of these assumptions are beyond the control of the Debtors and may not materialize. In addition, unanticipated events and circumstances occurring subsequent to the preparation of the projections may adversely affect the financial results of the Debtors. Although the Debtors believe that the Projections and assumptions are reasonable, variations between the actual financial results and those projected may be material.

C. Plan Consideration Reserved for Contested Claims may be Insufficient to Satisfy all Secured Claims upon Liquidation

The Plan authorizes, but does not require, the establishment of a Contested Claims Reserve for the purposes of satisfying Contested Claims. The Debtors and the Reorganized Debtors reserve the right to seek estimation of such Contested Claims pursuant to section ~~503~~502(c) of the Bankruptcy Code. The actual amount at which such Contested Claims are ultimately allowed may differ from the estimates. If a Contested ~~Claims~~Claim Reserve is established, holders of Contested Claims are entitled to receive distributions under the Plan upon allowance of such Claims solely from the Contested Claim Reserve established on account of such Claim. If such Contested Claim is ultimately allowed and at the time of such allowance, insufficient Plan consideration is available for distribution from the Contested Claim Reserve, the distributions on account of such Allowed Claim will be limited to such available amounts and the holder of such Allowed Claim will have no recourse against the Debtors or the Reorganized Debtors for any deficiency that may arise.

D. The Face Amount of the NewCo PIK Notes may be Reduced to Satisfy Regulatory Requirements as to the Equity Value of the Reorganized Debtors.

Due to certain regulatory requirements, it is necessary that state horse racing or gaming regulators be satisfied that the Reorganized Equity Value be at a sufficient level. The Debtors anticipate that the Reorganized Equity Value described in Section VIII.C. hereof will satisfy those requirements. In the event, however, that it is determined by those regulators that the Reorganized Equity Value is insufficient or otherwise unsatisfactory, the face amount of the NewCo PIK Notes may be reduced in order to increase the value of the NewCo Membership Interests to an amount deemed sufficient by those regulators.

E. Resolution of Certain Churchill Downs Claims may Result in the Dilution of Recoveries of Holders of Allowed First Lien Claims

On December 13, 2006, Anderson Park, Inc., Churchill Downs Management Company ("CDMC"), and Churchill Downs Incorporated ("CDI"), as sellers, and Centaur Racing, LLC, Centaur, LLC, and Centaur Indiana, LLC, as buyers, entered into that certain

Partnership Interest Purchase Agreement (the "Purchase Agreement") for the transfer of the sellers' partnership interest in Hoosier Park, L.P.[8]

Under the Purchase Agreement, Centaur Racing, LLC agreed, among other things, to pay to CDMC an amount up to $15 million in the event legislation authorizing Casino Style Gaming[9] at the Racetrack or any other Hoosier Park OTB is enacted no later than seven years[10] from the closing date of the Purchase Agreement. Specifically, eighteen calendar months after the date on which Casino Style Gaming first becomes operational at the Racetrack or other Hoosier Park OTB (the "Gaming Commencement Date"), Centaur Racing, LLC would pay CDMC the sum of $10,000 per Gaming Machine that is operational on the Gaming Commencement Date, subject to a minimum payment of $10 million and maximum payment of $15 million. In addition, within five years following the Gaming Commencement Date, if additional Gaming Machines become operational at the Racetrack or other Hoosier Park OTBs, such that the number of Gaming Machines then operational exceeds the greater of the number of Gaming Machines that were operational on the Gaming Commencement Date or 1,000 (each, an "Additional Machine"), then Centaur Racing, LLC would pay CDMC the sum of $10,000 per Additional Machine on the date that is eighteen calendar months after each such Additional Machine becomes operational, subject to the aforementioned maximum aggregate amount of $15 million.

On March 30, 2007, which coincided with the closing of the Purchase Agreement, (i) CDI d/b/a Churchill Downs Simulcast Network CDSN ("CDSN") and Hoosier Park, L.P. entered into the Simulcasting Network Letter Agreement (the "Simulcast Agreement") for the continued provision of simulcast services by CDSN to Hoosier Park, L.P., (ii) Churchill Downs Simulcast Productions, LLC ("CDSP") and Hoosier Park, L.P. entered into the Simulcasting Productions Agreement (the "Equipment Agreement") for the sale of certain equipment and the provision of certain services by CDSP to Hoosier Park, L.P. and (iii) Anderson Park, Inc. CDMC, CDI, Centaur Racing, LLC and Centaur Indiana, LLC entered into the Non-

[8] On March 30, 2007, in connection with the transfer of CDI's partnership interest in Hoosier Park, L.P., Roderick J. Ratcliff and Michael V. Raisor, members of the board of directors of Centaur, Inc., and R. Michael O'Malley, one of the shareholders of Centaur, Inc. (collectively, the "Makers"), entered into a promissory note (the "Promissory Note") payable to Centaur, Inc. in the original principal amount of $4,000,000 plus interest on the unpaid principal at 8.25 percent per annum. Under the terms of the Promissory Note, the Makers were jointly and severally liable, and the Makers consented to the assignment of the Promissory Note to certain parties, including Centaur Racing, LLC, Hoosier Park, L.P. and CDMC. The entire unpaid balance and all accrued and unpaid interest due under the Promissory Note was due and payable on Mach 30, 2010. On March 30, 2007, as a condition to the closing of the Purchase Agreement, in accordance with the terms of that certain Loan Payment Agreement dated March 30, 2007, between Hoosier Park, L.P., CDMC and Centaur Racing, LLC, the Promissory Note was assigned to CDMC.

[9] The Purchase Agreement defines "Casino Style Gaming" as slot machines or other electronic gaming devices tha t function in the same manner as slot machines and authorized gaming devices authorized and being utilized under the Indiana Riverboat Gambling Act (I.C. 4-33-1-1 et seq.) (each such slot machine or authorized gaming device, a "Gaming Machine") provided that such slot machines or other such electronic gaming devices are authorized and become operational at the horse racing track and related pari-mutuel horse race wagering facility in Anderson, Indiana (the "Racetrack") or other such various simulcast off-track pari-mutuel horserace wagering facilities in the state of Indiana operated by Hoosier Park, L.P. (the "Hoosier Park OTBs").

[10] For purposes of the time bar, enactment includes enacted and signed into law; the time period is subject to extension if a subsequent legal challenge delays the effectiveness of the legislation until such period is due to expire.

Competition, Non-Solicitation and Confidentiality Agreement (the "Non-compete Agreement") for, among other things, the protection of the parties against unfair competition and improper use or disclosure of certain sensitive information.

To the extent they are executory, the Debtors may decide to reject the Purchase Agreement but assume the Simulcast Agreement, the Equipment Agreement and/or the Non-compete Agreement. The Debtors believe that CDMC, CDI or any of their aforementioned affiliates (collectively, "Churchill Downs") intend to argue that the four agreements are integrated and that the Debtors therefore must assume or reject all four agreements together. If Churchill Downs is correct, and if the Debtors decide to assume the Purchase Agreement, the Debtors believe that Churchill Downs intends to assert a cure claim thereunder in an amount up to $15 million.

If the Debtors are able to reject the Purchase Agreement, the $15 million claim will be a General Unsecured Claim. If, on the other hand, the Debtors are required to assume the Purchase Agreement, in order to assume the Simulcast Agreement, Equipment Agreement and/or the Non-compete Agreement, the Debtors may be required to pay Churchill Downs up to $15 million on or shortly after the Effective Date as a Cure Cost. In such event, (i) the equity value that the Debtors will distribute to the holders of the Allowed First Lien Claims under the Plan through the NewCo Warrants may be reduced and/or (ii) the face amount of the NewCo PIK Notes issued to holders of Allowed First Lien Claims, Second Lien Claims and/or Valley View Downs Unsecured Claims may be reduced to the extent necessary to preserve equity value sufficient to satisfy regulatory requirements.

The disclosures contained in this section shall not constitute an admission by the Debtors as to the characterization of (i) whether the Purchase Agreement, the Simulcast Agreement, Equipment Agreement and/or the Non-compete Agreement is, or is not, an executory contract, (ii) whether each of the four agreements is integrated with or severable from the other agreements or (iii) whether any claimants under such agreements are time-barred from asserting Claims against the Debtors. The Debtors reserve all rights with respect to the characterization of any such agreements.

F. ~~D.~~ The Reorganized Debtors may not be ~~able~~Able to Raise Additional Financing on Terms Favorable to the Debtors

The Reorganized Debtors' business is expected to require certain amounts of working capital and growth capital. While the Projections assume that sufficient funds to meet these needs for the foreseeable future will be available from the cash generated by the business of the Reorganized Company, the ability of the Reorganized Company to gain access to additional capital on terms consistent with the terms assumed in the Projections, if needed, cannot be assured, particularly in light of current financial market conditions.

G. ~~E.~~ State Horse Racing and Gaming Laws and Regulations will Require that Holders of NewCo Membership Interests Become Licensed

Many jurisdictions require any Entity or Person that is to acquire beneficial ownership of equity securities of a horse racing or gaming company to be licensed. Any Entity or Person that is to acquire NewCo Membership Interests by converting their NewCo Warrants into NewCo Membership Interests or otherwise must be found suitable or qualified by a state horse racing or gaming regulator. The Plan provides that the NewCo Membership Interests will be issued only in compliance with state horse racing and gaming laws and regulations. The failure by a holder of a Claim to comply with these laws and regulations may result in such holder not receiving NewCo Membership Interests pursuant to the Plan.

H. ~~F.~~ Consummation of the Plan may Result in a Small Number of Holders Owing a Significant Percentage of the NewCo Membership Interests

Consummation of the Plan may result in a small number of holders owning a significant percentage of the NewCo Membership Interests. These holders may, among other things, exercise a controlling influence over the business and affairs of the Reorganized Debtors and have the power to elect the Board of Managers.

I. ~~G.~~ Potential Changes in Legislation and Regulation

From time to time, legislators and special interest groups propose legislation that would expand, restrict, or prevent gaming operations in the jurisdictions in which the Debtors operate. Further, from time to time, individual jurisdictions have considered or enacted legislation and referenda, such as bans on smoking in casinos and other entertainment and dining facilities, that could adversely affect the Debtors' operations. Any restriction on or prohibition relating to the Debtors' horse racing or gaming operations, or the enactment of any other adverse legislation or regulatory changes, could have a material adverse effect on the Debtors' businesses, financial condition, and results of operations.

J. ~~H.~~ Taxation and Fees

The horse racing and casino entertainment industries represent a significant source of tax revenues to the various jurisdictions in which horse racing facilities and casinos operate. Horse racing and gaming companies are currently subject to significant state and local taxes and fees in addition to the federal and state income taxes that typically apply to corporations, and such taxes and fees could increase at any time. From time to time, various state and federal legislators and officials have proposed changes in tax laws or in the administration of such laws, including increases in tax rates, which would affect the horse racing and gaming industries. Worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes and fees. In addition, state or local budget shortfalls could prompt tax or fee increases. Any material increase in assessed taxes, or the adoption of additional taxes or fees in any of the Debtors' markets, could have a material adverse effect on the Debtors' businesses, financial condition, and results of operations.

K. ~~I.~~ The Debtors Could Lose Key Employees, Including Certain Members of the Existing Management

The Debtors' success is substantially dependent upon the efforts and skills of the Existing Management and other members of the senior management team. If the Debtors were to lose the services rendered by the Existing Management and other members of the senior management team, the Debtors' operations could be adversely affected. In addition, the Debtors compete with other potential employers for employees, and the Debtors may not succeed in hiring and retaining the executives and other employees that they need. The inability to hire and retain qualified employees could adversely affect the Debtors' businesses, financial condition, and results of operations.

L. ~~J.~~ No Market Exists for the Claim Securities

There is no existing market for the NewCo PIK Notes to be issued to holders of Allowed First Lien Claims, Allowed Second Lien Claims and Allowed Valley View Downs Unsecured Claims or the NewCo Warrants to be issued to holders of Allowed First Lien Claims, and an active trading market may not develop for such securities. Further, there is no existing market for the NewCo Membership Interests issuable upon the exercise of the NewCo Warrants (such NewCo Membership Interests, together with the NewCo PIK Notes and the NewCo Warrants, the "Claim Securities"). The NewCo PIK Notes and the NewCo Warrants to be issued in accordance with the Plan will not be listed for trading on any national securities exchange or quotation system at the time they are issued on the Effective Date of the Plan, and the Debtors do not anticipate that any of the Claim Securities will ever be listed or quoted on any national securities exchange or quotation system. Even if an active trading market does develop, the Debtors cannot assure ~~you~~ that it will continue for any period of time or at what price or prices the Claim Securities will trade. Lack of liquidity in the Claim Securities also may make it more difficult for the Reorganized Debtors to raise additional capital, if necessary, through equity financings or otherwise, to support their financing needs.

XII.

SECURITIES LAW MATTERS

A. Issuance of Claim Securities

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act of 1933, as amended (the "Securities Act") and state securities laws if the following three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization by the debtor, an affiliate participating in a joint plan with the debtor or a successor to the debtor under the plan; (ii) the recipients of the securities must hold a claim against the debtor, an interest in the debtor or such affiliate, or a claim for an administrative expense against the debtor or such affiliate; and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor or such affiliate, or principally in exchange for such claim or interest and partly for cash or property. Similarly, under section 1145(a)(2) of the Bankruptcy Code, the issuance of securities upon the exercise of warrants is exempt from registration assuming that the issuance of the warrants satisfied the requirements of section 1145(a)(1) of the Bankruptcy Code. Except as noted below, the Debtors believe that the offer and sale of Claim Securities under the Plan to holders of Allowed First Lien Claims, Allowed Second Lien Claims and Allowed Valley View Downs Unsecured Claims, as applicable, satisfies the requirements of section 1145(a)(1) and (2) of the Bankruptcy Code and, therefore, are exempt from registration under the Securities Act and state securities laws.

B. Subsequent Transfers of Claim Securities

(a) <u>Section 1145 of the Bankruptcy Code</u>

Section 1145(c) of the Bankruptcy Code provides that the offer or sale of securities pursuant to section 1145(a) of the Bankruptcy Code is deemed to be a public offering. Accordingly, the Claim Securities to be issued under the Plan will not be deemed to be "restricted securities" under the Securities Act. Therefore, the Claim Securities issued pursuant to a section 1145 exemption may (<u>except</u> as may be limited under any shareholder or other contractual agreement) generally be resold by any holder thereof without registration under the Securities Act pursuant to the exemption provided by section 4(1) thereof, unless the holder is an "underwriter" with respect to such securities, as such term is defined in section 1145(b)(1) of the Bankruptcy Code.

Section 1145(b) of the Bankruptcy Code defines four types of "underwriters":

(i) persons who purchase a claim against, an interest in, or a claim for an administrative expense against the debtor with a view to distributing any security received in exchange for such claim or interest;

(ii) persons who offer to sell securities offered under a plan for the holders of such securities;

(iii) persons who offer to buy such securities from the holders of such securities, if the offer to buy is:

(A) with a view to distributing such securities; and

(B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; and

(iv) a person who is an "issuer" with respect to the securities as the term "issuer" is defined in Section 2(a)(11) of the Securities Act.

Under section 2(a)(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer. "Control" (as defined in Rule 405 under the Securities Act) means the possession, direct or indirect, 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. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be "in control" of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns at least ten percent of the voting securities of a reorganized debtor may be presumed to be a "control person."

Whether or not any particular person would be deemed to be an "underwriter" with respect to the Claim Securities or other security to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular person receiving Claim Securities or other securities under the Plan would be an "underwriter" with respect to such Claim Securities or other securities.

GIVEN THE COMPLEX AND SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER, NONE OF THE DEBTORS OR THE REORGANIZED DEBTORS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO TRADE IN OR DISPOSE OF THE CLAIM SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. The Debtors recommend that potential recipients of the Claim Securities consult their own counsel concerning whether they may freely trade the Claim Securities under the Securities Act and/or state securities laws. The Debtors have not undertaken, and do not intend, to file a registration statement in respect of any Claim Securities held by a holder that is an underwriter.

(b) **Resales of Claim Securities/Rule 144, Rule 144A, "Section 4(1½) Exemption" and Regulation S**

To the extent that persons who receive Claim Securities are deemed to be "underwriters" (collectively, the "Restricted Holders"), resales of such securities by Restricted Holders would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Restricted Holders would, however, be permitted to sell Claim Securities without registration if they are able to comply with the applicable provisions of Rule 144 or Rule 144A under the Securities Act, the "Section 4(1½) exemption," or Regulation S under the Securities Act, each as described further below, or if such securities are registered with the SEC. Any person who is an "underwriter" but not an "issuer" with respect to an issuance of securities (other than a holder of restricted securities) is, in addition, entitled to engage in exempt "ordinary trading transactions" within the meaning of section 1145(b)(1) of the Bankruptcy Code.

Under certain circumstances, Restricted Holders may be entitled to resell Claim Securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule 144 provides that if certain conditions are met (e.g., the availability of current public information with respect to the issuer of such securities, volume limitations, and notice and manner of sale requirements), specified persons who resell restricted securities or "affiliates" of an issuer of unrestricted securities seeking to resell such securities will not be deemed to be "underwriters" as defined in section 2(a)(11) of the Securities Act. Rule 144 provides that: (i) a non-affiliate who has not been an affiliate during the preceding three months may resell restricted or other securities after a six-month holding period if at the time of the sale there is current public information regarding the issuer available and after a one year holding period if there is not current public information regarding the issuer available at the time of the sale~~;~~, and (ii) an affiliate may sell restricted or other securities after a six-month holding period if at the time of the sale there is current public information regarding the issuer available, and also may sell restricted or other securities after a one-year holding period whether or not current public information regarding the issuer is available at the time of the sale, provided that in each case the affiliate otherwise complies with the volume, manner of sale and notice requirements of Rule 144.

Rule 144A provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for resales to certain "qualified institutional buyers" of securities that are "restricted securities" within the meaning of the Securities Act. Irrespective of whether the seller of such securities purchased its securities with a view towards reselling such securities, if certain other conditions are met (e.g., the availability of information required by paragraph 4(d) of Rule 144A and certain notice provisions), the Rule 144A safe harbor exemption will be available. Under Rule 144A, a "qualified institutional buyer" is defined to include, among other persons, "dealers" registered as such pursuant to section 15 of the Securities Exchange Act or 1934, as amended (the "Exchange Act"), and entities that purchase securities for their own account or for the account of another qualified institutional buyer and that, in the aggregate, own and invest on a discretionary basis at least $100 million in the securities of unaffiliated issuers. Subject to certain qualifications, Rule 144A does not exempt the offer or sale of securities that, at the time of their issuance, were securities of the same class of securities then listed on a national securities exchange (registered as such pursuant to section 6 of the Exchange Act) or quoted in a United States automated inter-dealer quotation system.

Restricted Holders may transfer or sell such securities under the so-called "Section 4(1½) exemption" from the registration requirements of the Securities Act. The Section 4(1½) exemption is based on reading section 4(1) and section 4(2) under the Securities Act together to provide an exemption for private resales of restricted securities. Section 4(1) under the Securities Act provides that an investor may resell restricted securities in a non-public exempt transaction if such investor is not an issuer, underwriter or dealer under the Securities Act. This determination relies on whether the resale would meet the requirements of section 4(2) under the Securities Act regarding offers and sales not involving a public offering. Accordingly, to satisfy the Section 4(1½) exemption, a Restricted Holder must not have acquired the Claim Securities with a view to distribution in violation of the Securities Act and purchasers in the resale must be sophisticated and have access to all material information about the Reorganized Debtors. If such conditions are met, Restricted Holders may be permitted to transfer or sell such securities in private resales prior to the expiration of the required holding period under Rule 144.

Restricted Holders may also transfer or sell such securities under the exemption from registration provided under Regulation S of the Securities Act. To qualify for the exemption under Regulation S, such Restricted Holders must transfer or sell such securities in an offshore transaction outside the United States to non-U.S. persons (as such terms are defined in Regulation S), which includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust). Further, in order to qualify for the exemption under Regulation S, Restricted Holders may not engage in any directed selling efforts in the United States in contravention of the requirements of Rule 904(b) of Regulation S.

Certificates evidencing Claim Securities received by Restricted Holders will bear a legend substantially in the form below:

> THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS ("STATE ACTS") AND MAY NOT BE SOLD, ASSIGNED, PLEDGED OR TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR STATE ACTS COVERING SUCH SECURITIES OR THE SECURITIES ARE SOLD AND TRANSFERRED IN A TRANSACTION THAT IS EXEMPT FROM OR NOT SUBJECT TO THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

Any holder of a certificate evidencing Claim Securities bearing such legend may present such certificate to the transfer agent for the Claim Securities for exchange for one or more new certificates not bearing such legend or for transfer to a new holder without such legend at such times as (i) such securities are sold pursuant to an effective registration statement under the Securities Act, (ii) in the case of securities issued under the Plan pursuant to the exemption from registration set forth in section 1145 of the Bankruptcy Code, such holder delivers to the Reorganized Debtors an opinion of counsel reasonably satisfactory to the Reorganized Debtors to the effect that such securities are no longer subject to the restrictions applicable to "underwriters" under section 1145 of the Bankruptcy Code or (iii) such holder delivers to the Reorganized Debtors an opinion of counsel reasonably satisfactory to the Reorganized Debtors, stating to the effect that such securities are no longer subject to the restrictions pursuant to an exemption under the Securities Act and such securities may be sold without registration under the Securities Act, in which event the certificate issued to the transferee will not bear such legend.

In addition, all Claim Securities will bear such legends as are required by any applicable state gaming or racing laws and regulations.

C. Delivery of Disclosure Statement

Under section 1145(a)(4) of the Bankruptcy Code, "stockbrokers" (as that term is defined in section 101(53A) of the Bankruptcy Code) are required to deliver to their customers, for the first ~~forty~~40 days after the Effective Date, a copy of this Disclosure Statement (and any information supplementing such Disclosure Statement ordered by the Bankruptcy Court) at or before the time of a transaction in any Claim Security issued under the Plan in order for such transaction to be exempt from the registration requirements of section 5 of the Securities Act.

XIII.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

A. Certain U.S. Federal Tax Consequences

The following discussion is a summary of certain U.S. federal income tax consequences expected to result from the implementation of the Plan. This discussion is based on the Internal Revenue Code, as in effect on the date of this Disclosure Statement and on U.S. Treasury Regulations ("Treasury Regulations") in effect (or in certain cases, proposed) on the date of this Disclosure Statement, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurance that the IRS will not take a contrary view with respect to one or more of the issues discussed below, and no ruling from the IRS has been or will be sought with respect to any issues which may arise under the Plan.

The following summary is for general information only and discusses certain U.S. federal income tax consequences of the Plan to the Debtors, and ~~Holders~~holders of Allowed Claims or Borrower Equity Interests and ~~Holders~~holders of NewCo Membership Interests, First Lien Take Back Paper, NewCo PIK Notes and NewCo Warrants who receive such NewCo Membership Interests, First Lien Take Back Paper, NewCo PIK Notes and NewCo Warrants as a result of the Plan.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Allowed Claims, Borrower Equity Interests, NewCo Membership Interests, First Lien Take Back Paper, NewCo PIK Notes and NewCo Warrants that, for U.S. federal income tax purposes, is: (a) a citizen or resident of the U.S.; (b) a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes, or if (I) a court within the U.S. is able to exercise primary supervision over its administration and (II) one or more U.S. persons have the authority to control all of the substantial decisions of such trust. This summary does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular holder. Except as otherwise noted, the following discussion does not address state, local or foreign tax considerations that may be applicable to the Debtors and ~~Holders~~holders of Allowed Claims, Borrower Equity Interests, NewCo Membership Interests, First Lien Take Back Paper, NewCo PIK Notes and NewCo Warrants. This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, dealers or traders in securities or currencies, tax-exempt entities, persons that hold an equity interest or a security in a Debtor as a position in a "straddle" or as part of a "hedging," "conversion" or "integrated" transaction for U.S. federal income tax purposes, persons that have a "functional currency" other than the U.S. dollar, and persons who acquired an equity interest or other security in a Debtor in connection with the performance of services.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Allowed Claims, Borrower Equity Interests, NewCo Membership Interests, First Lien Take Back Paper, NewCo PIK Notes and NewCo Warrants, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Any such partner should consult its tax advisor as to its tax consequences.

EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN. EACH HOLDER OF NEWCO MEMBERSHIP INTERESTS, FIRST LIEN TAKE BACK PAPER, NEWCO PIK NOTES AND NEWCO WARRANTS SHOULD CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE RECEIPT, OWNERSHIP AND DISPOSITION OF SUCH NEWCO MEMBERSHIP INTERESTS, FIRST LIEN TAKE BACK PAPER, NEWCO PIK NOTES AND NEWCO WARRANTS.

U.S. INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAYBE IMPOSED ON THE TAXPAYER UNDER THE INTERNAL REVENUE CODE. THIS DESCRIPTION IS LIMITED TO THE U.S. FEDERAL TAX ISSUES DESCRIBED HEREIN. IT IS POSSIBLE THAT ADDITIONAL ISSUES MAY EXIST THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF THE MATTER THAT IS THE SUBJECT OF THE DESCRIPTION NOTED HEREIN, AND THIS DESCRIPTION DOES NOT CONSIDER OR PROVIDE ANY CONCLUSIONS WITH RESPECT TO ANY SUCH ADDITIONAL ISSUES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

(a) **U.S. Federal Income Tax Consequences to the Debtors, Class 8 – Intercompany Claims, Class 9 – Borrower Equity Interests and Centaur Inc.**

The Debtors are all entities that are disregarded as separate from Centaur Inc. for U.S. federal income tax purposes. Therefore, it is anticipated that the Debtors will not recognize any material tax as a result of consummation of the Plan.

The cancellation of the Class 8 – Intercompany Claims should be ignored for U.S. federal income tax purposes because the Debtors are disregarded entities.

Although the matter is uncertain, it is expected that Centaur Inc., the indirect shareholder of the Debtors and holder ~~or~~of the Borrower Equity Interests for U.S. ~~Federal~~federal income tax purposes, should not be required to recognize any material U.S. federal income tax liability as a result of the Plan.

(b) **Certain U.S. Federal Income Tax Consequences to the Holders of Allowed Claims That Are Paid in Cash in Full**

Pursuant to the Plan, holders of the Class 7 – Convenience Claims will receive solely Cash in full satisfaction of their Allowed Claims. If holders of Class 3 – Second Lien Claims do not vote in favor of the Plan, they may receive cash in full satisfaction of their Allowed Claims. If holders of Class 5 – Valley View Downs Unsecured Claims do not vote in favor of the Plan, they may receive Cash in full satisfaction of their Allowed Claims. A holder who receives Cash in exchange for its Allowed Claim pursuant to the Plan generally will recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of Cash received in exchange for its Allowed Claim, and (ii) the holder's adjusted tax basis in its Allowed Claim. The character of such income, gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Allowed Claim in such holder's hands, whether the Allowed Claim constitutes a capital asset in the hands of the holder, whether the Allowed Claim was purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Allowed Claim. To the extent that any amount received by a holder of an Allowed Claim is attributable to accrued interest, such amount should be taxable to the holder as interest income. Conversely, a holder of an Allowed Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Allowed Claims was previously included in the holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

(c) **Consequences to Pre-Bankruptcy Holders of Class 6 – General Unsecured Claims**

Pursuant to the Plan, ~~all~~holders of the Class 6 – General Unsecured Claims will receive no distributions on account of such ~~General Unsecured Claims. U.S. Holders of Class 6 – General Unsecured Claims~~claims. If holders of Class 3 – Second Lien Claims do not vote in favor of the Plan, they may receive no distributions on account of such claims. If holders of Class 5 – Valley View Downs Unsecured Claims do not vote in favor of the Plan, they may receive no distribution on account of such claims. A U.S. Holder that receives no distribution of account of its claim will recognize a loss in an amount equal to such holder's adjusted tax basis, if any, in such ~~General Unsecured Claims~~claim.

(d) **U.S. Federal Income Tax Consequences to Holders of Allowed Claims That Are Paid Using Consideration Other Than Solely Cash**

Certain holders of Allowed Claims will receive First Lien Take Back Paper, NewCo PIK Notes and/or NewCo Warrants. The NewCo PIK Notes issued to holders of Allowed First Lien Claims will have NewCo Warrants attached that will not be detachable (the NewCo PIK Notes with the NewCo Warrants attached, the "Units"). The U.S. federal income tax treatment of assets that are attached together as a unit is unclear. For U.S. federal income tax purposes, an investment unit that comprises more than one financial instrument generally is treated as one instrument for U.S. federal income tax purposes if the underlying instruments are not separable. The Debtors expect to report the Units as one instrument that is a "contingent payment debt instrument" for U.S. federal income tax purposes. Alternatively, because the NewCo Warrants are not detachable, the Units could be treated as equity. Unless noted otherwise, the remainder of this discussion assumes that the Units will be treated as one instrument that is a "contingent payment debt instrument".

Pursuant to the Plan, holders of Class 2 – First Lien Claims will receive First Lien Take Back Paper and Units, holders of Class 3 – Second Lien Claims ~~will~~may receive NewCo PIK Notes, holders of Class 5 – Valley View Downs Unsecured Claims may receive NewCo PIK Notes and holders of Class 1 – Priority Non-Tax Claims and Class 4 – Other Secured Claims, will have their rights reinstated.

a. Holders of Class 2 – First Lien Claims

Holders of Class 2 – First Lien Claims will receive First Lien Take Back Paper and Units. A holder generally will recognize gain or loss on such exchange in an amount equal to (x) the sum of (i) the stated principal balance of the First Lien Take Back Paper received by such holder, (ii) the stated principal balance of the NewCo PIK Notes that are part of the Units received by such holder, and (iii) the fair market value of the NewCo Warrants (that are part of the Units) over (y) the holder's adjusted tax basis in such holder's First Lien Claim. Any gain recognized generally will be capital gain and will be long-term capital gain if, at the time of the exchange, the First Lien Claim has been held for more than one year. A holder will have a tax basis in the First Lien Take Back Paper equal to ~~their~~its stated principal balance and a tax basis in the Units equal to the sum of (i) the stated principal balance of the NewCo PIK Notes (which will be the holder's tax basis in the NewCo PIK Notes component of the Units) plus (ii) the fair market value of the NewCo Warrants (which will be the holder's tax basis in the NewCo Warrants component of the Units). If the Units are treated as equity, the calculation of gain or loss will be different. Holders should consult their tax advisors.

b. Holders of Class 3 – Second Lien Claims and Holders of Class 5 – Valley View Downs Unsecured Claims

~~Holders~~If holders of Class 3 – Second Lien Claims vote in favor of the Plan, they will receive NewCo PIK Notes. If holders of Class 5 – Valley View Downs Unsecured Claims vote in favor of the Plan, they will receive NewCo PIK Notes. A holder generally will recognize gain or loss on such exchange in an amount equal to (x) the stated principal balance of the NewCo PIK Notes over (y) the holder's adjusted tax basis in such holder's ~~Second Lien Claim~~claim. Any gain recognized generally will be capital gain and will be long-term capital gain if, at the time of the exchange, the ~~Second Lien Claim~~claim has been held for more than one year. A holder will have a tax basis in the NewCo PIK Notes equal to their stated principal balance.

c. Holders of Class 1 – Priority Non-Tax Claims, Class 4 – Other Secured Claims and Class 10 – Subsidiary Equity Interests

Holders of Class 1 – Priority Non-Tax Claims and Class 4 – Other Secured Claims that have their Allowed Claims reinstated against an obligor organized in the U.S. generally should be treated as if they made a taxable exchange of their Allowed Claims for new claims. Such holders generally should recognize gain or loss equal to the difference between their adjusted tax basis in the original Allowed Claim and the issue price of that new claim, which likely would be the face amount of that new claim.

Holders of Class 10 – Subsidiary Equity Interests that have their Allowed Equity Interests reinstated will not recognize any gain or loss because the reinstatement of the Subsidiary Equity Interests will be ignored for U.S. federal income tax purposes, since the Debtors are disregarded entities.

d. Accrued but Unpaid Interest

In general, to the extent a holder of a debt instrument receives property in satisfaction of interest accrued during the holding period of such instrument, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, such holder may recognize a deductible loss to the extent that any accrued interest or original issue discount ("OID") was previously included in its gross income and is not paid in full. The extent to which property received by a holder of a debt instrument will be attributable to accrued but unpaid interest is unclear. Pursuant to the Plan, all distributions in respect of any Allowed Claim will be allocated first to the principal amount of such Allowed Claim, and thereafter to accrued but unpaid interest, if any. Certain legislative history indicates that an allocation of consideration between principal and interest provided in a bankruptcy plan of reorganization generally is binding for U.S. federal income tax purposes. However, there is no assurance that such allocation will be respected by the IRS for U.S. federal income tax purposes.

Each holder of an Allowed Claim is urged to consult its tax advisor regarding the inclusion in income of amounts received in satisfaction of accrued but unpaid interest, the allocation of consideration between principal and interest, and the deductibility of previously included unpaid interest and OID for tax purposes.

e. Market Discount

If a holder of an Allowed Claim purchased the underlying debt obligation at a price less than its issue price, the difference would constitute "market discount" for U.S. federal income tax purposes. Any gain recognized by a holder on the exchange of its Allowed Claim on the Effective Date is treated as ordinary income to the extent of any market discount accrued on the underlying debt obligation by the holder on or prior to the Effective Date.

(e) **Consequences of Ownership of NewCo Membership Interests, First Lien Take Back Paper, Units and NewCo PIK Notes Issued Pursuant to the Plan**

a. U.S. Holders

The following is a description of the principal U.S. federal income tax consequences that may be relevant with respect to the ownership and disposition of the NewCo Membership Interests, First Lien Take Back Paper, Units and NewCo PIK Notes. This discussion addresses only the U.S. federal income tax considerations of U.S. Holders that will receive NewCo Membership Interests, First Lien Take Back Paper, Units, or NewCo PIK Notes under the Plan and that will hold such NewCo Membership Interests, First Lien Take Back Paper, Units or NewCo PIK Notes as capital ~~assets~~Assets.

(i) Consequences of Ownership of NewCo Membership Interests Issued Pursuant to the Plan

(A) Taxation of NewCo Operations Generally

It is expected that NewCo will be treated as a partnership for U.S. federal income tax purposes, and thus, NewCo generally will not pay U.S. federal income taxes. Instead, each U.S. Holder will be required to report on its own tax return that U.S. Holder's allocable share (whether or not distributed) of NewCo's income, gains, losses, deductions and credits of the character specified in section 702 of the Internal Revenue Code. U.S. Holders may incur U.S. federal income tax liabilities without receiving sufficient distributions from NewCo to defray such tax liabilities. NewCo's taxable year will be the calendar year, or such other period as required by the Internal Revenue Code. Tax information will be delivered to all U.S. Holders as soon as reasonably practicable after the end of each fiscal year.

(B) Taxation of Distributions and Withdrawals

Cash non-liquidating distributions and withdrawals, to the extent they do not exceed a U.S. Holder's tax basis in its NewCo Membership Interests, will not result in taxable income to that U.S. Holder, but will reduce its tax basis in its NewCo Membership Interests by the amount distributed or withdrawn. Cash distributions to a U.S. Holder in excess of its tax basis in its NewCo Membership Interests generally are taxable as capital gains.

Upon the withdrawal of a U.S. Holder receiving a cash liquidating distribution from NewCo, such U.S. Holder generally will recognize capital gain or loss to the extent of the difference between the amount of the liquidating distributions and such U.S. Holder's adjusted tax basis in its NewCo Membership Interests. Such capital gain or loss will be short-term or long-term depending upon the U.S. Holder's holding period (or holding periods) for its NewCo Membership Interests. However, a withdrawing U.S. Holder will recognize ordinary income to the extent such U.S. Holder's allocable share of the NewCo's "unrealized receivables" exceeds the U.S. Holder's basis in such unrealized receivables (as determined pursuant to the Treasury Regulations).

Distributions of property other than ~~cash~~Cash generally will not result in income to a U.S. Holder. The U.S. Holder's tax basis in the distributed property will equal the lesser of NewCo's adjusted tax basis in such property and the holder's adjusted tax basis in its NewCo Membership Interests.

(ii) Consequences of Ownership of the Units Pursuant to the Plan

(A) Contingent Payment Debt Instruments

Units issued pursuant to the Plan will provide for a contingent payment and, therefore, are expected to be treated as contingent payment debt instruments ("CPDIs"). U.S. Treasury Regulations set forth special rules with respect to the taxation of debt instruments that:

(1) provide for contingent payments, (2) are not publicly traded, and (3) are issued as consideration for non-publicly traded property (rather than Cash or publicly traded property) (the "Contingent Payment Regulations"). Under the Contingent Payment Regulations, such a CPDI is separated into its contingent and non-contingent components. For purposes of calculating OID, the non-contingent component and the contingent component will each be treated as a separate debt instrument. The non-contingent component of each Unit (i.e., the right to receive payments of principal and interest on the NewCo PIK Notes) generally will be subject to the OID rules for non-contingent debt instruments, as described below under the caption "Consequences of Ownership of NewCo PIK Notes~~"~~." Payments on the contingent component of each Unit are described below under the caption "Consequences of Exercising NewCo Warrants~~"~~."

A U.S. Holder must allocate the amount realized from the sale, exchange or disposition (including exercise of the holder put right) of a Unit, first, to the non-contingent component (the NewCo PIK Notes) in an amount up to the adjusted issue price of the non-contingent component, and must allocate the remaining amount received, if any, to the contingent component (the NewCo Warrants). A U.S. Holder will generally recognize gain or loss on the non-contingent component equal to the difference between (i) the portion of the amount realized allocated to the non-contingent component and (ii) the U.S. Holder's adjusted tax basis in the non-contingent component. Such gain on a non-contingent component generally will be treated as U.S. source capital gain or loss. Capital gain of a non-corporate U.S. Holder that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15 percent where the holder has a holding period greater than one year.

The amount allocated to a contingent component is treated as a contingent payment that is made on the date of the sale, exchange or other disposition with a portion of such payment treated as principal and the remainder as interest.

The application of the Contingent Payment Regulations is complex. Creditors are urged to consult their tax advisors regarding the tax consequences of the ownership and disposition of the Units.

(B) Equity Instrument

It also is possible that instead of being treated a contingent payment debt instrument, the Unit will be treated as an equity interest in NewCo. If the Unit is treated as an equity interest in NewCo, the consequences to a holder generally will be as described under the caption "Consequences of Ownership of NewCo Membership Interests Issued Pursuant to the Plan".

~~[~~It is not clear whether section 483 of the Internal Revenue Code would apply to the Units and impute interest in addition to the interest described above. Holders are urged to consult their tax advisors regarding the application of section 483 of the Internal Revenue Code to the Units.~~]~~

(iii) Consequences of Ownership of the First Lien Take Back Paper Issued Pursuant to the Plan

Interest that is payable on the First Lien Take Back Paper will be includible in a U.S. Holder's gross income as ordinary interest income in accordance with the U.S. Holder's usual method of tax accounting.

Upon the sale, exchange or retirement of the First Lien Take Back Paper, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or retirement, other than amounts attributable to any accrued but unpaid interest which will be taxable as such, and such U.S. Holder's adjusted tax basis in the First Lien Take Back Paper. The character of any such gain or loss will depend upon whether the market discount rules apply to the First Lien Take Back Paper. The deductibility of capital losses is subject to limitations. Holders are urged to consult their tax advisors concerning the federal, state, local, and other tax consequences.

Interest on the First Lien Take Back Paper will constitute income from sources within the U.S.

(iv) Consequences of Exercising the NewCo Warrants

Although the matter is uncertain, exercise of the NewCo Warrant portion of the Units should be treated as a contingent payment on the Unit equal to the fair market value of the NewCo Membership Interest received, less the exercise price paid. Such contingent payment will be accounted for when received, with a portion of such contingent payment treated as principal and the remainder treated as interest. The principal portion of the contingent payment is the present value of the payment determined by discounting the payment from the date it was made (or treated as made) to the Effective Date at the applicable U.S. federal rate that would apply to a debt instrument issued on the Effective Date and maturing on the date the contingent payment is made (or treated as made). Any amount of the contingent payment in excess of the portion determined to be principal is treated as a payment of interest. To the extent the principal amount received exceeds a holder's adjusted tax basis in the NewCo Warrants, such excess will be recognized as a gain for U.S. federal income tax purposes. To the extent the principal amount received is less than a holder's adjusted tax basis in the NewCo Warrants, the remaining adjusted tax basis in such holder's NewCo Warrants will be added to the holder's adjusted tax basis in the non-contingent component (i.e., the NewCo PIK Note portion of the Unit). If the non-contingent component (i.e., the NewCo PIK Note) is no longer outstanding, then such remaining adjusted tax basis in a NewCo Warrant will be treated as a loss. Any such gain or loss will be a treated as capital gain or loss if certain requirements are met.

U.S. Holders should have a tax basis in the NewCo Membership Interests equal to the fair market value of the NewCo Membership Interests received, less the portion, if any, of such holder's adjusted tax basis in the NewCo Warrants that is transferred to the non-contingent component. U.S. Holders obtaining NewCo Membership Interests will become partners and will have tax consequences similar to those described above under the caption "Consequences of Ownership of NewCo Membership Interests Issued Pursuant to the Plan~~"~~."

Alternatively, if the Units are treated as equity, the exercise of the NewCo Warrant generally will not be a taxable event for U.S. federal tax purposes because the U.S.

Holder already will be treated as holding an equity interest in NewCo. Any payments made to exercise the NewCo Warrant should increase a U.S. Holder's tax basis in its equity interest.

(v) Consequences of Ownership of the NewCo PIK Notes

(A) Original Issue Discount

Each NewCo PIK Note will be treated as issued with OID equal to the excess of the "stated redemption price at maturity" of the NewCo PIK Note over its "issue price." For purposes of the foregoing, the general rule is that the stated redemption price at maturity of a debt instrument is the sum of all payments provided by the debt instrument other than payments of "qualified stated interest." It is not expected that any of the payments on the NewCo PIK Note will constitute qualified stated interest.

Because each NewCo PIK Note will be issued with OID, each U.S. Holder will be required to include in income each year, without regard to whether any cash payments of interest are made with respect to the NewCo PIK Note and without regard to the U.S. Holder's method of accounting for U.S. federal income tax purposes, a portion of the OID on the NewCo PIK Note so as to provide a constant yield to maturity. The amount included in the income of a U.S. Holder each year in this way will be treated as ordinary income. Any amount of OID included in income will increase a U.S. Holder's adjusted tax basis in a NewCo PIK Note, and any payment on the NewCo PIK Note (other than payments of additional NewCo PIK Notes) will decrease a U.S. Holder's adjusted tax basis in such NewCo PIK Note.

(B) Sale, Exchange or Retirement of the NewCo PIK Notes

Upon the disposition of a NewCo PIK Note by sale, exchange or retirement, a U.S. Holder generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of any other property received by the U.S. Holder and (ii) the U.S. Holder~~'~~'s adjusted tax basis in the NewCo PIK Note. A U.S. Holder's aggregate adjusted tax basis in an additional NewCo PIK Note paid with respect to a NewCo PIK Note generally will be equal to the issue price allocated to the NewCo PIK Note, increased by OID (and any accrued market discount) included in income through the date of disposition and decreased by any payments (other than payments of PIK Notes) on the NewCo PIK Note. A U.S. Holder's aggregate adjusted tax basis in a note and any NewCo PIK Notes received will be allocated among such notes and NewCo PIK Notes based upon their relative principal amounts.

Subject to the market discount rules discussed above, gain or loss recognized will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such NewCo PIK Note for longer than one year. The distinction between capital gain or loss and ordinary income or loss is potentially significant because limitations apply to a U.S. Holder~~'~~'s ability to offset capital losses against ordinary income. In addition, long-term capital gain recognized by U.S. Holders who are individuals generally will be taxed at lower rates.

(vi) New Legislation

Recently enacted legislation requires certain U.S. Holders who are individuals, estates or trusts to pay a 3.8 percent tax on net investment income, including on interest and capital gains, for taxable years beginning after December 31, 2012.

b. Non-U.S. Holders

(i) Consequences of Ownership of the First Lien Take Back Paper, Units and NewCo PIK Notes.

The following is a summary of certain U.S. federal income tax consequences that will apply to Non-U.S. Holders of First Lien Take Back Paper, Units and NewCo PIK Notes. A "Non-U.S. Holder" is a beneficial holder of First Lien Take Back Paper, Units or NewCo PIK Notes that is not a U.S. Holder or a partnership or an entity treated as a partnership for U.S. federal income tax purposes.

(A) Payments of Interest

Interest (other than any interest portion of a contingent payment) that is not effectively connected with a U.S. trade or business will not be subject to U.S. federal income tax and withholding of U.S. federal income tax will not be required of a Non-U.S. Holder if such Non-U.S. Holder:

- is not a "10-percent shareholder" (within the meaning of sections 881(c)(3)(B) and 871(h)(3)(B) of the Internal Revenue Code) of NewCo;
- is not a controlled foreign corporation related to NewCo;
- is not a bank receiving interest on a loan entered into in the ordinary course of business within the meaning of section 881(c)(3)(A) of the Internal Revenue Code; and
- certifies on IRS Form W-8BEN, or an applicable substitute form, under penalties of perjury, that it is not a U.S. person for U.S. federal income tax purposes and provides its name and address.

The interest portion of a contingent payment and any interest that does not satisfy the foregoing exception will be subject to U.S. federal withholding tax, currently at a rate of ~~thirty~~30 percent, unless:

- such tax is eliminated or reduced under an applicable U.S. income tax treaty and the Non-U.S. Holder provides a properly executed IRS Form W-8BEN establishing such reduction or exemption from withholding tax on interest; or
- such interest is effectively connected with a U.S. trade or business of the Non-U.S. Holder and the Non-U.S. Holder provides a properly executed IRS Form W-8ECI or W-8BEN claiming an exemption from withholding tax on such interest.

A Non-U.S. Holder whose interest income is effectively connected with a U.S. trade or business (and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base such Non-U.S. Holder maintains in the U.S.) of the Non-U.S. Holder will be subject to regular U.S. federal income tax on such interest in generally the same manner as if it were a U.S. Holder. A corporate Non-U.S. Holder may also be subject to an additional U.S. branch profits tax at a rate of ~~thirty~~30 percent on its effectively connected earnings and profits attributable to such interest (unless reduced or eliminated by an applicable income tax treaty).

(B) Sale, Exchange, Redemption, Retirement or Other Disposition of the First Lien Take Back Paper, Units and NewCo PIK Notes

Except with respect to accrued interest and the interest portion of a contingent payment (which will be taxable as such), a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain recognized on a sale, taxable exchange, redemption, retirement or other taxable disposition of First Lien Take Back Paper, Units and NewCo PIK Notes unless:

- the gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained in the U.S.), in which event such gain will be subject to tax generally in the same manner as described above with respect to effectively connected interest; or

- the Non-U.S. Holder is an individual, who is present in the U.S. for 183 or more days in the taxable year of the disposition and certain other requirements are met, in which event the gain (net of certain U.S. source capital loss) will be subject to a ~~thirty~~30 percent U.S. federal income tax.

(ii) Consequences of Exercising the NewCo Warrants

Non-U.S. Holders generally will have the same ramifications upon exercising the NewCo Warrants as described above under the caption "U.S. Holder - Consequences of Exercising the NewCo Warrants". Additionally, such holders would be required to file a tax return in the United States during any taxable year that they held the NewCo Membership Interests. Furthermore, pursuant to section 1446 of the Internal Revenue Code, any Non-U.S. Holder likely will be subject to U.S. withholding tax on all income effectively connected to a United States trade or business earned by NewCo (or its subsidiaries).

(f) **Information Reporting and Backup Withholding**

U.S. federal backup withholding tax and information reporting requirements generally apply to certain payments to certain non-corporate holders of the NewCo Membership Interests, First Lien Take Back Paper or NewCo PIK Notes (or Units) regardless of whether such stock or debt obligations existed prior to the Plan or were issued pursuant to the Plan. Information reporting generally will apply to payments under the Plan and to payments of dividends on, interest on, and proceeds from the sale or redemption of such NewCo Membership Interests or First Lien Take Back Paper or NewCo PIK Notes (or Units) made within the

~~U.S~~United States. A payor will be required to withhold backup withholding tax from any payments made under the Plan, and payments of dividends on, interest on or the proceeds from the sale or redemption of, the NewCo Membership Interests, First Lien Take Back Paper or NewCo PIK Notes (or Units) within the ~~U.S.~~United States to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is currently ~~twenty-eight percent.~~28 percent. Under recently passed legislation, the information reporting requirement is extended to all holders, including corporations other than tax-exempt corporations, for payments made after December 31, 2011.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

XIV.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors have evaluated numerous alternatives to the Plan, including, without limitation, the sale of the Debtors as a going concern, either as an entirety or on limited bases and the liquidation of the Debtors. After studying these alternatives, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries of holders of Claims and Equity Interests. The following discussion provides a summary of the analysis supporting the conclusion that a liquidation of the Debtors or an alternative plan of reorganization for the Debtors will not provide higher value to holders of Claims and Equity Interests.

A. Liquidation Under Chapter 7 of the Bankruptcy Code

If no plan of reorganization can be confirmed, the Chapter 11 Cases of the Debtors may be converted to cases under chapter 7, in which event a trustee would be elected or appointed to liquidate the properties and interests in property of the Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for under the Plan because of (1) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee for bankruptcy and professional advisors to such trustee; (2) the erosion in value of assets in the context of the expeditious liquidation required under chapter 7 and the "forced sale" environment in which such a liquidation would likely occur; (3) the adverse effects on the salability of business segments as a result of the likely departure of key employees and the loss of customers; and (4) the substantial increases in claims which would have to be satisfied on a priority basis or on parity with creditors in the Chapter 11 Cases. Accordingly, the Debtors have determined that confirmation of the Plan will provide each holder of a Claim or Equity Interest with a greater recovery than it would receive pursuant to liquidation of the Debtors under chapter 7.

Section 1129(a)(7) of the Bankruptcy Code provides that, with respect to impaired classes, each holder of a claim or interest of such class must receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount such holder would so receive or retain if the debtor liquidated under chapter 7 of ~~this~~ title 11 on such date. As demonstrated by the ~~Liquidation Analysis~~liquidation analysis attached hereto as Exhibit "G", the Plan satisfies this standard.

B. Alternative Plans of Reorganization

If the Plan is not confirmed, any other party in interest could undertake to formulate a different plan of reorganization. Such a plan of reorganization might involve either (x) a reorganization and continuation of the business of the Debtors, (y) the sale of the Debtors as a going concern or (z) an orderly liquidation of the properties and interests in property of the Debtors. With respect to an alternative plan of reorganization, the Debtors have examined various other alternatives in connection with the process involved in the formulation and development of the Plan. The Debtors believe that the Plan, as described herein, enables holders of Claims and Equity Interests to realize the best recoveries under the present circumstances. In a liquidation of the Debtors under chapter 11, the properties and interests in property would be sold in a more orderly fashion and over a more extended period of time than in a liquidation under chapter 7, probably resulting in marginally greater recoveries. Further, if a trustee were not appointed, since one is not required in a chapter 11 case, the expenses for professional fees would most likely be lower than in a chapter 7 case. However, although preferable to a chapter 7 liquidation, the Debtors believe that a liquidation under chapter 11 for the Debtors is a much less attractive alternative to holders of Claims and Equity Interests than the Plan because the recovery realized by holders of Claims and Equity Interests under the Plan is likely to be greater than the recovery under a chapter 11 liquidation.

XV.

CONCLUSION

The Debtors believe that the Plan is in the best interest of all holders of Claims and Equity Interests, and urge all holders of impaired Claims and Equity Interests in the Debtors to vote to accept the Plan and to evidence such acceptance by returning their Ballots in accordance with the instructions accompanying the Disclosure Statement.

Dated: ~~March 28,~~May 7, 2010

Respectfully submitted,

Centaur PA Land, LP

By: Centaur PA Land General Partner, LP,
its general partner

By: Centaur PA Land Management, LLC,
its general partner

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Centaur, LLC

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Centaur Colorado, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Centaur Indiana, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Centaur Racing, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Hoosier Park, L.P.

By: Centaur Indiana, LLC, its general partner

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

HP Dining & Entertainment, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Centaur Pennsylvania, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

VVD Properties General Partner, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Valley View Downs GP, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Valley View Downs, LP

By: Valley View Downs GP, LLC, its general partner

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

VVD Properties, LP

By: VVD Properties General Partner, LLC,
its general partner

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Centaur PA Land General Partner, LP

By: Centaur PA Land Management, LLC,
its general partner

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Centaur PA Land Management, LLC

By: Centaur, LLC, its manager

By: /s/ Kurt E. Wilson
Name: Kurt E. Wilson
Title: Executive Vice President, Chief Financial Officer, Treasurer and Secretary

SCHEDULE 1

LIST OF DEBTORS

Centaur, LLC
Centaur Colorado, LLC
Centaur Indiana, LLC
Centaur Racing, LLC
Hoosier Park, L.P.
HP Dining & Entertainment, LLC
Centaur Pennsylvania, LLC
VVD Properties General Partner, LLC
Valley View Downs GP, LLC
VVD Properties, LP
Valley View Downs, LP
Centaur PA Land General Partner, LP
Centaur PA Land Management, LLC
Centaur PA Land, LP

SCHEDULE 2

ASSUMED EXECUTORY CONTRACTS AND UNEXPIRED LEASES

[TO COME]

EXHIBIT "A"

CHAPTER 11 PLAN OF REORGANIZATION

EXHIBIT "B"

PROJECTIONS AND SUMMARY OF SIGNIFICANT ASSUMPTIONS~~[TO COME]~~

Centaur LLC

Condensed Consolidated Statement of Operations

Unaudited, $ in millions

	Forecast				
	Q4 2010	**2011**	**2012**	**2013**	**2014**
Net Revenues	52.2	220.5	222.3	226.7	231.9
Operating Expenses	(42.7)	(175.7)	(176.4)	(179.0)	(182.4)
Depreciation & Amortization	(3.8)	(15.2)	(15.9)	(16.5)	(17.2)
Operating Income	5.7	29.6	30.0	31.1	32.3
Cash Interest Expense, net	(3.3)	(11.9)	(13.0)	(13.5)	(13.5)
PIK Interest	(3.5)	(14.9)	(16.3)	(17.9)	(19.6)
Total Interest Expense	(6.8)	(26.8)	(29.3)	(31.4)	(33.1)
Income from Discontinued Operations	0.3	0.0	0.0	0.0	0.0
Income Before Taxes	(0.8)	2.8	0.7	(0.3)	(0.7)
Tax Distributions to Members	(0.7)	(3.1)	(3.1)	(3.2)	(3.3)
Net Income (Loss)	**($1.4)**	**($0.3)**	**($2.4)**	**($3.4)**	**($4.0)**
Memo: EBITDA	*$9.5*	*$44.8*	*$45.9*	*$47.7*	*$49.5*

See accompanying Notes to the Condensed Consolidated Financial Statements

Centaur LLC

Condensed Consolidated Statement of Cash Flows

Unaudited, $ in millions

	Forecast				
	Q4 2010	**2011**	**2012**	**2013**	**2014**
Cash Flow From Operations					
Net Income	($1.4)	($0.3)	($2.4)	($3.4)	($4.0)
+ Depreciation	3.8	15.2	15.9	16.5	17.2
+ Change in Accrued Interest Expense	3.3	(0.4)	0.0	0.0	0.0
+ Non-Cash NewCo PIK Interest Expense	3.5	14.9	16.3	17.9	19.6
Cash Flow from Ongoing Operations	9.2	29.5	29.9	31.0	32.8
(Increase) / Decrease in Net Working Capital	(1.7)	0.5	0.0	0.2	0.2
Net Cash Provided (Used) by Operating Activities	7.5	30.0	29.9	31.2	33.0
Cash Flows From Investing Activities					
Capital Expenditures Hoosier Park	(1.3)	(6.5)	(6.5)	(6.5)	(6.5)
Capital Expenditures from Discontinued Operations	(0.4)	0.0	0.0	0.0	0.0
Proceeds from Asset Sales	17.5	0.0	0.0	0.0	0.0
Net Cash Provided (Used) by Investing Activities	15.8	(6.5)	(6.5)	(6.5)	(6.5)
Net Cash Provided (Used) Before Financing Activities	23.3	23.5	23.4	24.7	26.5
Cash Flows from Financing Activities					
Restricted Cash Available	1.1	0.1	0.0	0.0	0.0
Release of City of Anderson Escrow Money	(1.1)	(0.2)	(0.1)	0.0	0.0
First Lien Take Back Paper	(17.5)	0.0	0.0	0.0	0.0
Net Cash Provided (Used) by Financing Activities	(17.5)	(0.1)	(0.1)	0.0	0.0
Total Net Cash Provided (Used) by All Activities	5.8	23.4	23.3	24.7	26.5
Beginning Cash	$16.5	$22.3	$45.7	$69.0	$93.7
Change in Cash	5.8	23.4	23.3	24.7	26.5
Ending Cash	$22.3	$45.7	$69.0	$93.7	$120.2

See accompanying Notes to the Condensed Consolidated Financial Statements

Centaur LLC

Condensed Consolidated Balance Sheet

Unaudited, $ in millions

		Forecast				
	Q3 2010	Q4 2010	2011	2012	2013	2014
ASSETS						
Cash & Cash Equivalents	$16.5	$22.3	$45.7	$69.0	$93.7	$120.2
Discontinued Ops Cage Cash & Working Capital	3.0	0.0	0.0	0.0	0.0	0.0
Restricted Cash	53.0	51.9	51.8	51.8	51.8	51.8
Horsemen's Purse Restricted Cash	6.8	6.8	6.8	6.8	6.8	6.8
Accounts Receivable	0.2	0.2	0.2	0.2	0.2	0.3
Inventories	0.6	0.6	0.6	0.6	0.6	0.6
Prepaid Expenses	6.5	6.5	6.5	6.5	6.5	6.5
Total Current Assets	86.5	88.2	111.6	134.9	159.6	186.1
PP&E (net)	142.8	126.2	117.4	108.0	98.0	87.3
Trademarks (net)	1.1	1.1	1.1	1.1	1.1	1.1
Beaver County Land (net)	1.0	1.0	1.0	1.0	1.0	1.0
Licenses	131.0	131.0	131.0	131.0	131.0	131.0
Total Assets	**$362.4**	**$347.4**	**$362.1**	**$376.0**	**$390.6**	**$406.4**
LIABILITIES						
Accounts Payable	$5.3	$4.6	$4.9	$4.9	$5.0	$5.1
Accrued Interest Expense	0.0	3.3	2.9	2.9	2.9	2.9
Horsemen's Purse Liability	9.8	9.8	9.8	9.8	9.8	9.8
Accrued Liabilities	8.4	7.4	7.7	7.7	7.8	8.0
Total Current Liabilities	23.5	25.1	25.3	25.3	25.5	25.8
First Lien Take Back Paper	115.0	97.5	97.5	97.5	97.5	97.5
Anderson Land Escrow	1.4	0.3	0.1	0.0	0.0	0.0
NewCo PIK Note A	151.6	155.0	169.6	185.6	203.1	222.2
NewCo PIK Note B	3.4	3.5	3.8	4.2	4.6	5.0
Total Debt	271.4	256.3	271.0	287.3	305.2	324.7
Total Liabilities	294.9	281.4	296.3	312.6	330.7	350.5
SHAREHOLDER'S EQUITY						
Retained Profits (Deficit) [1]	67.5	66.1	65.7	63.4	60.0	56.0
Total Equity	67.5	66.1	65.7	63.4	60.0	56.0
Total Liabilities & Shareholders Equity	**$362.4**	**$347.4**	**$362.1**	**$376.0**	**$390.6**	**$406.4**

See accompanying Notes to the Condensed Consolidated Financial Statements

(1) Includes equity value associated with Valley View Downs.

Notes to Condensed Consolidated Financial Statements

The Debtors, with the assistance of various professionals, prepared the Projections for the five years ending December 31, 2010, 2011, 2012, 2013, and 2014. The Projections reflect numerous assumptions, including various assumptions regarding the anticipated future performance of the Debtors, industry performance, general business and economic conditions and other matters, most of which are beyond the control of the Debtors. Therefore, although the Projections are necessarily presented with numerical specificity, the actual results achieved during the projection period will vary from the projected results. These variations may be material. Although the Debtors believe that the assumptions underlying the Projections, when considered on an overall basis, are reasonable in light of current circumstances, no representation can be or is being made with respect to the accuracy of the Projections or the ability of the Debtors to achieve the projected results of operations. In deciding whether to vote to accept or reject the Plan, claimants must make their own determinations as to the reasonableness of such assumptions and the reliability of the Projections. The Projections are based on, and assume the successful implementation of, the Debtors' strategic initiatives and restructuring.

Additional information relating to the principal assumptions used in preparing the Projections is set forth below:

Operational Drivers

Revenues are primarily derived from the Debtors' Hoosier Park operations. Net revenues represent total gross operating revenues, which are derived from casino, racing, food, beverage, retail, and other operations, less promotional allowances, which include the retail value of accommodations, food and beverage, and other services provided to casino patrons without charge, and cash back awards, such as cash coupons, rebates, cash complimentaries, and refunds.

Hoosier Park operates 2,000 slot machines and live pari-mutuel horse racing and simulcasting in Anderson, Indiana and simulcast operations in three off-track betting facilities throughout the State of Indiana. Casino operations are subject to extensive regulations in the state of Indiana by the Indiana Gaming Commission while racing operations are subject to extensive regulations in Indiana by the Indiana Horse Racing Commission.

Casino revenue is derived primarily from patrons wagering at slot machines and electronic table games. Casino operating revenue is recognized as earned at the time the relevant services are provided. The Debtors recognize casino revenues as the net winnings from gaming activities, which is the difference between gaming wins and losses. Casino revenues are also net of accruals for anticipated payouts of progressive slot jackpots.

Racing revenue is derived primarily from patrons wagering on horse races at Hoosier Park as well as off-track betting simulcast operations. Racing revenue is recognized as earned at the time the relevant services are provided.

Food and beverage revenues are derived from food and beverage sales in the food outlets of the casino property, including restaurants, bars, and snack stations. Food and beverage revenue is recognized at the time relevant services are provided.

Other revenue is obtained from ancillary casino revenues, such as ATMs, leasing arrangements, merchandise sales, and certain other activities conducted at the casino property.

Fortune Valley Hotel and Casino is located in Central City, Colorado. The Debtors are in the midst of a sale process for the Fortune Valley property. As a result, 2010 projected results for Fortune Valley are categorized as discontinued operations. The Central City area is an historic mining community and one of the three cities in the state of Colorado permitted to have limited stakes gaming. Limited stakes gaming is defined in Colorado as the use of slot, keno and video poker machines as well as other common table games such as craps, roulette, blackjack and poker. Recent legislation has allowed maximum wagers to be increased to $100. Casinos in Central City, Colorado draw patrons primarily from the greater Denver metropolitan area. Casino operations are subject to extensive regulations in the state of Colorado by the Colorado Division of Gaming.

2010 operating revenues represent actual results through March 2010 and projected results in the latter nine months of the year. Projected second through fourth quarter 2010 results reflect, among other trends, the risks associated with the Debtors' continued operation in chapter 11 and ultimate emergence in September 2010.

Operating revenues from 2011 through 2014 are anticipated to grow at a compound annual growth rate of 1.7% due to a gradual macroeconomic recovery and generally improved performance. Over the course of the projection period, EBITDA margins are projected to improve from 20.3% in 2011 to 21.4% in 2014.

Operating Expenses

Direct expenses represent the direct costs associated with, among other things, operating the properties' casino, racing, and food and beverage stations, along with the cost of the external complimentaries issued to gaming patrons. These direct operating costs primarily relate to payroll, supplies, gaming taxes and in the case of food and beverage operations and external complimentaries, the cost of goods sold. G&A expenses typically consist of utility costs, marketing and advertising, repairs and maintenance, insurance, administrative and general expenses, land and building leases, and real estate and property taxes.

Among the costs described above, the gaming tax expense, which is included in the "Gaming" line item within the statement of cash flow, accounts for the greatest proportion of operating expenses. Expenses associated with gaming taxes reflect amounts payable to authorities in connection with gaming operations and were computed in various ways depending on the type of gaming. Racing expense includes, among other things, costs associated with racing operations such as maintenance of tracks and barns, host fees and decoder expenses. Food and beverage expense varies on the basis of the cost of certain food items and generally increases in relation to increases in food and beverage sales. Corporate costs consist of expenses that cannot be allocated to individual properties, such as executive salaries, professional services and certain information technology.

Interest Expense

Interest expense includes the estimated interest expense on $115 million of First Lien Take Back Paper at market rates, for the last three months of the year, as well as PIK interest expense on the NewCo PIK Notes.

Tax Distributions to Members

Post-emergence, the Reorganized Debtors will be a limited liability company, and consequently will not be a tax-paying entity. Pursuant to the Internal Revenue Code, estimated income taxes will be paid in the form of tax distributions to members. Tax distributions were calculated based on a 35.0% blended rate for federal and state taxes. For purposes of forecasting provisions for taxes, the Projections assume that the Debtors' cancellation of debt ("COD") income offsets any available net operating losses ("NOLs") generated in 2010. The Debtors are also subject to a 5% Indiana State Income Tax. This tax is calculated after adding back any Indiana State Gaming Taxes paid to GAAP Pre-Tax Income. The 5% statutory rate is then applied to this adjusted Indiana Pre-Tax Income.

Cash Flow Statement

Operating Activities

Cash flow from operating activities captures cash flows generated from the Debtors' daily operations and includes the net impact of revenues less operating expenses, interest expense, and working capital charges.

Investing Activities

Capital expenditures projected are primarily maintenance related. These expenditures are designed to restore the properties to desired standards. Such expenses include costs for revamping slot composition, upgrading the surveillance and information systems, and facility repairs. Cash flow from investing activities also includes the anticipated sale proceeds from the sale of Fortune Valley.

Financing Activities

Net proceeds from borrowing reflected in the Cash Flow Statement for 2010 represent anticipated net proceeds from the sale of Fortune Valley to be applied to the First Lien Take Back Paper.

EXHIBIT "C"

PRO FORMA STATEMENTS

~~[TO COME]~~

Centaur LLC

Pro Forma Condensed Consolidated Balance Sheet

Unaudited, $ in millions

	September 30, 2010			
	Projected	Pro Forma Adjustments		Pro Forma
ASSETS				
Cash & Cash Equivalents	$31.4	($14.9)	(1)	$16.5
Discontinued Ops Cash & Working Capital	3.0	-		3.0
Restricted Cash	53.0	-		53.0
Horsemen's Purse Restricted Cash	6.8	-		6.8
Accounts Receivable	0.2	-		0.2
Inventories	0.6	-		0.6
Prepaid Expenses	6.5	-		6.5
Total Current Assets	101.4	(14.9)		86.5
PP&E (net)	$142.8	$ -		$142.8
Trademarks (net)	1.1	-		1.1
Beaver County Land (net)	1.0	-		1.0
Capitalized Financing Costs	17.4	(17.4)	(2)	0.0
Licenses	322.2	(191.2)	(3)	131.0
Total Assets	**$585.9**	**($223.5)**		**$362.4**
LIABILITIES				
Accounts Payable	$5.3	$ -		$5.3
Accrued Interest Expense	39.8	(39.8)	(4)	0.0
Horsemen's Purse Liability	9.8	-		9.8
Accrued Liabilities	8.4	-		8.4
Total Current Liabilities	63.4	(39.8)		23.5
DIP Loan Facility	31.4	(31.4)	(5)	0.0
First Lien Take Back Paper	0.0	88.6	(6)	88.6
Exit Financing	0.0	26.4	(7)	26.4
Anderson Land Escrow	1.4	-		1.4
NewCo PIK Note A	0.0	151.6	(8)	151.6
NewCo PIK Note B	0.0	3.4	(8)	3.4
Total Debt	32.8	238.6		271.4
Liabilities Subject-to-Compromise	619.0	(619.0)	(9)	0.0
Total Liabilities	715.1	(420.2)		294.9
SHAREHOLDER'S EQUITY				
Members' Equity	(129.2)	196.7	(10)	67.5
Total Equity	(129.2)	196.7		67.5
Total Liabilities & Shareholders Equity	**$585.9**	**($223.5)**		**$362.4**

Notes to the Pro Forma Condensed Consolidated Balance Sheet

(1) ***Cash and Cash Equivalents***

Cash available in excess of minimum cash will be used to make emergence payments, including section 503(b)(9) payments, contract cure payments, convenience payments, and payments of professional fees.

(2) ***Capitalized Financing Costs***

The $17.4 million book value of capitalized financing costs will be written down in full.

(3) ***Licenses***

The adjustment to $191.2 million is due to the surplus of tangible book value over the fair market value of the assets implied by the total enterprise value of $337.5 million.

(4) ***Accrued Interest Expense***

The $39.8 million adjustment to accrued interest expense is due to the elimination of prior accrued interest expense from the Prepetition First Lien Credit Agreement and Prepetition Second Lien Credit Agreement in conjunction with the reorganization.

(5) ***DIP Loan Facility***

The maximum size of the DIP Loan Facility is $31.4 million due to restrictions in the Prepetition Intercreditor Agreement. Upon emergence, assuming that $31.4 million of the outstanding DIP Loan Facility is drawn, it will be rolled into the First Lien Take Back Paper along with the Exit Financing so that outstanding first lien indebtedness upon emergence will remain $115.0 million. To the extent the DIP Loan Facility is less than $31.4 million, the amount of the First Lien Take Back Paper will be increased.

(6) ***First Lien Take Back Paper***

The $115.0 million adjustment represents the First Lien Take Back Paper in accordance with the Plan. The First Lien Take Back Paper will be new first lien debt in an amount equal to $115.0 million, less the amount of the Exit Financing (inclusive of the DIP Loan Facility).

(7) ***Exit Financing***

Proceeds from the Exit Financing will be used, among other things, to repay any DIP Claims in Cash on the Effective Date and pay the costs associated with the Debtors' emergence from the Chapter 11 Cases.

(8) ***NewCo PIK Note A and NewCo PIK Note B***

The $151.6 million for NewCo PIK Note A and $3.4 million for NewCo PIK Note B represent the NewCo PIK Notes.

(9) ***Liabilities Subject to Compromise***

This amount reflects the cancellation, repayment, or reclassification of prepetition Claims including (i) First Lien Claims, (ii) Second Lien Claims, (iii) Valley View Downs Unsecured Claims, and (iv) General Unsecured Claims. Please refer to section XI of the Disclosure Statement for further discussion regarding the treatment of Churchill Downs. The face amount of the NewCo PIK Notes is within a range, of which $155 million is the midpoint, and may change subject to regulatory requirements.

(10) ***Equity***

Adjustments to shareholders' equity were based on the estimated equity value of the Reorganized Debtors of $67.5 million in accordance with "fresh start" accounting provisions of SOP 90-7. This amount includes equity value associated with Valley View Downs.

EXHIBIT "D"

TERMS OF FIRST LIEN TAKE BACK PAPER

~~[TO COME]~~

EXHIBIT "E"

TERMS OF NEWCO PIK NOTES

~~[TO COME]~~

EXHIBIT "F"

TERMS OF NEWCO WARRANTS

~~[TO COME]~~

EXHIBIT "G"

LIQUIDATION ANALYSIS~~[TO COME]~~

LIQUIDATION ANALYSIS

A. Introduction

Under the "best interests" of creditors test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of a claim or interest who does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. To demonstrate that the Plan satisfies the "best interests" of creditors test, the Debtors have prepared the following hypothetical liquidation analysis (the "Liquidation Analysis"), which is based upon certain assumptions discussed in the Disclosure Statement and in the notes accompanying the Liquidation Analysis (the "Notes"). Capitalized terms not defined in the Notes shall have the meanings ascribed to them in the Plan and the Disclosure Statement.

The Liquidation Analysis estimates potential Cash distributions to holders of Allowed Claims in a hypothetical chapter 7 liquidation of the Debtors' Assets. Asset values discussed in the Liquidation Analysis may differ materially from values referred to in the Plan and Disclosure Statement. The Debtors prepared the Liquidation Analysis with the assistance of their Professionals.

B. Scope, Intent, and Purpose of the Liquidation Analysis

The determination of the costs of, and hypothetical proceeds from, the liquidation of the Debtors' Assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors, their management, and their Professionals. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation. In addition, the Debtors' management cannot judge with any degree of certainty the impact of the forced liquidation asset sales on the recoverable value of the Debtors' Assets. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended, and should not be used, for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis. NEITHER THE DEBTORS NOR THEIR PROFESSIONALS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of the Claims listed on the Debtors' Schedules and proofs of claim filed to date. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the Chapter 11 Cases, but which could be asserted and Allowed in a chapter 7 liquidation, including Administrative Expense Claims, winddown costs, trustee fees, tax liabilities, and certain lease and contract rejection damages Claims. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing this Liquidation Analysis. The Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims under the Plan. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

C. Global Notes to the Liquidation Analysis

(1) Conversion Date and Appointment of a Chapter 7 Trustee

The Liquidation Analysis assumes conversion of the Debtors' Chapter 11 Cases to chapter 7 liquidation cases on September 30, 2010 (the "Conversion Date"). On the Conversion Date, it is assumed that the Bankruptcy Court would appoint one chapter 7 trustee (the "Trustee") to oversee the liquidation of the Estates. Should multiple Trustees be appointed to administer the Estates, lower recoveries and higher administrative costs could result and distributions to creditors could be delayed.

(2) Assets to be Liquidated

The Liquidation Analysis assumes a liquidation of all of the Debtors' Assets, which primarily consist of Assets at Hoosier Park, Fortune Valley, and Valley View Downs (collectively, the "Properties").

(3) Methodologies

A forced sale analysis of the business as a going concern was used to estimate the approximate liquidation range of value for the Debtors' Assets. Notwithstanding the requirement that the operator of a casino business in the states of Indiana and Colorado be licensed, it is possible that the casino and racing properties would be closed and the Assets would be sold on a piecemeal basis.

Under this approach, reductions were made to the values derived to reflect the forced sale nature of a chapter 7 liquidation. These reductions were derived by considering factors such as a shortened time period involved in the sale process, discounts buyers would require given a shorter due diligence period and therefore potentially higher risks buyers might assume, potentially negative perceptions involved in liquidation sales, the current state of the capital markets, the limited universe of prospective buyers, and the "bargain hunting" mentality of liquidation sales.

The estimated liquidation value of the Debtors' Assets was used to determine the recovery percentages based on the unaudited book values set forth in the Debtors' balance sheet as of March 31, 2010. The liquidation scenario assumes a liquidation of the Debtors' Assets would occur over a six-month time frame which reflects an estimate of the time required to dispose of the material Assets.

(4) **Estimated Costs of Liquidation**

Wind-down costs consist of the costs of any professionals the Trustee employs to assist with the liquidation process, including investment bankers, attorneys, and other advisors. The Trustee's fees necessary to facilitate the sale of the Debtors' Assets were assumed to equal 3% of the liquidation proceeds generated. These fees would be used specifically for developing marketing materials and facilitating the solicitation process for the parties, given the complexity and nature of the Debtors' Estates. This estimate also takes into account the time that would be required for the Trustee and any professionals to become educated with respect to the Debtors' business and the Chapter 11 Cases. Professional fees were estimated at $1.8 million, or $300,000 per month for six months. The Debtors have also assumed that retention pay would be required to keep employees on the job to assist with the liquidation. Such retention pay is estimated at approximately $12.7 million over the six-month period.

D. **Forced Sale of the Business as a Going Concern Scenario**

The Debtors believe that the Assets have their greatest potential recovery value if liquidated for the purposes of continuing to operate as a gaming establishment. This analysis assumes that casino operating activity would not be negatively impacted during the liquidation period and that cash flows during the liquidation period would be neutral and thus, would not impact the hypothetical liquidation values. This scenario assumes that the Trustee would assume and assign to the purchaser all executory contracts and unexpired leases related to the ongoing operations of the Debtors. This scenario also assumes that the existing staff currently employed at the Debtors' property would remain with the Debtors and maintain employment at the time of the hypothetical sale. If the cash flows from the casino property are not sufficient to fund the ongoing operations during this period, the Trustee may have to lower expectations related to potential recovery value for the casino properties and further reduce the recovery estimates contained in this Liquidation Analysis.

The Debtors estimate that the value which would be generated by selling the business as a going concern on a forced sale basis would be approximately $220 million to $260 million. This is supported by two different approaches: (a) a comparable company trading multiples analysis, and (b) a discounted cash flow analysis. The mid-point of this range of value ($240 million) approximates a 30% discount from the mid-point of the estimated range of the Reorganized Enterprise Value ($337 million) of the Debtors' Assets.

E. Estimated Recoveries

(1) DIP Loan Facility

The DIP Loan Facility is estimated to be $31.4 million as of September 30, 2010. This liquidation scenario estimates that these Claims would be satisfied in full in a chapter 7 liquidation.

(2) Administrative Expense and Priority Non-Tax Claims

Administrative Expense Claims and Priority Non-Tax Claims are estimated to be approximately $9.3 million as of September 30, 2010. Such Claims include a contracted management success fee, postpetition accounts payable and accrued expenses, Section 503(b)(9) Claims, DIP Loan Facility exit fees, and estimated liabilities to taxing authorities. This liquidation scenario estimates that these claims would be satisfied in full in a chapter 7 liquidation.

(3) First Lien Claims

First Lien Claims are estimated to be approximately $405.1 million as of September 30, 2010. The First Lien Claims include Claims arising under or with respect to the revolving credit facility, first lien term loan, the fair value of interest swap liabilities, and accrued but unpaid adequate protection payments. The forced sale scenario estimates that these Claims would receive between 39.0% to 48.6% of their value in a Chapter 7 liquidation.

(4) Second Lien Claims

Second Lien Claims are estimated to be approximately $207.2 million as of September 30, 2010. This liquidation scenario estimates that there would be insufficient liquidation proceeds for any recovery related to these Claims in a chapter 7 liquidation.

(5) All Other Classes of Claims

This liquidation scenario estimates that there would be insufficient liquidation proceeds for any recovery related to these Claims in a chapter 7 liquidation.

EXHIBIT "H"

TERMS OF NEWCO OPERATING AGREEMENT

~~[TO COME]~~

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Format changed	0
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