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Manguso, et al

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De Tronco, et al

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FEDDER AND GARTEN
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

36 SOUTH CHARLES STREET
2300 CHARLES CENTER SOUTH
BALTIMORE, MARYLAND 21201

AREA CODE 301
539-2800

FAX
301-659-0543

OFFICE OF MORRIS FEDDER (1926-61)

CABLE "FEDGAR"

March 27, 1990

Martin Jacobs, Esquire
Laurel Racing Association, Inc.
Laurel Race Track
Race Track Road & Route 198
Laurel, MD 20707

Dear Marty:

Tom and Bob have advised me of their discussions with Joe and you regarding the items we discussed on February 27, 1990, outlined in the enclosed memo dated March 2, 1990.

I understand that Items 4 through 7 were acceptable to Joe. With respect to Item 3, Joe's suggestion was for a monthly owners' meeting between the four of you, which was agreeable to the Manfusos. If your understanding is any different, please let me know.

We are still awaiting your response to Items 1 and 2, dealing with confirmation of the date of termination of employment and the date the termination payments would be made to the Manfusos.

Sincerely,



Herbert S. Garten

HSG:akd
enclosure

cc: McGee Grigsby, Esq.
Mr. Tom Manfuso
Mr. Bob Manfuso

LIST OF ITEMS DISCUSSED WITH
MARTIN JACOBS ON FEBRUARY 27, 1990

1. Date of termination of employment: May 31, 1990.
2. Set date for payment of amounts due Manfusos.
3. Provide for monthly Board meetings with an agenda to include monthly financial statements and information on anything of material nature or that should be brought to the Board's or Manfusos' attention.
4. Continuation of present fringes ie., car, boxes, dining room privileges and an office "to hang their hats."
5. Cease from any futher investment in Texas Racing.
6. Future payments from either Pimlico or Laurel such as to the CPA should be allocated in accordance with the percentage of services rendered and not be absorbed disproportionately by either DeFrancis or the Manfusos.
7. Future charitable contributions should be clearly identified as being made by the entity making the actual contribution. If the corporation is identified, there is no problem with the President's name also appearing.

March 2, 1990



THE MARYLAND JOCKEY CLUB
P.O. BOX 130
LAUREL, MARYLAND 20707

RECEIVED

APR 6 1990

April 3, 1990

FEDDER AND GARTEN
PROFESSIONAL ASSOCIATION

Herbert S. Garten, Esquire
Fedder and Garten, P.A.
36 South Charles Street
2300 Charles Center South
Baltimore, MD 21201

Dear Herb:

I am returning your letter dated March 27, 1990. As I thought I had made totally clear to you when we last spoke (which I had discussed with Tommy and Bob before calling you), I am not counsel for either the Estate of Frank De Francis or Joe De Francis in the matters about which you wrote. McGee Grigsby of Latham & Watkins is their counsel and is, therefore, the attorney with whom you, as counsel for the Manfusos, should communicate.

As I also advised you, I will discuss with Tommy and Bob any matter they raise with me as their partner in Laurel and Pimlico. However, whenever you or they feel it necessary to communicate through counsel, the communication should be addressed to McGee Grigsby.

Sincerely,

Martin Jacobs
Executive Vice President

cc: Mr. Joseph A. De Francis
Mr. John A. Manfuso, Jr.
Mr. Robert T. Manfuso
McGee Grigsby, Esquire

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April 9, 1990

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Laurel Race Track
Race Track Road & Route 198
Laurel, MD 20707

Dear Marty:

In 38 years of practicing law, I have never had anyone return a letter to me as you did. Your methods of operation are certainly unique. I will await word from Bob or Tom and thank you for acknowledging receipt of my letter.

Sincerely,



Herbert S. Garten

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Mr. Tom Manfuso



THE MARYLAND JOCKEY CLUB
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LAUREL, MARYLAND 20707

MEMORANDUM

April 27, 1990

Dear Joe:

You have advised us on several occasions that the below listed items are acceptable and have promised to confirm this fact by providing a written memo of confirmation. We understand the pressures of the Preakness and the other matters you are occupied with, and are therefore providing this memo for you to confirm we have agreed to the following:

1. Present fringes to continue; i.e., cars, boxes, dining room privileges and an office.
2. No further investments in Texas racing.
3. Any future payments from either Pimlico or Laurel will be equitably and properly apportioned. *Det*
4. All future charitable contributions should be clearly identified as being made by the entity making the actual contribution, followed by the name of the President, if so desired. *as previously provided by the Chief Financial Officer.*
5. Monthly owners' meetings will be conducted, with an agenda to include monthly financial statements and information on anything of material nature or that should be brought to the owners' our attention. *or to*

Please put this matter to rest by countersigning the enclosed copy of this letter and returning it to us.

Thank you for your cooperation.

Sincerely,

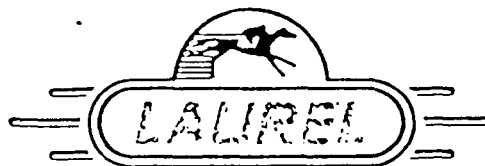
John A. Manfuso, Jr.
John A. Manfuso, Jr.

Robert T. Manfuso
Robert T. Manfuso

Agreed:

Joseph A. De Francis
Joseph A. De Francis

Dated: *4/29/90*



NEWS RELEASE

FOR IMMEDIATE RELEASE
FEB. 24, 1990

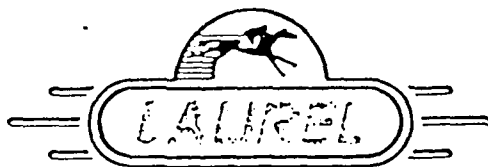
John A. (Tom) Manfuso, Jr. and Robert T. Manfuso announced today that they will be withdrawing from active management of Laurel and Pimlico Race Tracks.

Their decision follows the death six months ago of Frank J. DeFrancis. The three men formed the team which fostered an amazing renaissance of the thoroughbred racing industry in Maryland over the past six years.

The Manfuso brothers, who are the largest equity owners in the combined operations of Pimlico Racing Association, Inc. and Laurel Racing Association, Inc., also announced their resignations as Executive Vice Presidents and Secretaries of the two corporations.

There will be no change in the ownership of the two tracks. The change involves the day-to-day management of both tracks which will be handled by Joseph A. DeFrancis, son of the late Mr. DeFrancis, and the rest of the present management team.

The Manfuso brothers will remain active in the management of the tracks until some time after the Pimlico Preakness which will be held on May 19.



- 2 -

Frank DeFrancis and the Manfuso brothers purchased Laurel Race Track in 1984 and the Pimlico Race Track in 1986. A host of improvements to the physical plants, many innovations including the addition of a Sports Palace at each track, and new leadership helped the two tracks achieve record success and increased prestige during the latter portion of the 1980's.

The Manfuso brothers expressed the deep personal satisfaction which they have experienced in helping revive interest in the racing industry in Maryland.

Robert Manfuso said, "We leave management of the Pimlico and Laurel Race Tracks with the knowledge that racing in Maryland is now on a solid foundation. Our success has restored pride in Maryland's thoroughbred racing industry and its many participants and has won the admiration of racing enthusiasts throughout the industry, both in the U.S. and abroad."

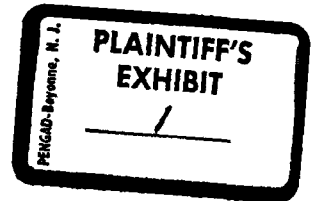
Tom Manfuso said, "Management responsibilities at the tracks have been extensive and most time-consuming for both of us. That has prevented us from adequately looking after our other interests. There will be no change in our ownership of the tracks. Bob and I will remain major owners and Co-Chairmen and Directors of the corporations.



- 3 -

The Manfuso brothers added, "Our life-long interests in racing and the improvement of the Maryland racing industry will continue. We wish Joseph A. DeFrancis and our management team continued success. Although we will not be involved in the day-to-day operations, we will certainly be available for consultation and advice as needed."

Purse distribution, attendance, and wagering have markedly increased at both Laurel and Pimlico in the years since the purchase of these two tracks in the 1980's. National interest, attendance, and betting increases at the famed Pimlico Preakness have been a prime example of this.



STOCKHOLDERS AGREEMENT

This Stockholders Agreement is entered into among Frank J. De Francis ("FJD"), Robert T. Manfuso ("RTM"), John A. Manfuso, Jr. ("JAM") and Martin Jacobs ("MJ") (collectively referred to as the "Stockholders").

RECITALS

1. By letter dated August 27, 1984 addressed to MJ, Laurel Race Course, Inc. (the "Seller") has offered to enter into an agreement (the "Agreement") with a corporation to be owned by the Stockholders (the "Corporation") as Buyer. Under the Agreement the Buyer would purchase certain assets of Seller, subject to certain liabilities. The Agreement must be presented for execution on or before September 19, 1984, duly executed by the Corporation and by FJD and RTM as Guarantors. Copies of the Agreement and all exhibits thereto, including the Guarantee Agreement, have been reviewed by the Stockholders.

2. In accordance with the aforesaid letter, FJD and RTM have each provided \$250,000 to be held as a deposit in accordance with the Escrow Agreement entered into among Seller, MJ and the Escrow Agents.

3. The Agreement may by its terms be assigned by the Corporation to a limited partnership in which the Corporation is a general partner.

4. The Stockholders desire to set forth herein the agreement among themselves.

AGREEMENTS

In consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound hereby agree as follows:

1. Formation of the Corporation. The Stockholders shall form a Maryland corporation to execute the Agreement as the Buyer.

2. Capital Stock. The Corporation shall have two classes of capital stock, Voting Stock and Non-Voting Stock. The Voting Stock shall be owned 60% by FJD, which shall vest in him managerial and operational control of the Corporation, and 40% by RTM. The Non-Voting Stock shall be owned in the following proportions:

<u>Stockholder</u>	<u>Percentage</u>
FJD	36%
RTM	36%
JAM	14%
MJ	<u>14%</u>
	<u>100%</u>

The Voting Stock shall have no rights whatsoever to participate in dividends, earnings and profits, its rights being solely to vote on any and all matters. The Non-Voting Stock shall have no rights whatsoever to vote on any matter, its rights being solely to participate in dividends, earnings and profits and all other financial benefits.

3. Formation of Partnership. The Corporation shall form a limited partnership (the "Partnership") in which the Corporation shall be the sole general partner. The Agreement shall be assigned by the Corporation to the Partnership.

4. Guarantees Under the Agreement. If the Agreement is entered into, FJD and RTM will as Guarantors execute the Agreement, the Guarantee Agreement and the Pledge Agreement and will each provide 50% of the collateral required thereunder. Notwithstanding that such documents provide that the liability of FJD and RTM to Seller and others is joint and several, FJD and RTM agree that each is responsible and obligated for 50% thereof, and each will indemnify and hold the other harmless from liability in excess of such 50%. FJD and RTM shall ^{promptly} ~~prior to September 19, 1984~~ enter into an appropriate agreement of indemnity and contribution further formalizing this understanding.

5. Loan by JAM. JAM shall lend to the Partnership, and the Partnership shall borrow from JAM, not later than the Closing Date under the Agreement the sum of \$6,500,000. JAM and the Partnership shall prior to the Closing Date enter into a formal loan agreement and related security documents providing for such loan on the following terms and conditions:

(a) The loan shall have an initial term of six years from the Closing Date. The loan shall be secured by a deed of trust and security interest in all the Assets, as defined in the Agreement, except for the Miller Farm, and shall be made without personal liability of the Partnership or any of the partners therein or the Stockholders (except as otherwise provided in subparagraph (d) below). In the event The Maryland Jockey Club, Inc. (Pimlico) refuses to consent to a lien being granted to JAM on the joint venture interest in Southern Maryland Agricultural Association to be acquired by the Partnership, the Partnership shall grant JAM a "negative pledge" under which it agrees not to pledge such interest to any other party without his consent. The deed of trust and security interests in favor of JAM shall during the initial term of the loan be subject and subordinate only to the deed of trust and security interest under existing industrial revenue bonds issued by Laurel Race Course, Inc. to be assumed by the Partnership.

(b) The loan shall bear interest during the initial term at the rate of 14% per annum of which (1) interest at the rate of 10% per annum shall be payable annually in arrears on each anniversary of the Closing Date and (2) interest at the rate of 4% per annum shall not be paid currently but shall be accrued and deferred until the conclusion of the initial term of the loan at which time it shall be payable, in full, without interest. No principal payments shall be required during the initial term.

(c) In 1990, on the sixth anniversary of the Closing Date, the Partnership will need to refinance (1) the indebtedness being taken back by the Seller under the Agreement in the original principal amount of approximately \$3,800,000 together with accrued deferred interest thereon of approximately \$682,000, (2) the final payment of \$225,000 to be made under the Non-Compete Agreement with John D. Schapiro and (3) industrial revenue bonds which will then be in the principal amount of approximately \$1,340,000. Additionally, at such time the Partnership will need to use its best efforts to refinance the JAM loan to the maximum extent possible. Although at such time there will also be a remaining balance on the mortgage on the Miller Farm, such loan will not then be refinanced. The Corporation shall use its best efforts to obtain the aforesaid refinancing for the Partnership in the maximum amount obtainable without personal

liability of the Partnership or any of the partners therein or the Stockholders (except as otherwise provided in subparagraph (d) below) and shall apply the proceeds of such new loan to pay the entire indebtedness referred to in clauses (1), (2) and (3) in the first sentence above, with the balance remaining to be applied to payment of the JAM loan (including accrued deferred interest).

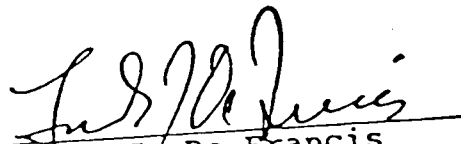
(d) ^{JAM} The loan shall further provide that if the Partnership is unable to obtain sufficient refinancing to pay off the JAM loan (including the accrued deferred interest) in full at the end of its initial term, JAM shall subordinate the deed of trust and security interests securing his loan to the deed of trust and security interests of the lender(s) providing the refinancing. In such event, the JAM loan (including the accrued deferred interest) shall by its terms automatically continue for a further period of four years, so as to become payable in full on the tenth anniversary of the Closing Date. During the aforesaid four years, interest on the JAM loan (including the accrued deferred interest) shall be payable by the Partnership annually on each anniversary of the Closing Date at a rate equal each year to the interest rate on three-year U. S. Treasury Bills as in effect at the auction immediately preceding the date of such payment. In the event the JAM loan (including the accrued deferred interest) is not paid

in full in accordance with the aforementioned refinancing at conclusion of its initial term, FJD and RTM shall each personally guarantee the repayment by the Partnership of 50% of the unpaid principal balance of the JAM loan (including the accrued deferred interest) up to a maximum of \$1,000,000 each.

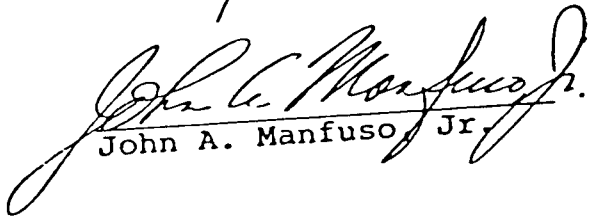
6. FJD Trust. FJD shall have the right to place in a trust all stock of the Corporation to be acquired by him until such time as he leaves government service, with such trustees as he shall designate.

7. Termination. FJD, RTM and JAM shall each have the right on or before September 19, 1984, to terminate this Stockholders Agreement by written notice delivered to the principal office of the other Stockholders, in which event the Agreement and related documents shall not be entered into with the Seller. In the event such right is exercised, this Stockholders Agreement shall terminate and be of no further force or effect and no Stockholder shall have any liability to any other Stockholder. In such event the \$500,000 deposit previously made 50% each by FJD and RTM referred to in Recital 2 shall be returned to each together with interest earned thereon.

IN WITNESS WHEREOF, this Stockholders Agreement
has been entered into this 9TH day of ~~September~~^{OCTOBER} 1984.


Frank J. De Francis


Robert T. Manfuso


John A. Manfuso Jr.


Martin Jacobs

ADDENDUM TO STOCKHOLDERS AGREEMENT

THIS ADDENDUM TO STOCKHOLDERS AGREEMENT is entered into by and among Frank J. De Francis ("FJD"), Robert T. Manfusò ("RTM"), and John A. Manfuso, Jr. ("JAM") and Martin Jacobs ("MJ") (collectively referred to as the "Stockholders").

RECITALS

1. On even date herewith the Stockholders have executed a Stockholders Agreement (the "Agreement").
2. The Stockholders desire to reflect certain modifications in the Agreement by this Addendum.

AGREEMENTS

In consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

- (a) Paragraph 2 on page 2 of the Agreement is amended to provide for (i) the issuance of 25% of the Non-Voting Stock to Louis P. Guida, Joseph A. Grano, Jr., and Ira Lampert, or an entity owned by them (collectively the "Guida Group"), in such proportions among them as they designate, and the proportionate reduction of each of the Stockholders' ownership of the Non-Voting Stock; and (ii) the issuance of 10% of the Voting Stock to the Guida Group, in such proportions among them as they designate, and the reduction of ownership of the Voting Stock

by FJD to 55% (which shall vest in him under the Articles of Incorporation and otherwise managerial and operational control of the Corporation) and by RTM to 35%.

(b) Paragraph 2 on page 2 of the Agreement is further amended to provide that the aggregate shares of Non-Voting Stock owner by RTM and JAM shall be owned one-half by each of them, personally, or the full amount thereof by Manfuso Brothers Investments, a general partnership comprised solely of RTM and JAM. As a result of the amendments to the Agreement made pursuant to the foregoing paragraph (a) and this paragraph (b), the capital stock of the Corporation shall be owned as follows:

Voting Stock

<u>Stockholder</u>	<u>Percentage of Voting Stock</u>
FJD	55%
RTM	35%
Guida Group	<u>10%</u>
Total Voting Stock	100%

Non-Voting Stock

<u>Stockholder</u>	<u>Percentage of Non-Voting Stock</u>
FJD	27.00%
RTM*/	18.75%
JAM*/	18.75%
MJ	10.50%
Guida Group	<u>25.00%</u>
Total Non-Voting Stock	100.00%

*/ Shares in the name of RTM and JAM may be owned in total by Manfuso Brothers Investments, which in such event shall become an additional party to the Stockholders Agreement, as amended.

(c) Notwithstanding the provisions of paragraph 2 on pages 2 and 3 of the Agreement, it is understood that FJD will have full managerial and operational control of the Corporation, but will consult with the other Stockholders on major matters, which are defined as a sale, refinancings, financings, merger or other acquisition, or purchases of substantial assets. It is understood that the other Stockholders have no desire to be involved, and thus will not be involved, in day-to-day managerial and operational control of the Corporation. FJD will cause RTM, JAM and MJ, among others, to be elected as officers and directors of the Corporation.

(d) Notwithstanding any provision of the Agreement in the event of irreconcilable dispute among ^{any of} the Stockholders as to decisions being made by FJD in regard to the major matters described in paragraph (c) above, either FJD or ^{any of} the other Stockholder(s) may offer to buy all the shares of the other(s) by establishing a price, which the other(s) can either accept for all their shares or use proportionately to buy all the shares of the Stockholder(s) establishing such price. The same technique can be used if, on the death, permanent total disability or other permanent inability of FJD to vote his shares of Voting Stock (which shall not include FJD's stock being held in trust while he is performing government service), any of the Stockholders are able to demonstrate that the managerial or operational decisions of the successor to FJD are not consistent with sound business practices.

[Handwritten signatures and initials, including "FJD" and "RTM"]

(e) Paragraph 4 on page 2 of the Agreement is amended to delete the date "September 19, 1984" and to insert in lieu thereof "November 1, 1984."

(f) On or prior to the sixth anniversary of the Closing Date, in 1990, JAM will subordinate the deed of trust and security interests securing his loan to a senior deed of trust and security interest of a lender providing refinancing. The proceeds of the refinancing loan will be applied, to the extent proceeds are available, as follows: (i) the first \$5,000,000 to pay ^{all} obligations of the Partnership and/or the Corporation to ^{be} guaranteed by Frank J. De Francis and/or Robert T. Manusso ^{as well as to pay} ~~(including for this purpose)~~ the Laurel and Bowie industrial revenue bonds ~~in the event it is necessary to pay off such obligations in order to obtain the refinancing loan~~; (ii) the next \$5,000,000 ^(the remaining) to satisfy the JAM loan; and (iii) the next dollars ^{to pay} obligations of the Partnership and/or the Corporation ~~to or~~ guaranteed by Frank J. De Francis and/or Robert T. Manusso ~~(including for this purpose)~~ the Laurel and Bowie industrial revenue bonds ~~in the event it is necessary to pay off such obligations in order to obtain the refinancing loan~~ and such obligations to JAM pro rata, in proportion to the amounts (including accrued but unpaid interest) of such obligations. If any balance of such obligations remains, 50% of what otherwise would be the management fee derived by the Corporation as a percentage of racing revenues of the Partnership will be used to pay down such obligations in the same proportion. The Corporation will be

[Handwritten initials]

[Handwritten signature]

[Handwritten initials]

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required to use its best efforts to obtain the aforesaid refinancing loan for the Partnership in the maximum amount obtainable without personal liability of the Partnership or any of the partners therein or any of the stockholders of the Corporation. The JAM loan will further provide that when JAM subordinates to the refinancing loan as provided in this subparagraph (f), the unpaid amount of the JAM loan (including the accrued deferred interest) will, by its terms, automatically continue for a further period of four years, so as to become payable in full on the tenth anniversary of the Closing Date. During the aforesaid four years, interest on the JAM loan (including the accrued deferred interest) shall be payable by the Partnership annually on each anniversary of the Closing Date at a rate equal each year to the interest rate on three-year U.S. Treasury Bills as in effect at the auction immediately preceding the date of such payment. Any terms or provisions of Paragraph 5 of the Agreement, including all subparagraphs, are hereby amended, modified or deleted in any and all respects where inconsistent or contradictory to the terms and provisions of this paragraph (f). Without limiting the generality of the foregoing, the last sentence of paragraph 5(d) on pages 6 and 7 of the Agreement is stricken in its entirety.

(g) It is understood and agreed that the refinancing of the JAM loan provided for in paragraph (f) above shall not constitute an "irreconcilable dispute" for purposes of


by the Corporation has provided for the (me)

paragraphs (c) and (d) above unless the Corporation has caused the Partnership to accept a refinancing loan which is not as good as to principal amount, interest rate, repayment terms, required security and all other material matters as those of a refinancing loan obtained by JAM for the Partnership and presented timely for acceptance by the Corporation as general partner of the Partnership. Such refinancing loan so obtained and presented by JAM shall not provide for personal liability of the Partnership or any of the partners therein or of the Stockholders.

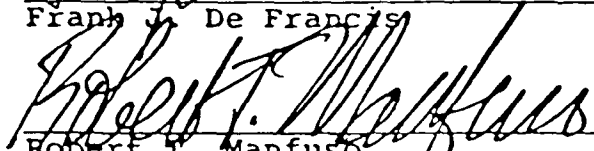
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(h) It is further understood and agreed that FJD will determine the salaries, fees and other benefits to be paid by the Partnership (or to be paid by the Corporation and reimbursed by the Partnership) to the stockholders, officers, directors, employees and others engaged by the Partnership and the Corporation. Such amounts will be determined by FJD in his discretion consistent with the time, effort, contributions and expertise of each of such persons. In the event it is determined that the aforesaid salaries, fees and other benefits (including but not limited to those of each of the stockholders) exceed amounts that may be chargeable to the Partnership, the excess shall be paid by the Corporation from its management fees based on percentage of racing revenues and, thereafter, notwithstanding any other provision of the Agreement or any other document, it is agreed that the balance of the management fee may be distributed to stockholders in any manner that FJD determines, so long as the distributions to FJD and RTM are equal.

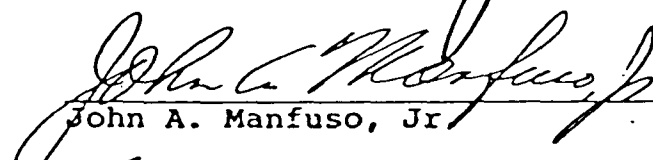
IN WITNESS WHEREOF, this Addendum to Stockholders Agreement
has been entered into, immediately after the execution of the
Stockholders Agreement, this 9TH day of October, 1984.



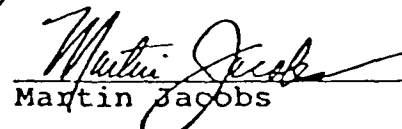
Frank J. De Francis



Robert T. Manfuso



John A. Manfuso, Jr



Martin Jacobs

OUTLINE
OF
PROPOSED AGREEMENT AMONG
THE ESTATE OF FRANK J. DEFRANCIS, JOSEPH A. DEFRANCIS,
JOHN A. MANFUSO, JR., ROBERT T. MANFUSO, MARTIN JACOBS,
MARYLAND JOCKEY CLUB OF BALTIMORE CITY, INC.,
PIMLICO RACING ASSOCIATION, INC. AND
LAUREL RACING ASSOCIATION, INC.



I. MANDATORY BUY/SELL

A. Terms

1. Shareholder or shareholder's representative may name price for stock. Corporation or remaining shareholders must purchase stock at that price or sell their stock to offering shareholder or that shareholder's representative.

2. This provision is effective only after four years from anniversary date of this agreement.

3. Terms are 20% down, 16% a year for five years, interest at prime established by 1st National Bank of Maryland. Note will provide for personal liability, on a pro rata basis, of the remaining shareholders and the remaining shareholders' spouses and will be secured by the stock regardless whether the stock is purchased by the corporation or the remaining shareholders. Purchaser will exercise best efforts to have sellers removed from any personal liability for corporation indebtedness. If personal liability not removed, buyer will indemnify seller. Balance due and payable in full upon the sale of all or substantially all stock or assets to third party.

4. Exercise by either Manfuso will include both. Exercise by DeFrancis will include Jacobs.

5. In the event Joseph A. DeFrancis dies or becomes permanently incapacitated within four years of the date of this Agreement, Joseph A. DeFrancis's estate will consult with the Manfusos regarding the choice of Joseph A. DeFrancis's successor. In the event that Joseph A. DeFrancis's estate and at least one of the Manfusos are unable to agree on such successor within 12 months following such death or incapacity, then Joseph A. DeFrancis's estate, on the one hand, and the Manfusos, on the other, may exercise the Buy/Sell as provided herein. This provision for consultation and agreement is personal to John A Manfuso, Jr. and Robert T. Manfuso and shall not survive their death or the transfer of all or substantially all of their stock to any party.

II. STOCK PURCHASE ON DEATH OR PERMANENT INCAPACITY

A. Put

1. Stockholder's representative has right to "put" stock to corporation.

a. Purchase price is determined by valuing entities at multiple (5x) of average of net cash flow after all expenses and debt service but excluding depreciation for last three years before year of "put."

b. Net cash flow will be specifically defined with examples. Extraordinary cash income will be added to total value but multiplier will not be applied to it. Extraordinary expenses will be amortized over three years.

c. Option must be exercised within 90 days of death or incapacity. If not exercised, "put" expires.

d. Payment is cash, within 180 days after exercise, no terms.

e. If corporation declines, other shareholders must purchase on a pro rata basis.

2. For purposes of "put" exercise by either Manfuso will apply to stock of both. Exercise by DeFrancis will apply to stock of both DeFrancis and Jacobs.

3. The right to exercise the "put" shall attach to the stock now owned by DeFrancis and the Manfusos and shall be binding upon any subsequent owner of such stock.

III. BENEFIT PAYABLE UPON DEATH OR PERMANENT INCAPACITY

A. Terms

1. Upon the death or permanent incapacity of any of Joseph A. DeFrancis, Martin Jacobs, John A. Manfuso, Jr., Robert T. Manfuso, within sixty days the shareholders shall receive a benefit payment in the following amounts: \$1,250,000 each to the Manfusos; \$2,500,000 to DeFrancis; and \$300,000 to Jacobs.

2. If the "put" has been exercised by a shareholder or a shareholder's representative, the amount of this total death benefit (\$5,300,000) will be subtracted from the total value of the corporations determined pursuant to the cash flow formula described above. In the event of a termination pursuant to Section VII.A.7 below, the amounts of any "termination payments" and "special payments" made thereunder will be subtracted from the total value of the

corporations determined pursuant to the cash flow formula described above.

IV. STANDSTILL PROVISION

A. Terms

1. With the exception of actions involving crimes or a breach of the terms of this agreement, for a four-year period (the "standstill period") the shareholders agree not to institute or join in any legal dispute or action against any party to this agreement concerning the business or operations of the corporations. If within one year from the expiration of the standstill period, any shareholder institutes or joins in any legal dispute or action against any party to this agreement concerning the business or operations of the corporations, the other parties agree not to raise the statute of limitations as a defense to such action. The provision of this paragraph shall attach to the stock now owned by DeFrancis and the Manfusos and shall be binding upon any subsequent owner of such stock.

2. This agreement is the sole governing instrument. This agreement, in particular, supersedes the Laurel Shareholders Agreement.

3. Major Matters are defined solely as the sale of all or substantially all assets; refinancing, other than the modification of existing debt or the replacement of existing debt with a like amount and on terms no more onerous than at present; additional financing; merger or acquisition; or purchase of substantial assets other than assets to be located at Laurel, Pimlico or Bowie. In the event Joseph A. DeFrancis determines to take affirmative action to effectuate any Major Matter and the Manfusos disagree with such action, then either side may invoke the mandatory Buy/Sell as provided in Section I. The provisions of this paragraph shall apply only to John A. Manfuso, Jr., Robert T. Manfuso, and, in the event of the death of either of them, to the personal representative of their respective estates.

V. PIGGYBACK

A. Section 11 of Garten's proposal is acceptable with the addition of the condition that if DeFrancis sells all or substantially all of his stock the Manfusos must also sell all or substantially all of their stock, and if less than substantially all the DeFrancis stock is sold then the Manfusos shall have the option, but shall not be required, to sell an identical percentage of stock. For the purposes of this Agreement "substantially all" of the stock of a shareholder shall mean eighty percent (80%) or more of all classes of stock owned by a shareholder.

B. This provision shall not apply to a sale or other transfer by any party to any related party. Related parties shall include family members, entities controlled by family members, and trusts for the benefit of family members. Family members shall include siblings, descendants and spouses.

VI. RIGHT OF FIRST REFUSAL

A. In the event any shareholder receives an offer that he is willing to accept for the purchase of his stock by a third party, the other shareholders shall have the option to purchase such stock on the same terms and conditions as offered by the third party with the exception that any shareholder purchasing under this provision may elect to pay the purchase price in installments as set forth in § 3 of Section I.A.

B. This provision shall not apply to a sale or other transfer by any party to any related party. Related parties shall include family members, entities controlled by family members, and trusts for the benefit of family members. Family members shall include siblings, descendants and spouses.

C. This provision shall attach to the stock now owned by DeFrancis and the Manfuses and shall be binding upon any subsequent owner of such stock.

VII. EMPLOYMENT AGREEMENT FOR JOHN A. MANFUSO, JR., AND ROBERT T. MANFUSO

A. Terms

1. Current salary so long as employee continues to devote substantially all of his time and continues to perform duties substantially similar to those currently being performed; no interference with employee's ability to perform duties assigned to him by Corporation.

2. Terminates on death or permanent incapacity.

3. No upside guarantees.

4. So long as substantially similar services are being performed and full time is being devoted to employment, and so long as there is no material breach in performance of duties by Employee, there will be no reduction in salary unless there is a pro rata reduction applicable to Manfuses and DeFrancis. No such material breach shall be considered to occur through the reduction by the Corporation of the duties assigned to Employee, and Employee will be given a reasonable opportunity to cure any breach in the performance of his duties. In the event that total compensation payments to DeFrancis and members of his family are equal to the total

compensation payments to the Manfusos, the Manfusos compensation payments shall be increased on a pro rata basis in an amount equal to any further increases in the compensation payable to DeFrancis and members of his family.

In the event either Manfuso is no longer actively employed, such pro rata increase shall only apply if the total compensation payable to DeFrancis and members of his family are equal to twice the amount of compensation payable to whichever Manfuso is actively employed.

5. Employment contracts do not survive sale or other disposition of all or substantially all stock or all or substantially all the assets of the entities.

6. Employment may be terminated for cause.

7. Employee may terminate at any time with termination payment of \$1,250,000. If termination occurs prior to the expiration of forty eight months from the anniversary date of this Agreement, the terminating employee shall also be entitled to receive severance payments of \$10,416.67 per month and shall be entitled to continued health insurance premium payments for each month remaining in the forty eight month period commencing with the execution of this Agreement. In such event, terminating employee is not entitled to benefits payable upon death or incapacity as provided in Section III.A.1. In the event an employee terminates employment and receives aforesaid termination payment, special payments shall be paid of \$1,250,000 to DeFrancis and \$150,000 to Jacobs and the benefits payable to them upon death or incapacity as set forth in Section III.A.1. shall be reduced by such amounts.

8. Upon the termination of active employment by either Manfuso, in the event that the total annual direct or indirect compensation payments to DeFrancis and the members of his family become equal to the highest annual total compensation payments which were payable to the Manfusos prior to the termination of employment of either Manfuso, DeFrancis agrees that any subsequent increase in compensation payable to DeFrancis or the members of his family shall not exceed 9% per annum.

VIII. EMPLOYMENT AGREEMENTS FOR JACOBS, O'DEA AND MANGO

A. Terms

1. Current salary with normal increases so long as employee continues to devote substantially all of his time and continues to perform duties substantially similar to those currently being performed.

2. Term is 10 years.

3. No upside guarantees.

4. As long as substantially similar services being performed and full time being devoted to employment there will be no reduction in salary unless there is a pro rata reduction to Manfusos and DeFrancis.

5. Employment contracts do survive sale of all or substantially all stock or all or substantially all the assets of the entities. If purchaser does not agree to continue employment for remainder of initial term, corporations agree to pay employees 30% of amounts which employees would have received in each of the years remaining in the ten-year term.

6. Employment may be terminated for cause.

7. Employment contracts of O'Dea and Mango may be terminated, without cause, by the corporations upon payment to the terminated employee of an amount equal to 30% of the amounts which the employee would have received in each of the years remaining in the ten year term.

IX. POSITIONS AND TITLES

A. PIMLICO

1. Joseph A. DeFrancis: President and Chief Executive Officer; Co-Chairman of the Board. Duties shall be the same as previously undertaken by Frank J. DeFrancis, including full authority over operational and managerial decisions and policies, relations with press, legislature and governmental authorities.

2. John A. Manfuso, Jr.: Co-Chairman of the Board. Sharing duties of Chairman as set forth in the By-Laws. Executive Vice-President and Secretary.

3. Robert T. Manfuso: Executive Vice-President and Vice-Chairman of the Board.

4. Martin Jacobs: Executive Vice-President and Treasurer.

B. LAUREL

1. Joseph A. DeFrancis: President and Chief Executive Officer; Co-Chairman of the Board. Duties shall be the same as previously undertaken by Frank J. DeFrancis including full authority to establish and carry out operational and managerial decisions and policies, relations with press, legislature and governmental authorities.

2. John A. Manfuso, Jr.: Vice-Chairman of the

Board, Executive Vice-President and Secretary.

3. Robert T. Manfuso: Co-Chairman of the Board. Sharing duties of Chairman as set forth in the By-Laws. Executive Vice-President.

4. Martin Jacobs: Executive Vice-President and Treasurer.

X. OTHER VENTURES

A. No party to this agreement shall have any right or obligation to participate in any other business venture, of any kind whatsoever, with any other party to this agreement.

B. This provision shall attach to the stock now owned by DeFrancis and the Manfusos and shall be binding upon any subsequent owner of such stock.

XI. SURVIVAL

A. No Except as otherwise expressly provided herein, no rights established pursuant to this agreement shall survive the sale or other disposition of all or substantially all of the stock owned by the Manfusos to unrelated parties or the sale by DeFrancis of all or substantially all of the stock owned by DeFrancis to unrelated parties or the sale of all or substantially all of the assets of the entities to unrelated parties. A sale by any of the parties not in contravention of this agreement, of less than all or less than substantially all of his stock shall not affect the rights and obligations created hereunder.

B. Rights created hereunder are not transferrable to third parties. However, obligations are applicable to successors or transferees.

XII. INFORMATION

A. The Manfusos shall be currently informed by DeFrancis on all Major Matters.

This provision is personal to John A. Manfuso, Jr. and Robert T. Manfuso, and shall not survive their death or the transfer of all or substantially all of their stock.

FEDDER AND GARTEN
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

36 SOUTH CHARLES STREET
2300 CHARLES CENTER SOUTH
BALTIMORE, MARYLAND 21201

AREA CODE 301
539-2800

OFFICE OF MORRIS FEDDER (1926-61)



FAX
301-659-0543

CABLE "FEDGAR"

March 27, 1990

Martin Jacobs, Esquire
Laurel Racing Association, Inc.
Laurel Race Track
Race Track Road & Route 198
Laurel, MD 20707

Dear Marty:

Tom and Bob have advised me of their discussions with Joe and you regarding the items we discussed on February 27, 1990, outlined in the enclosed memo dated March 2, 1990.

I understand that Items 4 through 7 were acceptable to Joe. With respect to Item 3, Joe's suggestion was for a monthly owners' meeting between the four of you, which was agreeable to the Manfusos. If your understanding is any different, please let me know.

We are still awaiting your response to Items 1 and 2, dealing with confirmation of the date of termination of employment and the date the termination payments would be made to the Manfusos.

Sincerely,

Herbert S. Garten

HSG:akd
enclosure

cc: McGee Grigsby, Esq.
Mr. Tom Manfuso
Mr. Bob Manfuso

**LIST OF ITEMS DISCUSSED WITH
MARTIN JACOBS ON FEBRUARY 27, 1990**

1. Date of termination of employment: May 31, 1990.
2. Set date for payment of amounts due Manfusos.
3. Provide for monthly Board meetings with an agenda to include monthly financial statements and information on anything of material nature or that should be brought to the Board's or Manfusos' attention.
4. Continuation of present fringes ie., car, boxes, dining room privileges and an office "to hang their hats."
5. Cease from any futher investment in Texas Racing.
6. Future payments from either Pimlico or Laurel such as to the CPA should be allocated in accordance with the percentage of services rendered and not be absorbed disproportionately by either DeFrancis or the Manfusos.
7. Future charitable contributions should be clearly identified as being made by the entity making the actual contribution. If the corporation is identified, there is no problem with the President's name also appearing.



March 2, 1990



THE MARYLAND JOCKEY CLUB

P.O. BOX 130
LAUREL, MARYLAND 20707

RECEIVED

APR 6 1990

April 3, 1990

FEDDER AND GARTEN
PROFESSIONAL ASSOCIATION

Herbert S. Garten, Esquire
Fedder and Garten, P.A.
36 South Charles Street
2300 Charles Center South
Baltimore, MD 21201

Dear Herb:

I am returning your letter dated March 27, 1990. As I thought I had made totally clear to you when we last spoke (which I had discussed with Tommy and Bob before calling you), I am not counsel for either the Estate of Frank De Francis or Joe De Francis in the matters about which you wrote. McGee Grigsby of Latham & Watkins is their counsel and is, therefore, the attorney with whom you, as counsel for the Manfusos, should communicate.

As I also advised you, I will discuss with Tommy and Bob any matter they raise with me as their partner in Laurel and Pimlico. However, whenever you or they feel it necessary to communicate through counsel, the communication should be addressed to McGee Grigsby.

Sincerely,

Martin Jacobs
Executive Vice President

cc: Mr. Joseph A. De Francis
Mr. John A. Manfuso, Jr.
Mr. Robert T. Manfuso
McGee Grigsby, Esquire

FEDDER AND GARTEN
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

36 SOUTH CHARLES STREET
2300 CHARLES CENTER SOUTH
BALTIMORE, MARYLAND 21201

AREA CODE 301
539-2800

FAX
301-659-0543

OFFICE OF MORRIS FEDDER (1926-61)

CABLE "FEDGAR"

April 9, 1990

Martin Jacobs, Esquire
Laurel Racing Association, Inc.
Laurel Race Track
Race Track Road & Route 198
Laurel, MD 20707

Dear Marty:

In 38 years of practicing law, I have never had anyone return a letter to me as you did. Your methods of operation are certainly unique. I will await word from Bob or Tom and thank you for acknowledging receipt of my letter.

Sincerely,



Herbert S. Garten

HSG:akd
cc: Mr. Robert Manfuso
Mr. Tom Manfuso



THE MARYLAND JOCKEY CLUB
 P.O. BOX 130
 LAUREL, MARYLAND 20707

MEMORANDUM

April 27, 1990

Dear Joe:

You have advised us on several occasions that the below listed items are acceptable and have promised to confirm this fact by providing a written memo of confirmation. We understand the pressures of the Preakness and the other matters you are occupied with, and are therefore providing this memo for you to confirm we have agreed to the following:

1. Present fringes to continue; i.e., cars, boxes, dining room privileges and an office.
2. No further investments in Texas racing.
3. Any future payments from either Pimlico or Laurel will be equitably and properly apportioned. *Det*
4. All future charitable contributions should be clearly identified as being made by the entity making the actual contribution, followed by the name of the President, if so desired. *of Pimlico provided to the Club's financial officer.*
5. Monthly owners' meetings will be conducted, with an agenda to include monthly financial statements and information on anything of material nature or that should be brought to the owners' our attention. *RM*

Please put this matter to rest by countersigning the enclosed copy of this letter and returning it to us.

Thank you for your cooperation.

Sincerely,

John A. Manfuso, Jr.
 John A. Manfuso, Jr.

Robert T. Manfuso
 Robert T. Manfuso

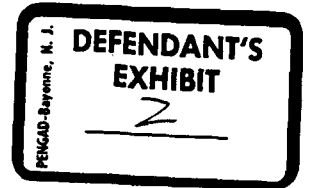
Agreed:

Joseph A. De Francis
 Joseph A. De Francis

Dated: *4/29/90*
 4/29/90



THE MARYLAND JOCKEY CLUB
P.O. BOX 130
LAUREL, MARYLAND 20707



February 27, 1990

MEMORANDUM TO JOSEPH A. DE FRANCIS

Herb Garten met with me today regarding issues the Manfusos feel should be addressed in connection with their retirement. I would not comment on the issues raised and advised Garten that I would pass them on to you:

1. Date of termination of full-time employment -- Garten suggested May 31.

2. Date for payment of termination amounts of \$1,250,000 each.

3. Monthly Board meetings should be conducted, perhaps tied to when financial statements are available. At meetings, monthly financial statements should be reviewed and the Manfusos should be informed of anything of a material nature.

4. Continuation of the following fringe benefits:

(a) Cars.

(b) Boxes in the outside seating area.

(c) Dining room privileges in Sky Suite.

(d) An office for the two of them when they come in -- a "place to hang their hat"; they recognize that it would probably not be where their present offices are.

5. Texas investment -- they do not want any funds from the Maryland tracks to be utilized for any further activities in Texas; they do not wish to participate in such activities. (In this regard, Garten inquired about the use of \$33,333 that was wired from MJC to the Texas Horse Racing Association.)

Memorandum to Joseph A. De Francis
February 27, 1990
Page 2

6. They believe that certain expenses were allocated in the past in favor of Frank; that allocation, if done, should be done more equitably.

7. In the area of charitable contributions, they feel that if the Tracks' money is contributed, the Tracks should be shown as the donor rather than any individual.


Martin Jacobs

cc: Mr. Alec P. Courtelis
(by Telecopier)
McGee Grigsby, Esquire
(by Telecopier)




THE MARYLAND JOCKEY CLUB

P.O. BOX 130
LAUREL, MARYLAND 20725MEMORANDUM

June 11, 1992

TO: All Managerial Employees and Department Heads

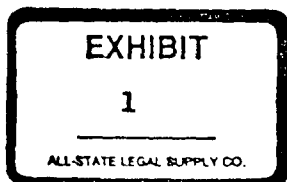
FROM: Joseph A. De Francis 
President and Chief Executive Officer

As you undoubtedly know, the Manfuso Brothers filed a lawsuit against Laurel and Pimlico shortly before the Preakness. They also sued Marty Jacobs and me, individually. Laurel, Pimlico, Marty and I have now answered their suit and have filed counterclaims against them.

I am personally very disappointed that the Manfusos elected to commence a lawsuit. From the time I first assumed management control, I have tried to work with the Manfusos. I have worked hard. You have worked hard. Instead of helping, the Manfusos announced their resignations in February 1990. Now they have decided to ensnarl Laurel and Pimlico in a lawsuit and we have to take the necessary steps to prevent it from hurting our business.

Although the lawsuit is totally without merit, our attorneys have advised us that certain procedures should be followed to help assure a prompt disposition of the case. Some of these procedures may involve you in the course of the performance of your job. The purpose of this memorandum is to advise you of the procedures we have implemented. Your cooperation will be appreciated and violation of these procedures will be grounds for disciplinary action.

The Manfusos have been advised that any questions they may have regarding the business or operations of Laurel or Pimlico are to be directed to me, or in my absence, to Marty Jacobs, and to no other person. They have been further advised that:



Page 2

1. For the duration of the litigation, the Manfusos shall not have access to the executive offices including all departments (e.g., Racing Department, Mutuels Department, Accounting Department, etc.) at Laurel or Pimlico. If either of the Manfusos attempts to enter your office or department, please contact either me or Marty Jacobs immediately.
2. For the duration of the litigation, the Manfusos are prohibited from discussing the business or operations of Laurel or Pimlico with any employee of the tracks. As an employee, you are not to discuss the business or operations of Laurel or Pimlico with either of the Manfusos.
3. As an employee, you are not to provide any information about the business or operations of Laurel or Pimlico to either of the Manfusos. The Manfusos have been advised not to request any such information from any employee.

I want each of you to know that I sincerely regret this turn of events. I hope none of you will be inconvenienced or burdened by these procedures. They are designed to protect and preserve our business and the great tradition of Maryland racing of which we are all justifiably proud. If you have any questions, please do not hesitate to contact me directly.



THE MARYLAND JOCKEY CLUB

P.O. BOX 130
LAUREL, MARYLAND 20725MEMORANDUM

June 26, 1992

TO: All Managerial Employees and Department Heads

FROM: Joseph A. De Francis *JAD*
President and Chief Executive Officer

I provided you a memorandum dated June 11 which addressed communications with the Manfusos about the business and operations of Laurel or Pimlico while the litigation instituted by them is pending. The purpose of my request that all communications from the Manfusos regarding our business be directed through proper channels, to me or to Marty Jacobs, was to assure that our day-to-day business operations are not interrupted by requests for information from the Manfusos directed to individual employees. It was not my intent to deny them information to which they might be entitled or to suggest that any individual employee who so desired was forbidden to communicate with the Manfusos.

I have always taken the position that any activity on the part of Management which any employee feels is not in the best interests of our business or Maryland racing should be brought to my attention so that the concern may be addressed and, if necessary, corrected. I sincerely hope that every employee feels free to communicate to me or to Marty Jacobs any concerns related to the conduct of Management. If you feel uncomfortable in expressing such concern to us, please feel free to communicate with Father Joseph J. Sellinger, S.J., who is now a member of the Board of Directors of both Laurel and Pimlico and may be reached in writing at Loyola College, Evergreen Campus, Baltimore, MD 21210, or by telephone at (410) 323-1010, ext. 2202.

If you feel it inappropriate to communicate any concern you may have to either Management or Father Sellinger, you may feel free to call or write the Manfusos and communicate such concerns directly to them. Please be assured that no disciplinary action will be taken against you for any such communication.

LAUREL RACE COURSE
LAUREL RACING ASSOC., INC.
(301) 725-0100 Fax (301) 792-4877

PIMLICO RACE COURSE
THE MARYLAND JOCKEY CLUB OF BALTIMORE CITY, INC.
(301) 542-9400 Fax (301) 466-2521

EXHIBIT

2

JUDGE
COURTROOM CLERK
STENOGRAPHER

ASSIGNMENT FOR: 6/18/92

CASE NUMBER - 92120052/E147851
CASE TITLE - MANFUSO VS DeFRANCIS
CATEGORY - Pimlico Race Track
PROCEEDING - Laurel Race Track
MO. JOCKEY CLUB

DEFENSE ATTORNEY -
PLAINTIFF ATTORNEY -

*Motion for injunctive relief CT2 - injunctive relief A
Texas
Def's motion to dismiss*

TYPE OF PROCEEDING: (___ JURY) (___ NON-JURY) (___ OTHER)

DISPOSITION: (CHECK ONE)

- (___ SETTLED) (___ CANNOT SETTLE) (___ NEXT COURT DATE)
- (___ VERDICT) (___ REMANDED) (___ NON PROS/DISMISSED)
- (___ JUDGEMENT) (___ ORDER/DECREE SIGNED) (___ OTHER)
- (___ JUDGEMENT ABSOLUTE) (___ ORDER/DECREE) (___) PLEASE EXPLAIN:
- (___ POSTPONED) (___ MOTION GRANTED)
- (___ SUB CURIA) (___ MOTION DENIED)

JUDGE SIGNATURE _____ DATE _____

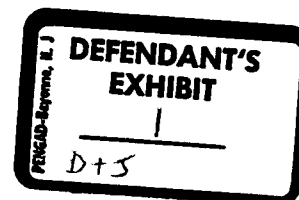
Pltff. James Ulwick
~~As~~ Kevin Arthur
Herbert Garten

Defendants + Jacobs - / James Gray
Mitchell Neuhauer

Pimlico -
Laurel - } Mc Gee Grogby
Mo Jockey Club } Jennifer Archie



THE MARYLAND JOCKEY CLUB
P.O. BOX 130
LAUREL, MARYLAND 20725



As of April 8, 1992

Mr. James P. Mango
P.O. Box 130
Laurel, MD 20725

Dear Jim:

I am writing this letter in my capacity as President and Chief Executive Officer of Laurel Racing Assoc., Inc. ("Laurel") and The Maryland Jockey Club of Baltimore City, Inc. ("Pimlico").

D/J Track Consultants ("D/J") is participating in the application of Lone Star Jockey Club, Ltd. ("Lone Star") for a license to conduct racing in Texas. Since Pimlico in the spring of 1990 abandoned its corporate pursuit of activities in Texas started by my father, you have not participated in the activities of D/J with respect to the Lone Star application. As of this date, you will begin participation as an equity partner, along with Martin Jacobs and me, in the consulting entity which will now be renamed D/J/M Track Consultants ("D/J/M"). You are advised that the following limitations on your activities in D/J/M must be strictly observed:

1. You will continue to perform your duties as Vice President/Operations and General Manager of Laurel and Pimlico and you will not neglect any duties or obligations owed by you to Laurel and Pimlico so long as your employment contract is in effect with those entities.

2. Your participation in the activities of D/J/M shall be done in your own spare or vacation time so as not to interfere with or take time away from your responsibilities and duties to Laurel and Pimlico.

As I am sure you will understand, the purpose of the requirements set forth above is to assure that your activity on behalf of D/J/M will not interfere with your duties and obligations as they relate to Laurel and Pimlico. This will

Mr. James P. Mango
As of April 8, 1992
Page 2

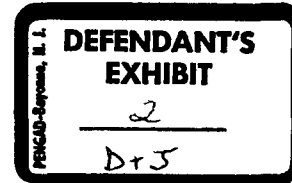
confirm that, based on the requirements set forth above, your participation in D/J/M does not violate your employment contract with those entities.

Sincerely,



Joseph A. De Francis
President and Chief
Executive Officer

D/J TRACK CONSULTANTS
P.O. Box 130
Laurel, MD 20725



As of April 8, 1992

Mr. James P. Mango
P.O. Box 130
Laurel, MD 20725

Dear Jim:

I am writing this letter in my capacity as principal in D/J Track Consultants ("D/J").

As you know, my father had promised you the opportunity to participate in his endeavors on Texas racing in recognition of your dedication and valuable contributions to him first at Freestate Raceway and then at Laurel and Pimlico. After his death, your valuable contributions to Laurel and Pimlico have continued and I renewed that promise should you desire to become involved. Since you have now indicated a desire to be an equity partner in the Texas venture, I am writing to memorialize our understanding regarding your participation in the application of Lone Star Jockey Club, Ltd. ("Lone Star") for a license to conduct Class 1 racing in Texas:

1. D/J will be renamed D/J/M Track Consultants ("D/J/M"). You will participate as an equity partner, along with Martin Jacobs and me, in D/J/M which owns an equity interest in and performs services for Lone Star.

2. While you may from time to time be called upon to undertake activities on behalf of D/J/M in support of Lone Star's application, these activities will not require you to do anything that would cause you to neglect duties or obligations owed by you to Laurel and Pimlico. All such activities by you should be conducted on your own spare or vacation time since your employment contract with Laurel and Pimlico is of paramount importance.

If at any time you are called upon to render services described above to D/J/M which might interfere with your duties and obligations to Laurel and Pimlico, you should immediately notify me or, if I am unavailable, Marty Jacobs. We will see

Mr. James P. Mango
As of April 8, 1992
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that you are not called upon to perform any such services or duties that would cause you to neglect your obligations to Laurel and Pimlico.

Sincerely,


Joseph A. De Francis

cc: Mr. Martin Jacobs

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D. Lee
2-3-10
Image 51

WADE VS BECKER Box 1997 Case No. 92051045 [MSA T2691-4635,
OR/12/15/25]

File should be named msa_sc5458_82_150_
[full case number]-####

MANFUSO VS DEFRANCIS, ET. AL. Box 2097 Case No.
92120052 [MSA T2691-4735, OR/12/16/41]

File should be named msa_sc5458_82_150_
[full case number]-####

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