

Code of Ethics and Business Conduct for Prairie Meadows Racetrack and Casino (the "Company"). October 2005 – adopted 1-18-06

Purpose of the Code. The purpose of this Code of Ethics and Business Conduct (the "Code") is to provide guidelines for conducting the business of the Company and to promote honest and ethical conduct and compliance with applicable rules and regulations. On an annual basis, certifications of compliance with this Code may be required from members of the Company's Board of Directors (the "Board"), the Company's Charitable Contributions Committee, the Company's Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and Internal Auditor, as well as all department directors and their assistants (the foregoing persons being hereinafter collectively referred to as the "Designated Persons").

Key Policies of the Code

<u>Conflicts of Interest</u>. To assure that the Company is managed in an honest and ethical manner, free from the temptations for personal gain which conflicting desires may cause, Designated Persons must fully disclose to the Company's Chairman of the Board, or to any member of the Board's Executive Committee or Audit and Finance Committee, or to the Company's Chief Executive Officer, (each a "Disclosure Officer"), each of whom shall report all information to the Board, any situations, including situations involving immediate family members, that reasonably could be expected to give rise to a conflict of interest. A conflict of interest exists when a Designated Person's private interest, or the private interest of the family member of a Designated Person, conflicts, or appears to conflict, in any way with the interests of the Company. To implement this principle and to establish clear guidelines, the following policy has been adopted:

• No Designated Person shall furnish services to or seek to receive, for personal or immediate family member's gain, any payment, whether for services or otherwise, or loans (except from a bank), or gifts or discounts of more than nominal value, or entertainment which goes beyond common courtesies usually associated with accepted business practice, from any business enterprise which is a competitor of the Company or which has current or known prospective dealings with the Company as a supplier, customer, lessor or lessee.

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- No Designated Person shall for personal or immediate family member's gain, deprive the Company of any opportunity for benefit which could be construed as related to any existing or reasonably anticipated future activity of the Company.
- No Designated Person shall for personal or immediate family member's gain or, as applicable to a Board member, the gain of the entity which appointed him or her to the Board, make use of or disclose Company's confidential information (as solely determined by the Board) learned as a result of being an employee of the Company, or being a director of the Company.
- No employee shall have any outside interest which materially interferes with the time or attention the employee should devote to the Company.
- No Designated Person shall have a direct or indirect financial interest in, or receive any compensation or other benefits as a result of, transactions between any individual or business firm:
 - (a) from which or to which the Company purchases or sells supplies, materials or properties;
 - (b) which renders any service to the Company;
 - (c) which enters into leases or other contracts with the Company;
 - (d) which has any other relations or business dealings with the Company.

The financial interests mentioned above do not include interests in corporations listed on a national stock exchange or traded over the counter, providing the financial interest is one percent or less of said corporation's outstanding shares.

<u>Competition and Fair Dealings.</u> Designated Persons shall endeavor to deal fairly with the Company's employees, customers, suppliers and competitors. Designated Persons should not take unfair advantage of any person or entity through manipulation, concealment, abuse of privileged information, misrepresentation or material facts or any other unfair dealing or practice.

<u>Company Records.</u> It is the intent of this Code that the Company have in place policies that will ensure that all of the Company's records are complete, accurate and reliable in all material respects, and are properly retained and stored. Company records include bookkeeping information, payroll, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of the Company's business.

Accuracy of Financial Reports and other Public Communications. The Company's policy is to promptly disclose information that is accurate, transparent and complete in all material respects regarding its business, financial condition and results of operations, subject, however, to protection of proprietary information and other information which is deemed confidential, as solely determined by the Board. It is important that all communications with the public or the media concerning the Company be made only through the Chairman of the Board (or another Board member or person designated by the Chairman), or the Chief Executive Officer (or another officer or person designated by the Chief Executive Officer). Designated Persons should be on guard for, and promptly report, evidence of inaccurate, incomplete or improper information disclosure.

<u>Compliance with Laws and Regulations</u>. Each Designated Person has an obligation to comply with the laws of the city, county and state in which the Company operates. The Company will not tolerate any activity that violates any laws, rules or regulations applicable to the Company. This includes, without limitation, laws covering the gaming industry, the pari-mutuel industry, bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, illegal political contributions, antitrust prohibitions, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets.

Confidential Information About Past and Present Employees. The policy of the Company is to safeguard the confidential aspects of its relationship with its employees, to satisfy all requirements of applicable labor laws, and to maintain uniformity in replies to inquires concerning past and present employees. In order to assure that this policy is consistently maintained, any inquiries relating to employment, salary verification and performance evaluation regarding past or present employees must be referred to the Director of Human Resources. Also, it is a material violation of this policy to discuss individual compensation, performance review scores, or financial status with coworkers other than for the purpose of collective bargaining protected by the National Labor Relations Act.

Reporting Violations of the Code

Designated Persons have a duty to report to a Disclosure Officer any known or suspected violation of this Code, including any violation of laws, rules, regulations or policies applicable to the Company. If the Designated Person does not feel comfortable reporting the conduct to a Disclosure Officer, or does not get a satisfactory response, he or she may contact any member of the Board.

Any Designated Person who violates this Code, or who fails to report a known or suspected violation of this Code, will be subject to appropriate discipline, including, as applicable to an employee, potential termination of employment, or, as applicable to a

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Board member, removal from the Board, all as determined by the Board based upon the facts and circumstances of each particular situation.

All questions and reports of known or suspected violations of the law or this Code will be treated with sensitivity and discretion. The Company will protect each Designated Person's confidentiality to the extent possible consistent with the law the Company's need to investigate each report. The Company strictly prohibits retaliation against a Designated Person who, in good faith, seeks help or reports known or suspected violations.

Waivers of the Code

Waivers of this Code will be granted on a case-by-case basis and only in extraordinary circumstances. Waivers may be obtained only from the Board.

Compliance Policy

This Code is not intended to amend or replace any other rules of conduct including the Iowa Code, Iowa Racing and Gaming Commission rules intended to uphold the integrity of gaming and pari-mutuel wagering, or the Internal Revenue Code and accompanying regulations. Designated Persons will be required to comply with the terms of this Code, and any other Company or regulatory rules of conduct.

Questions

If you have any questions concerning this Code, please contact the General Manager.

THIS CODE IS NOT A CONTRACT OF EMPLOYMENT NOR A GUARANTEE OF CONTINUING COMPANY POLICY. PRAIRIE MEADOWS RESERVES THE RIGHT TO AMEND THIS CODE WITHOUT PRIOR NOTICE, AT ANY TIME.