

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF KENTUCKY
LOUISVILLE DIVISION

ELECTRONICALLY FILED

IN RE:

JOCKEYS' GUILD, INC.

CHAPTER 11

DEBTOR - IN - POSSESSION

CASE NO. 07-33600

**FIRST AMENDED DISCLOSURE STATEMENT FOR FIRST AMENDED PLAN
OF REORGANIZATION OF JOCKEYS' GUILD, INC.**

STOLL KEENON OGDEN PLLC

/s/ Lea Pauley Goff

Lea Pauley Goff

Email: lea.goff@skofirm.com

Emily L. Pagorski

Email: emily.pagorski@skofirm.com

2000 PNC Plaza

500 West Jefferson Street

Louisville, Kentucky 40202

Tel. (502) 333-6000

Fax (502) 333-6099

Gregory D. Pavey

Email: gregory.pavey@skofirm.com

Adam M. Back

Email: adam.back@skofirm.com

300 West Vine Street

Suite 2100

Lexington, Kentucky 40507-1801

Tel. (859) 231-3000

Fax (859) 253-1093

Counsel for Debtor and Debtor in Possession,
Jockeys' Guild, Inc.

Dated: October 17, 2008

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I. INTRODUCTION

A. Purpose of Disclosure Statement

Jockeys' Guild, Inc. (the "Debtor") presents this Disclosure Statement to all known Creditors and interested parties to relay information that it deems important for Holders of Allowed Claims to be reasonably informed so that they may ultimately cast a ballot to accept or reject the Plan.¹ The Disclosure Statement is designed to help Creditors make an informed decision about the benefit of the Plan; however, the Disclosure Statement is only a synopsis of the Plan. YOU MUST READ THE PLAN TO UNDERSTAND HOW YOUR PARTICULAR RIGHTS WILL BE AFFECTED. To the extent the Disclosure Statement differs from the Plan, THE PROVISIONS IN THE PLAN CONTROL OVER ANY STATEMENT CONTAINED HEREIN.

B. Notices and Qualifications for All Parties

PURSUANT TO THE BANKRUPTCY COURT'S SEPTEMBER 25, 2008 ORDER (D.I. 331), THIS DISCLOSURE STATEMENT SHALL BE DEEMED APPROVED UPON ITS FILING WITH THE BANKRUPTCY COURT, PERMITTING THE DEBTOR TO SOLICIT ACCEPTANCES OF THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF JOCKEYS' GUILD, INC., PURSUANT TO CHAPTER 11 OF THE UNITED STATES CODE (THE "PLAN"). THE ORDER ALSO STATES THAT ALL OBJECTIONS TO THE PLAN MUST BE FILED WITH THE BANKRUPTCY COURT ON OR BEFORE NOVEMBER 10, 2008. FURTHER, ALL BALLOTS SHALL BE MAILED TO COUNSEL FOR THE DEBTOR ON OR BEFORE NOVEMBER 10, 2008.

THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING FOR THE PLAN ON NOVEMBER 17, 2008 AT 10:00 A.M. (EASTERN TIME) IN COURTROOM #3, FIFTH FLOOR, GENE SNYDER U.S. COURTHOUSE, 601 WEST BROADWAY, LOUISVILLE, KENTUCKY.

THE DEBTOR PROVIDED THE INFORMATION IN THIS DISCLOSURE STATEMENT AND ITS PLAN TO HOLDERS OF CLAIMS FOR PURPOSES OF ULTIMATELY SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN, AND ANY EXHIBITS ATTACHED HERETO IS HIGHLY SPECULATIVE, AND SUCH DOCUMENTS SHOULD NOT BE RELIED UPON IN MAKING INVESTMENT DECISIONS.

¹ All capitalized terms not otherwise defined in this Disclosure Statement shall have the meanings given to them in the First Amended Joint Plan of Reorganization of Jockeys' Guild, Inc. Pursuant to Chapter 11 of the United States Bankruptcy Code filed contemporaneously with this document or by the Bankruptcy Code.

THE DEBTOR ASSERTS THAT THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. RATHER, HOLDERS OF CLAIMS AND OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS. WITHOUT LIMITATION, THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING.

THE DEBTOR MADE THE STATEMENTS AND PROVIDED THE UNAUDITED FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF. THIS INFORMATION MAY CHANGE. ALTHOUGH THE DEBTOR MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTOR HAS NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DISCLOSURE STATEMENT WAS FILED AND DEEMED APPROVED. PARTIES ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTOR AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN IN DETERMINING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

THE DEBTOR HAS NOT AUTHORIZED ANY PERSON OR ENTITY TO DISCLOSE ANY INFORMATION ABOUT OR CONCERNING THE PLAN BEYOND WHAT IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR OR THE VALUE OF ITS PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

THE DEBTOR'S MANAGEMENT HAS REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTOR HAS USED ITS REASONABLE BUSINESS JUDGMENT TO CONFIRM THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTOR'S CHAPTER 11 CASE, CERTAIN DOCUMENTS RELATED TO THE PLAN, AND OTHER INFORMATION. THE DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE; HOWEVER, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY

PROVISIONS OR EVERY DETAIL OF AN EVENT OR EVERY FACT. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN INFORMATION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES.

FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR'S MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTOR DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. EACH CREDITOR AND PARTY IN INTEREST SHOULD CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND ANY INFORMATION INCORPORATED THEREIN.

THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE DISCLOSURES CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN OR THE COMPLETENESS AND ACCURACY OF ANY INFORMATION CONTAINED THEREIN.

A COPY OF THE PLAN, WITHOUT ITS EXHIBITS, IS ATTACHED AND INCORPORATED AS EXHIBIT 1 AND INCORPORATED HERE BY REFERENCE.

II. GENERAL INFORMATION ABOUT THE DEBTOR

A. The Debtor's Mission

The Debtor is a national organization founded as an advocate for the welfare and prestige of American Thoroughbred and Quarter Horse professional jockeys. Prior to the creation of the Debtor, jockeys were subjected to unsafe working conditions and had no central voice to institute positive change. Beginning in 1937, certain jockeys began discussions in an effort to form an organization to act on behalf of all riders. In 1940, the Jockey's Community Fund and Guild was established. In 1946 the organization's name was changed and the Jockeys' Guild officially came into being. Since that time, the Debtor has been the leading advocate for professional jockeys around the country.

Today, the Debtor works to promote, protect and serve the American professional jockey community. It provides its members with united representation and lobbying on behalf of jockey interests which includes continuing to improve working conditions and compensation. The Debtor also works with racetrack management and state appointed boards to enhance safety standards on the racetrack and improve equipment used by the

jockeys. By managing certain television and other rights, and acting on behalf of the membership, the Debtor strengthens the jockey's influence and standing as a vital part of the American racing industry. The Debtor is also an advocate for integrity in racing and the protection of the equine athlete.

Traditionally, the Debtor provided healthcare options for its members with a group plan and more recently a self-funded plan. Health care issues are important to jockeys because they are routinely denied coverage due to the inherent risks of their profession. Because of spiraling costs of health care, the Debtor no longer provides a health plan but does investigate and analyze options to provide affordable health care benefits to its members and their families. The Debtor continues to provide life insurance and temporary disability benefits for its members as well as support for researching medical breakthroughs, such as the Miami Project, to improve treatment for jockeys and exercise riders.

With its history of advocacy for the welfare of the American professional jockey, the Debtor is dedicated to regaining stature and respect for the organization and its members by working with industry leaders. The Debtor has knowledgeable regional managers and officers who have a plan for the improvement of the lives of its members. It understands the unique needs and special challenges of professional jockeys because it is an organization governed by professional jockeys. By voluntarily seeking bankruptcy protection, the Debtor intends to reorganize and continue to be the voice for the welfare of the American professional jockey.

B. Management and Operations

The Debtor is a non-profit corporation, organized under Section 503(c)(5) of the Internal Revenue Code with its headquarters located in Nicholasville, Kentucky. Its membership is open to any person who holds a valid U.S. jockey's license, is in good standing in all racing jurisdictions, and meets certain riding criteria. As of the Petition Date, the Debtor had more than 1000 members including current and retired jockeys.

The Debtor acts under the supervision of elected Senators and a Board of Directors, all of whom are active jockeys. Member jockeys vote every two years to elect 27 Senators. The Senators oversee the Debtor's work; however, they are not compensated for their service. The Senators in turn elect a nine-member Board of Directors from their ranks. The Board of Directors is the Debtor's governing body. The Board of Directors also serves without compensation. Four of the Directors hold offices: John Velazquez, Chairman; G.R. Carter, Vice Chairman; Jerry LaSala, Treasurer; and Jon Court, Secretary. The Board of Directors engages a National Manager who is the Debtor's chief executive and controls the Debtor's day-to-day operations, acts as the primary spokesperson for the Debtor and manages the Debtor's office staff. Terence J. Meyocks of Meyocks & O'Hara Racing Enterprises, Inc. is the Debtor's current National Manager.

C. The Debtor's Pension Plan

Long prior to the Petition Date, the Debtor established and maintained a pension plan for certain of its employees known as the Jockeys' Guild, Inc. Retirement Plan for Employees (the "Pension Plan"). The Pension Plan is a defined benefit pension plan insured by PBGC under Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1301-1461, *et seq.* The Pension Plan is subject to minimum funding requirements of ERISA and §§ 412 and 430 of the Internal Revenue Code. The Pension Plan may be terminated only if the statutory requirements of either ERISA § 4041, 29 U.S.C. § 1341, or ERISA § 4042, 29 U.S.C. § 1342, are met. The Debtor may seek to terminate the Pension Plan under the requirements of ERISA § 4041, 29 U.S.C. § 1341 for Distress Terminations.

The Debtor last contributed funds to the Pension Plan in 2001. The Debtor understands that no minimum funding contributions to the Pension Plan are due at this time. However, the obligation to make additional minimum funding contributions could arise in the future and PBGC believes the Pension Plan to be underfunded on a termination basis (i.e. if the Debtor were to terminate it now) in an amount it estimates to be \$22,402.00.

D. Factors and Events Leading to the Chapter 11 Bankruptcy

The Debtor was forced to file for protection under Chapter 11 of the Bankruptcy Code for three principal reasons. First, the Debtor's assets were significantly less than its members and much of its leadership knew, allegedly due to the acts of the management team lead by former National Manager, Mr. Wayne Gertmenian, which acts occurred *prior to* Dwight Manley's service as National Manager. Second, the rising costs of the health plan consumed more of the Debtor's assets and income than anticipated. Third, industry partners, specifically race tracks, reduced or discontinued their payments to the Debtor notwithstanding obligations to pay for the use of the Debtor's members' media rights. The combination of these events forced the Debtor to seek reorganization under Chapter 11 of the Bankruptcy Code.

The Debtor's current financial difficulties first came to light in 2005. On November 15, 2005, the Debtor's then president, Mr. Wayne Gertmenian, and other non-jockey managers and advisors were removed from their positions. Subsequently, the Debtor's members obtained information contrary to what they had been told about the finances of their organization. Although the Debtor's previous management had stated that the Debtor had a \$3.5 million "war chest," its funds were in fact nearly depleted, allegedly due to systematic mismanagement. The Debtor asserts that these problems were exacerbated by the fact that certain expenditures were significantly underreported or were unjustifiably high. Accounts with earmarked funds, as set forth in the by-laws, such as an account for health insurance reserves, were impermissibly used for other expenses. Additionally, the management removed during 2005 had lowered membership

requirements, thus creating increased costs for life insurance and temporary disability programs.

In July 2006, Dwight Manley replaced Mr. Gertmenian as the Debtor's National Manager. While National Manager, Mr. Manley worked hard to restore members', race tracks', and the public's confidence in the Debtor. In addition, Mr. Manley served the Debtor without accepting a salary, and he personally lent the Debtor \$500,000 in an effort to stabilize the Debtor's finances. However, the Debtor's financial crisis continued, exacerbated by the continued enormous increase in healthcare costs for its members. Because of the nature of their profession, jockeys have extreme difficulty procuring health insurance. Many jockeys cannot afford health insurance, if it is available, without financial assistance. The Debtor was forced to cut benefits and increase fees as a result of its cash crunch. Even after instituting these painful changes, the ever-increasing cost of the health care plan outstripped any expected savings.

The Debtor's difficulties with its lack of assets and the increasing cost of the health plan were intensified when race tracks radically decreased or discontinued altogether their payments to the Debtor for its members' "media rights." "Media rights" allow the race tracks to use jockey's names, faces, photographs and other images as part of broadcasts or for promotional purposes. Race tracks that are members of the Thoroughbred Racing Association had made these payments to the Debtor, particularly for the ability to televise the Debtor's members' races via simulcasting. However, because of the adverse publicity associated with Mr. Gertmenian's tenure as National Manager, some race tracks chose to discontinue these payments. Those funds paid by the race tracks were used to supplement health insurance costs for the Debtor's members and fund other expenses of the Debtor. As health plan costs increased, the Debtor continued to try to provide coverage for its members, including use of the funds that Mr. Manley loaned to the Debtor to pay health and life insurance premiums on behalf of the Debtor and its jockey members, and to pay health insurance claims incurred by jockeys participating in the Debtor's self-funded health insurance program. However, in the face of decreasing payments for media rights, the Debtor had insufficient funds to keep up with rising costs.

The Debtor's financial difficulties were worsened by the cost of litigation with Mr. Gertmenian and related persons concerning events during his tenure as National Manager.

E. Other Litigation

The Debtor had several litigation matters pending at the Petition Date, as reflected in the Schedules and Statement of Financial Affairs, as amended. These include actions against Wayne Gertmenian and related parties concerning his tenure as National Manager, and an action against him and others to recover funds drawn by them on the Guild's bank account at the time of his termination. The Debtor had a professional negligence claim against Lloyd C. Ownby, Jr., Esq., pending and was a defendant in two actions by former jockey Shannon Campbell concerning the Debtor's provision or not of

certain insurance coverage. The Debtor was also involved in a Florida court probate matter concerning the estate of Audrey Burroughs Fraise.

III. SIGNIFICANT CHAPTER 11 EVENTS

Since the Petition Date, the Debtor has continued to operate as a debtor in possession under the supervision of the Bankruptcy Court. This section contains brief summaries of key events that have occurred during this Chapter 11 Case but it is not a complete overview of all relevant events in this bankruptcy.

A. Payment of Health and Disability Benefits and Maintenance of Life Insurance

Prior to the Petition Date, the Debtor provided various benefits to certain of its member jockeys including health and life insurance and temporary disability payments. Member jockeys who elected to receive health insurance coverage through the Debtor's self funded program contributed a \$7 per month fee towards the cost of this coverage. Claims incurred by jockeys participating in this program were submitted to P5 Health Solutions ("P5"), the Debtor's third party administrator, for evaluation and processing. P5 then submitted the claims to the Debtor for funding on a rolling basis. As of the Petition Date approximately 242 jockey members and their families received health insurance through the Debtor resulting in approximately \$175,000 in processed but outstanding claims. In the ordinary course of its business the Debtor also administered health insurance benefits to California riders through the use of statutory funds provided it by that state.

As of the Petition Date, the Debtor also funded life insurance premiums for jockeys electing to obtain this coverage and paid temporary disability benefits to jockeys injured during a racing event in a monthly amount of up to \$800 for a maximum of two years.

Shortly after the Petition Date, on October 18, 2007, the Debtor filed with the Bankruptcy Court its Motion For Order Authorizing Payment Of Prepetition Health, Life And Disability Insurance Claims And Premiums And Employee Expenses (D.I. 17), which Motion was approved by the Bankruptcy Court by an order entered on October 24, 2007 (D.I. 31). Pursuant to this order, the Debtor paid the bulk of the outstanding prepetition amounts owing on the health insurance claims, life insurance premiums and temporary disability benefits.

Because the escalating costs associated with its health insurance program contributed to the Debtor's Chapter 11 filing, the Debtor attempted to procure alternate health insurance coverage for its members after the Petition Date. However, no provider was willing to issue group insurance to the Debtor's members as they are considered a high risk group. Thus, the Debtor was forced to cease its self funded health insurance program on December 31, 2007, but it continued to receive claims from P5 for health and medical services provided for calendar year 2007. As of November 17, 2008, the Debtor estimates that there will be approximately \$5,000 in outstanding health insurance claims.

B. Employment of Terence J. Meyocks and Meyocks and O'Hara Racing Enterprises, Inc. to Serve as National Manager

Prior to the Debtor's bankruptcy filing, Terence J. Meyocks of Meyocks and O'Hara Racing Enterprises, Inc. ("MORE") served as the Debtor's National Manager. Terence J. Meyocks and MORE filed an application to continue in that role post-petition. The Bankruptcy Court approved the application on January 15, 2008 (D.I. 126).

C. The Debtor's Retention of Counsel and Special Counsel

On November 7, 2007, the Bankruptcy Court entered an order authorizing the Debtor to employ Stoll Keenon Ogden PLLC ("SKO") as lead counsel in this bankruptcy effective as of the Petition Date (D.I. 49). On November 11, 2007, the Bankruptcy Court approved the Debtor's motion to employ Kennedy Jennik & Murray, PC ("KJM") as special and conflict counsel effective as of the Petition Date (D.I. 75). Both SKO and KJM continue to represent the Debtor in their court-approved capacities.

D. Meeting With Industry Representatives and The Annual Meeting

Since the Petition Date, Mr. Meyocks, as National Manager, has traveled throughout the country to discuss issues of utmost importance to the Guild's membership with a wide variety of industry leaders. These meetings have been a means to regain respect for the Guild and its members which had been lost over the last several years and to assure each organization's leadership that the Guild will be run with the highest degree of integrity. In particular, Mr. Meyocks has attended the following meetings addressing the following topics, among others:

- Breeders' Cup and Thoroughbred Racing Association Annual Meeting concerning monetary obligations for the commercial right to use jockeys' likeness, name, voice, or image in all broadcasts including live races and simulcasting.
- Illinois Thoroughbred Horsemen's Association and National Horsemen's Benevolent And Protection Association meetings regarding increasing the losing mount fee for jockeys.
- Various presentations to key industry leaders, race tracks and Guild members regarding the Guild's present situation and future plans and to re-establish good, positive working relationships.
- Miami Project meeting concerning medical breakthrough in the treatment of paralysis.
- Meeting with New York State Senate and Assembly leaders regarding possible legislation for jockey health insurance, pension plan and an increase in losing mount fees.

- Meeting and presentation of model rule proposed changes to Associated Racing Commission International in Austin, TX.
- Racetrack visits to Pimlico, Delaware Park and Charles Town.
- Horse Pac Board meeting in Washington, DC.
- Meeting with management and jockeys at Hollywood Park concerning media rights payments.
- Jockey Club Round Table/Safety Committee in Saratoga, NY.
- Meeting with Quarter Horse jockeys at Ruidoso Downs, NM.
- ARCI meeting and sub committee of Racing Regulators in Deadwood, SD regarding model rules changes.
- Meeting with New England Horsemen Benevolent Protection Association and jockeys at Suffolk Downs in Boston, MA and at Monmouth Park in New Jersey regarding increase in losing mount fees.
- Meetings with Breeders' Cup regarding jockey's media rights.

E. Appointment of the Unsecured Creditors Committee

The United States Trustee appointed the Committee on November 13, 2007 (D.I. 57). The composition of Committee was amended to add an additional member on December 20, 2007 (D.I. 103) and one member is no longer serving (D.I. 237). Currently, the Committee is made up of the following members:

Gilbert & Sackman
 ATTN: Robert A. Cantore, President
 3699 Wilshire Blvd., Suite 1200
 Los Angeles, CA 90010
 (323) 938-3000

Lloyd C. Ownby, Jr. Esq.
 180 South Lake Avenue, Suite 560
 Pasadena, CA 91101
 (626) 440-5960

Piazza Donnelly Marlette LLP
 ATTN: Dana Piazza, Partner
 3460 Torrance Blvd, Suite 150
 Torrance, CA 90503
 (310) 540-4118

Dwight N. Manley, President
 ATTN: Roger F. Friedman
 c/o Rutan & Tucker, LLP
 611 Anton Boulevard, Suite 1400
 Costa Mesa, CA 92626
 (714) 641-5100

Jerry D. Bailey
 9891 Winding Ridge Lane
 Davie, FL 33324

F. The Committee's Retention of Counsel and Special Counsel

On January 4, 2008, the Bankruptcy Court entered an order authorizing the Committee to employ Stites & Harbison, PLLC ("Stites") as counsel (D.I. 116). On January 29, 2008, the Bankruptcy Court authorized the employment of Weber & Rose, P.S.C. ("Weber") as special conflicts counsel for the Committee (D.I. 155). Both Stites and Weber continue to represent the Committee in their court-approved capacities.

G. Motion to Assume Nonresidential Lease

On December 7, 2007, the Debtor filed a motion to assume a non-residential lease for its office space (D.I. 81) (the "Motion to Assume"). The Debtor and the Committee submitted an agreed motion that extended the deadline to respond to the Motion to Assume up to January 28, 2008, and the Bankruptcy Court granted that motion (D.I. 109). The parties entered into another agreed motion to extend the objection deadline up to February 8, 2008, and the Bankruptcy Court also granted that motion (D.I. 151). No objections were filed by February 8, 2008, and the Debtor anticipates that the Motion to Assume will be granted and the Plan so provides.

H. The Committee's Motion to Transfer

On December 18, 2007, the Committee filed a motion to transfer the Debtor's case to the United States Bankruptcy Court for the Central District of California (D.I. 100) (the "Motion to Transfer"). The Committee argued that the Debtor lacked a valid basis to file its bankruptcy in the Western District of Kentucky because the Debtor's principal assets were not located in that district. Alternatively, the Committee argued that the case should be transferred for convenience factors. The Debtor responded that venue was proper because its principal asset, an executory contract with Churchill Downs, was located in the Western District of Kentucky. By order dated January 29, 2008 the Bankruptcy Court overruled the Motion to Transfer (D.I. 153).

I. The Debtor's Motion to Extend Time to Remove Lawsuits

On January 10, 2008, the Debtor filed its motion requesting additional time to determine whether to remove certain pre-petition lawsuits to the Bankruptcy Court (the "Motion to Extend Time") (D.I. 123). No party filed an objection to the Motion to Extend Time and it was granted by the Bankruptcy Court on January 29, 2008 (D.I. 154). On April 9, 2008, the Debtor filed a second motion requesting an additional enlargement of this deadline (D.I. 216). By order dated May 5, 2008 the Bankruptcy Court extended the time by which the Debtor must remove the pre-petition lawsuits through and including (a) thirty (30) days after entry of an order confirming a plan of reorganization; or (b) thirty (30) days after entry of an order converting this Debtor's case to Chapter 7.

J. Churchill Downs Contract and Agreed Order

Beginning in 1968, Churchill Downs Incorporated (“Churchill”) contributed funds to the Debtor in exchange for a compromise of the Debtor’s contentions regarding its member jockeys’ television, radio, offtrack betting, and other rights. In 2005 Churchill ceased making contributions to the Debtor for the reassignments. On or about February 28, 2007 the Debtor and Churchill entered into a contract (the “Churchill Contract”) that, among other terms, compromised the Debtor’s media rights claims against Churchill. The Churchill Contract requires Churchill to make payments to the Debtor on January 15 and May 15 of each year. The formula for such payments is contained in the Churchill Contract, but is a function of the number of starts each member of the Debtor makes at a Churchill track. Historically, the Debtor received approximately \$300,000 per year from Churchill and used the payments for the direct benefit of its jockeys.

On January 14, 2008, Churchill moved the Bankruptcy Court to require the Debtor to assume or reject the Churchill Contract and asked that the Court require that all future funds be paid to a trust to ensure that they are used in accordance with the Churchill Contract. The Debtor intended to assume the Churchill Contract in its plan but, in the interim, the Debtor and Churchill negotiated agreed orders entered March 19, 2008 (D.I. 196) and September 11, 2008 (D.I. 319) for the payment of approximately \$313,000 to satisfy the January and May, 2008 payments. The Plan provides for assumption of the Churchill Contract, as amended, with the next payment due January 15, 2009.

K. Industry Partners

Since the Petition Date, the Guild, through the efforts of its National Manager, Terence J. Meyocks, has entered into additional industry partner agreements with Keeneland Association and Kentucky Downs. The Debtor has also entered into an agreement with Magna Entertainment Corporation.

L. Rehabilitation of Debtor’s Accounting and Recordkeeping

On or about November 15, 2007 the Debtor hired Erin M. Bukowski, CPA, as a part-time financial officer. Ms. Bukowski’s function within the Debtor is to review both past and current financial transactions for accuracy and completeness; prepare financial reports as required by the Bankruptcy Court; and to develop and implement internal control procedures that will ensure that the Debtor’s future accounting and reporting is accurate and complete. Ms. Bukowski reports directly to Terrence J. Meyocks, National Manager. It is the goal of both Ms. Bukowski and Mr. Meyocks to ensure the Debtor’s financial transparency to the membership, the racetracks and the industry.

On February 25, 2008 the Debtor hired Tina Linville as a full-time bookkeeper, replacing Allan Webster, who had resigned. Ms. Linville was previously the bookkeeper for the Debtor from October 1991 through October 1999 and has a breadth of knowledge of both the Debtor’s operations as well as standard bookkeeping procedures. Ms. Linville’s function within the Debtor is to maintain its books and provide support for reporting as needed.

At the time of the bankruptcy filing, the Debtor's membership records were badly in need of updating. The Debtor has largely completed this process and has a better understanding of the number of current members and their locations.

M. Negotiations For A Consensual Plan

On April 21, 2008, the Debtor filed its Disclosure Statement for Plan of Reorganization of Jockeys' Guild, Inc. (D.I. 227) (the "Disclosure Statement") and its Plan of Reorganization of Jockeys' Guild, Inc. Pursuant to Chapter 11 of the United States Bankruptcy Code (D.I. 226) (the "Proposed Plan"). The Bankruptcy Court set May 12, 2008 as the objection deadline to the Disclosure Statement and scheduled a Disclosure Statement hearing for May 20, 2008. Prior to the Disclosure Statement hearing, the Committee and certain other creditors indicated to the Debtor that they did not support the Proposed Plan as written and anticipated filing formal written objections to both it and the Disclosure Statement. Hoping to informally resolve any such objections, counsel for the Debtor, the U.S. Trustee, the Committee, Churchill and Dwight Manley began negotiating the terms of a consensual plan but were unable to reach an agreement by the May 12 objection deadline, causing them to jointly move the Bankruptcy Court to continue the Disclosure Statement hearing and extend the objection deadline only as to them (D.I. 253). The Bankruptcy Court granted the motion (D.I. 254) and the only timely objection to the Disclosure Statement was that filed by the PBGC (D.I. 252).

Throughout summer 2008, counsel for the Debtor and certain of the above referenced parties continued negotiating towards the terms of a consensual plan and at the September 23, 2008 Disclosure Statement hearing counsel for the Debtor and the Committee advised the Bankruptcy Court that they had agreed upon the business terms of a consensual plan but needed additional time by which to memorialize that agreement. The Debtor also advised the Bankruptcy Court that it had worked with the PBGC to resolve its objection.

By order dated September 25, 2008 (D.I. 331), the Bankruptcy Court ordered that the Debtor's counsel would have up to and including October 17, 2008 by which to file an amended plan and an amended disclosure statement. It was also ordered that the amended disclosure statement be deemed approved upon its filing with the Bankruptcy Court. The order also set November 17, 2008 as the Plan objection deadline and the deadline by which ballots must be post marked.

IV. THE PLAN

A. Disclosure Statement Qualifications

The Disclosure Statement contains a brief description of the Plan which includes information about funding, classification and treatment of claims, post-confirmation issues, and other major points. The information contained herein is qualified in its entirety by, and should be read in conjunction with, the Plan. The Debtor reserves the

right to modify the Plan consistent with 11 U.S.C. § 1127, FED. R. BANKR. P. 3019, and all other applicable law. THE TERMS OF THE PLAN CONTROL OVER ANY TERMS SET FORTH IN THIS DISCLOSURE STATEMENT. Other important qualifications and notices are set forth in Article I Section B of this Disclosure Statement and should be carefully reviewed.

B. Treatment of Unclassified Claims (Administrative Claims, United States Trustee Claims, PBGC's Claims and Priority Claims)

1. Administrative Claims

(a) Each Professional Administrative Claim Allowed by the Court on fee application and any other Administrative Claim made by motion and allowed by the Court before Confirmation, and not already paid by the Effective Date shall be paid by the Debtor at its election: (a) in full, at the Effective Date; or (b) if the Allowed Professional Administrative Claim is \$10,000 or more at the Effective Date, Pro Rata with all other Allowed Professional Administrative Claims over approximately twenty-two (22) months following the Effective Date in equal monthly installments; (c) upon such other terms as may exist in the ordinary course of the Debtor's business; or (d) upon such other terms as may be agreed upon between the Holder of such Allowed Professional Administrative Claim and the Debtor.

(b) Each Allowed Jockey Member Administrative Claim not already paid by the Effective Date shall be paid by the Debtor: (a) as it accrues and becomes Allowed as the Debtor's funds permit but must be paid in full over approximately twenty-one (21) months following the Effective Date; or (b) upon such other terms as may be agreed upon by the Holder of such Allowed Jockey Administrative Claim and the Debtor.

(c) All Holders of Professional Administrative Claims arising prior to the Effective Date shall seek allowance of such Claim from the Bankruptcy Court within twenty (20) days of the Effective Date.

2. U. S. Trustee Fees

The fees payable to the U. S. Trustee shall be paid by the Debtor as and when they become due pursuant to Section 28 U.S.C. § 1930.

3. Pension Plan

The Debtor intends, and the Plan provides, that the reorganized Debtor will continue to be the contributing sponsor of the Pension Plan. The Debtor is obligated to contribute to the Pension Plan the amount necessary to satisfy ERISA's minimum funding standards, ERISA § 302; Internal Revenue Code §§ 412 and 430. Unless the Pension Plan has been terminated prior to the Effective Date of the Plan, the Debtor's liability to the Plan under ERISA, or its liability to the PBGC with respect to the Plan, shall not be affected in any way by this reorganization proceeding, confirmation of the Plan, or discharge in bankruptcy. If the Pension Plan terminates, the Debtor will be jointly and severally liable for any unpaid minimum funding contributions, premiums,

and unfunded benefit liabilities of the Pension Plan. *See* 29 U.S.C. § 1362(a). PBGC's claims (claim numbers 8, 9 and 10) will be deemed satisfied through the terms of the Plan.

4. Priority Tax Claims/Other Priority Claims

On, or as soon as reasonably practicable after, the later of the Effective Date or the date such Priority Tax Claim or other Priority Claim, if any, becomes Allowed, the Holder of each, if any, shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Claim, (a) cash equal to the unpaid portion of such Claim; (b) payment Pro Rata with similar Priority Claims over not more than one (1) month following the Effective Date; or (c) such other treatment as to which the Debtor and such Holder have agreed upon in writing.

5. Claims Payment

All Claims identified in this section shall be paid in full prior to payment of Class 2 and Class 3 Claims as identified in the Plan, subject to the following:

Jockey Member Administrative Claims may be paid directly by the Debtor from funds restricted to payment of jockey claims, or by the Trust on behalf of the Debtor, supplemented by the Debtor's non-restricted funds, if available after payment of Professional Administrative Claims. Professional Administrative Claims, U.S. Trustee fees and Priority Tax Claims/other Priority Claims may be paid by the Debtor from regular operating income not restricted to other uses. Class 3 Claims may be paid as the Post Confirmation Committee shall determine.

6. Consent

Pursuant to 11 U.S.C. § 1129, each holder of an Administrative Claim is deemed to have consented to the treatment set forth herein unless objection hereto is timely filed.

C. Classification and Treatment of Classified Claims

As required by Section 1123 of the Bankruptcy Code, the Plan categorizes certain Claims and equity interests. Unique classes may be treated disparately under the Plan; however, the members of each specific class must be substantially similar as mandated by Section 1122 of the Bankruptcy Code. All members of a class must be afforded the same treatment, but holders of claims may agree to treatment less favorable than that permitted in their class.

Each class of claims must be noted as impaired or unimpaired under the Plan. With very limited exceptions, a class is impaired if a plan alters the legal, equitable, or contractual rights to which the holders of such claims are otherwise entitled. A class is unimpaired if it meets the definition set forth in Section 1124 of the Bankruptcy Code.

The Plan creates four classes of creditors. The Claims which comprise each Class are identified in the schedules attached to and incorporated in the Plan as Exhibits A, B,

C, and D. There is not a class for equity interests since no party has claimed such an interest. Also, no creditors hold secured claims. All of the Classes created by the Plan are impaired because the Holders of Class 1, 3 and 4 Claims will not be paid in full and the holders of Class 2 Claims will be paid over time, without interest. However, the Plan provides that the Debtor will commit 75% of additional revenues above the current projections to reduce the payout period. Holders of Claims classified in any of the Classes below are entitled to vote to accept or reject the Plan.

1. Class 1 – De Minimis Claims.

(a) Classification: Class 1 consists of all De Minimis Claims, a schedule of which is attached at Exhibit A of the Plan and incorporated here by reference as if set forth in full here, less those Claims that may be disallowed pursuant to Article IV, Section A, Paragraph 1.

(b) Treatment: On, or as soon as reasonably practicable after, the later of the Effective Date or the date such Claim becomes an Allowed De Minimis Claim; each Holder of such Allowed De Minimis Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for the Allowed Other De Minimis Claim (i) cash equal to the value of 80% of the De Minimis Claim, without interest; or (ii) such other treatments as to which the Debtor and such Holder shall have agreed upon in writing; but only up to an amount no greater than 80% of the full amount of the Allowed De Minimis Claim.

(c) Voting: Class 1 is Impaired. Holders of De Minimis Claims in Class 1 are entitled to vote to accept or reject the Plan.

2. Class 2 – Jockey Member Contract Claims.

(a) Classification: Class 2 consists of all Jockey Member Contract Claims, a schedule of which is attached at Exhibit B of the Plan and incorporated here by reference as if set forth in full here, less those Claims that may be disallowed pursuant to Article IV, Section A, Paragraph 1.

(b) Treatment: Except as set forth below, starting on, or as soon as reasonably practicable after, the Effective Date, the Holder of each Allowed Jockey Member Contract Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for that Allowed Jockey Member Contract Claim (i) cash equal to the value of 100% of the Allowed amount of each such Claim, without interest, payable in equal monthly installments over approximately thirty-nine (39) calendar months after the Effective Date or (ii) such other treatments as to which the Debtor and the Holder of such Claim have agreed upon in writing, but only up to an amount no greater than the full amount of the Allowed Jockey Member Contract Claim.

(c) Voting: Class 2 is Impaired. Holders of Jockey Member Contract Claims in Class 2 are entitled to vote to accept or reject the Plan.

3. Class 3 – General Unsecured Claims Not Covered By Insurance.

(a) Classification: Class 3 consists of all General Unsecured Claims for which no insurance coverage is available, a schedule of which is attached at Exhibit C, Paragraph 2 of the Plan and incorporated here by reference as if set forth in full here, less those Claims that may be disallowed pursuant to Article IV, Section A, Paragraph 2.

(b) Treatment:

(1) The Holders of Allowed General Unsecured Claims shall receive, after the payment of the Post-Confirmation Committee's Post-Confirmation administrative fees and expenses, a Pro Rata share of the funds in the General Unsecured Claim Pool, if any, from the Post Confirmation Committee at such time when all General Unsecured Claims in Class 3 have been Allowed or otherwise resolved. The Post Confirmation Committee, however, in its sole discretion, may distribute a percentage of the respective Pro Rata shares of the General Unsecured Claim Pool to Holders of Allowed General Unsecured Claims in Class 3 prior to such time when all General Unsecured Claims in Class 3 have been Allowed or otherwise resolved; provided, however, the Post Confirmation Committee shall continue to hold back an appropriate amount of the General Unsecured Claim Pool, in its sole discretion, that it deems necessary to ensure proper Pro Rata Distributions to Holders of Disputed General Unsecured Claims in Class 3 which subsequently become Allowed General Unsecured Claims; and

(2) recoveries, if any, received on account of any Cause of Action assigned to the Post Confirmation Committee under the Plan, and all amounts payable by the Debtor to the Unsecured Claim Pool pursuant to Article VI of the Plan, shall be added to the General Unsecured Claim Pool to be distributed in accordance with Article III Section B of the Plan.

(3) Voting: Class 3 is Impaired. Holders of General Unsecured Claims for which no insurance coverage is available in Class 3 are entitled to vote to accept or reject the Plan.

4. Class 4 – General Unsecured Claims For Which Insurance Coverage Is Available

(a) Classification: Class 4 consists of all General Unsecured Claims for which insurance coverage is available, a schedule of which is attached at Exhibit D, Paragraph 2 of the Plan and incorporated here by reference as if set forth in full here, less those Claims that may be disallowed pursuant to Article IV, Section A, Paragraph 2. Further, all such Claims are inclusive of rejection damages, if any, asserted by Holders of Class 4 Claims.

(b) Treatment: The Holder of any Class 4 Claim shall not receive any Distribution of funds from the Debtor or from the General Unsecured Claim Pool. The Distribution to any Class 4 claimant shall be limited solely to the amount of insurance proceeds actually recovered by or on behalf of the Debtor as a result of judgment on, or

settlement of, such Claims and the Reorganized Debtor shall have no obligations otherwise to the Holder of any Class 4 Claim.

(c) Voting: Class 4 is Impaired. Holders of General Unsecured Claims for which insurance coverage is available in Class 4 are entitled to vote to accept or reject the Plan.

D. Post-Confirmation Committee and Its Duties

On the Effective Date, the Committee shall be dissolved and simultaneously reconstituted as the Post Confirmation Committee. All of the Committee's professionals employed with Bankruptcy Court approval shall be retained in the same capacity without further Bankruptcy Court approval. The Post Confirmation Committee may appoint a manager or administrator to facilitate the distribution of the General Unsecured Claim Pool to Class 3. All expenses and fees for the Post Confirmation Committee's professionals and administration shall be paid from the General Unsecured Claim Pool, prior to the Distribution of funds to Class 3. The Post Confirmation Committee's post-Effective Date professional fees and expenses shall be paid by the Post Confirmation Committee in the ordinary course of business, on a monthly basis, and upon the sole approval by a majority of the Post Confirmation Committee. Such professional fees and expenses shall not be subject to the approval of the Court.

The Post Confirmation Committee will investigate and, in its discretion, prosecute Causes of Action, including Avoidance Actions, which it acquires from the Debtor in accordance with the Plan. Moreover, the Post Confirmation Committee may abandon, settle, or compromise Causes of Actions and Disputed General Unsecured Claims in the face amount of \$20,000 or less without approval from the Bankruptcy Court. Disposition of Causes of Action and Disputed General Unsecured Claims in an amount of more than \$20,000 will require Bankruptcy Court approval.

E. Implementation of the Plan

1. On the Effective Date, the Debtor shall be deemed to have assigned and transferred to the Post Confirmation Committee all of its right, title, and interest in and to (a) the fund of approximately \$104,000 held in escrow by the court in the case styled *Jockeys' Guild, Inc. v. Bank of America*, pending in the Superior Court for the State of California, County of Los Angeles; (b) all of the receivables and Causes of Action owned by the Debtor, accrued as of the Petition Date and identified in the Schedules excepting (i) Media Rights Receivables and Causes of Action to collect the same; (ii) pre-petition Jockey Member receivables paid to the Debtor after the Petition Date and up to the Effective Date; and (iii) all claims and Causes of Action relating to and proceeds from the Fraise Estate provided however that any settlement funds from such litigation are payable to the General Unsecured Claim Pool pursuant to Article IV, Section A, Paragraph 3 of the Plan and (c) Avoidance Actions other than Causes of Action under 11 U.S.C. § 549, notwithstanding any prohibition of assignability under applicable non-bankruptcy law.

2. The Debtor will litigate, abandon, decline to prosecute, or settle all Causes of Action under Section 549, if any, in the sole discretion of the Guild.

3. On the later of either (a) the Effective Date or (b) ten (10) business days after the Debtor's receipt of any settlement funds from the Fraise Estate, the Debtor shall remit the proceeds of the same to the General Unsecured Claim Pool.

4. On or before ninety (90) days after the Effective Date the Debtor shall pay \$40,000 to the General Unsecured Claim Pool and an additional \$10,000 on or before one hundred and twenty (120) days after the Effective Date.

5. The Debtor shall retain, through and following the Effective Date, all Media Rights Receivables, which the Debtor may compromise and release in its sole discretion through the use of industry partner agreements or otherwise.

6. The Debtor shall pay to the General Unsecured Claim Pool 7.5% of all funds collected from any Media Rights Obligor during the two (2) year period immediately following the Effective Date, with such sums payable within ten (10) business days after the Debtor's receipt of them. This includes funds collected from Media Rights Obligors that are (a) for pre or post petition Media Rights Receivables and (b) that are characterized by either the Debtor or the Media Rights Obligor as restricted as to their use. The Debtor shall report to the Post Confirmation Committee concerning such collections on a quarterly basis in such detail as the Post Confirmation Committee may reasonably request.

7. The Plan authorizes the Debtor to create the Jockeys' Guild Member Trust as a vehicle to, among other things, receive contributions and provide payment and reimbursement to the Debtor's members for jockey benefit items including payment of Jockey Member Administrative Claims and jockey-related Claims in Classes 1 and 2. The trustees for the Jockeys' Guild Member Trust will be the Debtor's National Manager and those persons holding an office with the Debtor. Currently, the Debtor's National Manager is Terence J. Meyocks and its officers are John Velazquez, Chairman; G.R. Carter, Vice Chairman; Jerry LaSala, Treasurer; and Jon Court, Secretary. The Jockeys' Guild Member Trust will be funded by donations and payments including but not limited to those for certain jockey media rights. Further, all Media Rights Receivables and Causes of Action to collect the same accruing post petition for Entities other than the Media Rights Obligors shall be deemed the sole property of the reorganized Debtor.

8. The Debtor shall make available to the Post Confirmation Committee, at such Committee's expense, materials necessary to the administration of the Post Confirmation Committee assets that it may reasonably request for a period of twenty-four (24) months following the Effective Date.

F. Treatment of Executory Contracts and Unexpired Leases

1. Assumed Executory Contracts and Unexpired Non-Residential Lease

On the Effective Date, the Debtor will be deemed to have assumed the Churchill Contract (as amended) and any existing contracts which provide payment for jockey media rights or which compromise jockey media rights Causes of Action. If not assumed before the Effective Date, on the Effective Date, the Debtor will be deemed to have assumed the Churchill Contract, the unexpired, non-residential lease for office space located at 103 Wind Haven Drive, Suite 200, Nicholasville, Kentucky dated September 10, 2007 from which the Debtor operates, any contract of insurance under which the Debtor was a beneficiary or insured or had any remaining rights on the Petition Date, including but not limited to, any insurance policies providing for defense or indemnification related to Class 4 Claims, and other non-jockey contracts as specified in Article VII Section C of the Plan. None of these contracts require a cure payment.

2. Assumption of Jockey Member Contracts

On the Effective Date, the Debtor will be deemed to have assumed all existing contracts with its Jockey Members identified in Exhibit 3-A to the Debtor's Amended Schedules, attached as Exhibit G to the Plan, and incorporated by reference as if set forth in full here. Among the contracts to be assumed are those to provide life insurance coverage which contracts will be satisfied by the Debtor's maintenance an insurance policy for the same (with Claims under such policy being payable only by the insurance carrier). Some of these contracts are in default, and those defaults are the basis for certain unsecured Claims categorized in Classes 1 and 2 or categorized as Jockey Member Administrative Claims. These defaults shall be deemed cured, so as to permit assumption, by the treatment of those Claims which are Administrative and which are in Classes 1 and 2 above, if no objection is filed by an individual Jockey Member whose contract is in default. Notwithstanding any other term of the Plan, the Debtor will not assume any contract with it related to Shannon Campbell.

3. Rejected Executory Contracts and Unexpired Leases

Any executory contracts or unexpired leases (a) which have not expired by their own terms on or prior to the Effective Date, (b) which have not been assumed, assumed and assigned, or rejected pursuant to the Plan or with the approval of the Bankruptcy Court; or (c) to which Shannon Campbell is a party, if any, shall be deemed rejected by the Debtor as of the Petition Date. The entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the rejections of such executory contracts and unexpired leases pursuant to Sections 365(a) and 1123 of the Bankruptcy Code. Parties to executory contracts or unexpired leases that are rejected on the Petition Date have thirty (30) days following Confirmation to file a Claim for rejection damages or otherwise be forever barred from making such a Claim.

V. CONFIRMATION OF THE PLAN

A. Acceptance or Rejection of the Plan

1. Section 1129(a) Requirements. As a prerequisite to Confirmation, the Bankruptcy Court must conclude that the Plan meets the requirements set forth in Section 1129(a) of the Bankruptcy Code that are applicable in this bankruptcy. The Debtor believes that the Plan meets those necessary requirements; however, there is no assurance that the Bankruptcy Court will reach the same conclusion.

2. Acceptance by an Impaired Class. An Impaired Class of Claims will have accepted the Plan if the requisite amount and number of Claims in that Impaired Class vote in favor of the Plan. Holders of at least two-thirds of the total dollar amount of Allowed Claims in the Impaired Class must approve the Plan. Likewise, more than one-half of the total number of the Allowed Claims in the Class actually voting must vote to accept the Plan. In either instance, a Holder of a Claim designated under section 1126(e) of the Bankruptcy Code is not counted. Under the Plan, Classes 1, 2, 3 and 4 are Impaired.

3. Nonconsensual Confirmation. Pursuant to Section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan over the dissent of any Impaired Class if all of the requirements for consensual confirmation under Section 1129(a) of the Bankruptcy Code are met except for the requirement found in Section 1129(a)(8) of the Bankruptcy Code. In the event that any Impaired Class of Claims votes to reject the Plan, the Debtor reserves the right to (a) request that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code or (b) amend the Plan.

B. Conditions Precedent to the Confirmation of the Plan

The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent:

1. The entry of the Confirmation Order in form and substance satisfactory to the Debtor.

2. All provisions, terms, and conditions hereof are approved in the Confirmation Order or in another final order of the Bankruptcy Court.

3. The Debtor is authorized to take all actions necessary or appropriate to enter into, implement and consummate the Plan and other agreements or documents created in connection with the Plan.

4. The provisions of the Confirmation Order are nonseverable and mutually independent.

5. All Entities shall be permanently enjoined from enforcing or attempting to enforce any contractual, legal, and equitable subordination right satisfied, compromised, or settled pursuant to the Plan, except as set forth in the Plan.

C. Conditions Precedent to the Effective Date of the Plan

The occurrence of the Effective Date and the Consummation of the Plan are subject to satisfaction of the following conditions precedent:

1. Confirmation Order. The Confirmation Order as entered by the Bankruptcy Court shall be a final order in full force and effect, in form and substance reasonably satisfactory to the Debtor.

2. Execution of Documents; Other Actions. All actions, documents, and agreements necessary to implement the Plan shall have been effected or executed.

D. Waiver of Conditions Precedent

To the extent legally permissible, each of the conditions precedent in Article IX Section B of the Plan and Article IX Section C of the Plan may be waived, in whole or in part, by the Debtor in its sole discretion. Any such waiver of a condition precedent may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action other than proceeding as if such condition did not exist. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights. Upon the waiver of any conditions to the Effective Date set forth in Article IX Section C of the Plan, and subject to the satisfaction in full of each of the remaining conditions set forth in such Article, the Plan shall become effective in accordance with its terms without notice to third parties or any other formal action.

VI. DEBTOR'S AND COMMITTEE'S RECOMMENDATION

The Debtor and the Committee believe that Confirmation of the Plan is in the best interest of all Creditors and parties in interest. Consummation of the Plan will allow Creditors the maximum possible recovery and is preferable to all other alternatives. Each Holder of a Claim in a voting Class should vote to accept the Plan in accordance with the Voting Procedures set forth below.

VII. PLAN FEASIBILITY AND LIQUIDATION ANALYSIS

A. Plan Feasibility

1. In General

Pursuant to Section 1129(a)(11) of the Bankruptcy Code, the Bankruptcy Court will not confirm a Chapter 11 plan if it is likely that the reorganized debtor will liquidate or need further financial reorganization. The Plan is a true reorganization plan since the Debtor intends to continue its present operations post-confirmation. It hopes to maintain and expand jockey benefit levels post confirmation but, to do so, will need to formalize

agreements with various race tracks and related Entities to ensure an increased income stream in exchange for the media rights. Also, the Debtor will continue to collect mount fees from Jockey Members and pursue other income sources.

Feasibility is often determined by estimates of projected gross profit and net profit. Here, however, the Debtor is a non-profit corporation. Through confirmation of the Plan, the Debtor will pay its jockey-related administrative expense Claims first through funds restricted to that use and then through non-restricted funds. It will pay non-jockey administrative expenses — primarily professional fees — through non-restricted funds. It will assume its Jockey Member contracts, making cure payments first from funds restricted to use for jockey programs, supplemented by non-restricted funds, as necessary. The Debtor intends to surrender to the Post Confirmation Committee the bulk of its accounts receivable and pre-petition Causes of Action, excepting Media Rights Receivables and Causes of Action to collect them, as set forth more fully in the Plan, so that general unsecured creditors in Class 3 might receive Distributions from the General Unsecured Claim Pool pursuant to the terms of the Plan.

2. Estimated Post Petition Income

The Debtor has several sources of income. Some sources are contractually restricted as to use, while others are not. The Debtor projects that its average monthly income post petition not restricted as to use is as follows:

\$92,500	Regular member month-to-month dues based on current membership and \$4 mount fee dues payment
+ \$93,000	Miscellaneous track payments, not restricted at present
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\$185,500	Total non-restricted income (estimates only, amounts may be higher or lower)

In addition, the Debtor projects income to the Trust for which the Plan provides, from the following contracts: (a) the Churchill Contract, at \$25,000 per month (two semi-annual payments of estimated \$150,000), (b) the Keeneland contract at \$2,500 per month (2 semi-annual payments of \$15,000), (c) the Kentucky Downs contract at \$275 per month (1 annual payment of \$3,300); and (d) the Magna contract at \$450,000 per year (multiple payments of various amounts). The funds from some of these contracts will be for restricted use per their terms. The Debtor anticipates entry into additional contracts for funds for jockey programs but expects that the parties to these contracts might require that a portion of the proceeds be paid to the Trust or will otherwise be restricted. Any restrictions on the use of these funds, however, does not and will not relieve the Debtor of its obligation to pay to the General Unsecured Claim Pool 7.5% of all funds collected

from any Media Rights Obligor during the two-year period immediately following the Effective Date. Amounts that might be raised from these anticipated future contracts are unknown at present

3. Estimated Post Petition Expense

The Debtor estimates its post-petition monthly expenses, not including amounts needed to fund payments under the Plan, as follows:

\$62,000	Staff salaries and National Manager contract (including employee insurance)
+ \$2,180	Office rent
+ \$4,000	Non-employee insurance
+ \$3,200	Postage, phone and other utilities
+ \$1,000	Public Relations
+ \$10,000	Travel expense for jockey representatives and National Manager
+ \$30,000	Legal/accounting (including lobbyists, SKO, KJM, and audit expenses)
+ \$63,000	Jockey post confirmation monthly disability payments and life insurance premiums
+ \$5,000	Miscellaneous (including software support)
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\$180,380	Total (estimate only, all amounts may be higher or lower)

4. Estimated Plan Obligations

The Debtor estimates that its obligations under the Plan for items not already paid by November 17, 2008 will be as follows:

(a)	<u>Administrative Expense</u>
\$478,000	Professional fees/expenses (presumes SKO fees of \$290,000 for April through November 17, 2008; \$35,000 Stites; \$15,000 Weber-Rose; and \$138,000 KJM).
\$54,000	Jockey Administrative Expenses (presumes \$5,000 in post-petition 2007 health plan claims and \$49,000 in post-petition disability claims (assuming a one month arrearage at confirmation)).

- (b) Class 1
 \$23,828² De Minimis Claims (pre-petition claims of \$500 or less, not including health plan claims).
- (c) Class 2
 \$405,463.71 Jockey Member Claims of \$405,463.71 in pre-petition excess premium and mount fee obligations).
- (d) Class 3
 \$1,159,098.88 The Plan provides that Claims in Class 3 shall be administered by the Post Confirmation Committee solely through the use of funds, if any, in the General Unsecured Claim Pool. The Debtor estimates that as of November 17, 2008 the Claims not already paid in Class 3 will be \$1,159,098.88.
- (e) Class Four
 \$13,500,000 The Plan provides that distributions, if any, to Class 4 shall be limited solely to the amount of insurance proceeds actually recovered by or on behalf of the Debtor as a result of judgment on, or settlement of, such claims. The Debtor estimates that as of November 17, 2008 the unpaid claims in Class 4 will be \$13,500,000.

5. Summary

Based on the foregoing, the Debtor projects to pay approximately \$961,009 under the Plan for Administrative Claims and Class 1 and 2 Claims. The Debtor projects that it may have approximately \$25,000 per month for payment of \$458,000 Jockey Administrative and Jockey-related Class 2 Claims approximately \$478,000 in non-jockey administrative expenses. Presuming assumption and performance of the track contracts, and no other restricted funds, this would permit the payment of the Class One Claims on the Effective Date, the Administrative Claims over 22 months and the jockey Class 2 Claims within an additional 17 months for a total payout period of approximately 39 months. Further, the Plan provides that the Debtor will commit 75% of additional revenues above the current projections which will be devoted to plan payments to reduce the payout period.

With respect to Class 3, the Plan creates a General Unsecured Claim Pool that will be administered by the Post Confirmation Committee for the benefit of Claims in Class 3. Upon the Effective Date, the Debtor will transfer to the General Unsecured

² The total amount of De Minimis in Class 1 is \$29,784.63. However, the Plan provides for payment of 80% of each Claim such that the total amount to be distributed to Holders of Class 1 Claims is \$23,828.

Claim Pool the bulk of its pre-petition jockey receivables existing as of the Petition Date, as scheduled, excepting any of those jockey receivables collected by the Debtor prior to the Effective Date. The Debtor will also transfer to the General Unsecured Claim Pool its litigation claims against others which include the Debtor's claims against its past management and bankruptcy avoidance actions, including those against Mr. Gertmenian and related entities and all rights to the approximately \$104,000 held in escrow by the court in the California action. The Debtor will also pay to the General Unsecured Claim Pool the equivalent of 7.5% of all funds collected from each of the Media Rights Obligors for the two (2) year period immediately following the Effective Date regardless of whether (a) the Debtor characterizes the revenue from the applicable obligor as being for pre or post petition obligations or (b) the funds are characterized as restricted (in which event the Debtor shall use funds from its general operations to make payment to the Post Confirmation Committee. The General Unsecured Claim Pool will further receive all net proceeds from the Debtor's anticipated settlement of the Fraise Estate litigation, estimated at \$130,000, and an additional \$40,000 payable on or before ninety (90) days after the Effective Date of the Plan and \$10,000 payable on or before one hundred and twenty (120) days after the Effective Date. The Debtor estimates that approximately \$180,000 will be paid by the Debtor to the General Unsecured Claim Pool, which will also receive unknown amounts generated from Media Rights Obligors, and the Post Confirmation Committee's efforts to prosecute or settle causes of action transferred to it. Collections from these efforts will first fund the Post Confirmation Committee's counsel's post confirmation attorney fees and costs, and next pay the Class 3 Claims pro rata.

With respect to Class 4, the Plan provides that Distributions, if any, shall be limited solely to the amount of insurance proceeds actually received by the Debtor as a result of a judgment on, or settlement of, such claims such that amount of any recovery on a Class 4 Claim is unknown.

B. Liquidation Analysis

1. Introduction

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired allowed claim or interest either (a) accepts the plan or (b) receives property under the plan of a value, as of the effective date, that is not less than the value such holder would receive under Chapter 7 of the Bankruptcy Code on the effective date. To make this determination, the debtor typically estimates the recovery generated by liquidation in a Chapter 7 context. In a Chapter 7 proceeding, a trustee is appointed to reduce all of a debtor's assets to cash. The gross amount to distribute would include the cash held by the debtor at the time of the conversion to Chapter 7, proceeds from the sale of assets, and recovery of accounts receivable and Chapter 5 actions. This amount would be reduced by the costs and fees of liquidation, additional administrative expenses and priority claims.

2. Qualifications and Warnings

Projecting recoveries in any Chapter 7 case is an uncertain process due to the number of unknown variables, including those beyond a Chapter 7 trustee's control. Therefore, projections contained in the liquidation analysis are truly estimates and the conclusions are speculative. Neither the Debtor nor its professionals make any representation about the accuracy of the projections should this case convert to a Chapter 7 bankruptcy. The information contained in the liquidation analysis has not been reviewed or audited by independent accountants. Unanticipated events may occur and certain assumed events may not materialize. In the event that this case converts to a Chapter 7 liquidation, actual results may materially vary from the estimates set forth in the liquidation analysis.

3. Assumptions

For purposes of the liquidation analysis, the Debtor made many assumptions. The assumptions the Debtor considers to be the most significant are set forth below.

(a) Conversion: The Debtor's case is converted on November 17, 2008.

(b) Chapter 7 Trustee's Professionals: The Chapter 7 trustee would retain professionals (including attorneys) to assist in the liquidation and wind down of the Debtor's estate. It is further assumed that the professionals currently involved in this case will have Claims upon conversion, so new professionals will be retained.

(c) Cash in Chapter 7 Liquidation: Cash is projected as of the assumed conversion date and is not subject to a discount factor.

(d) Wind-Down Expenses: This category includes payment of the Debtors' employees' salaries (excluding the National Manager compensation) for a one-month period and other costs while the Debtor's operations are wound down.

(e) Trustee's Fees and Commissions: The Debtor assumes that the Chapter 7 trustee will be entitled to approximately 5% of all of the accounts receivable and litigation proceeds recovered and the proceeds realized from the sale of Debtor's assets.

4. Comparison

	<u>Chapter 7</u>	<u>Chapter 11</u>
Estimated Cash as of November 17, 2008	\$65,000	\$ -0-
Office Equipment and Furniture, depreciated (presumes 10% of net book value of \$16,480 in distress)	+ \$ 1,648	+ \$ -0-

sale)

Estimated Proceeds from Causes of Action on Non-Assigned Prepetition Media Rights Receivables (net of attorney fees and expenses of collecting same)	+ \$ -0-	+ \$ -0-
Estimated Proceeds from Prepetition Media Rights Receivables (net of attorney fees and expenses of collecting same) ³	+ \$210,264	+ \$210,264
Estimated Proceeds from all other Causes of Action assigned to Committee (net of attorney fees and expenses of collecting same) ⁴	+ \$240,230	+ \$240,230
Contribution from Guild or Trust from post Confirmation income (i.e. rider mount fees, management fees, donations, and prospective media rights payments)	+ \$ -0-	+ \$961,009 (Amount Guild/Trust will spend paying Admin claims and Classes 1 and 2)
Less Estimated Post Confirmation Expense for Claims Analysis and	- \$20,000	- \$20,000 ⁵

³ This presumes a net recovery of 10% for the face amount of two years prepetition media rights (2 x \$1,015,320 = \$2,201,540 x .1 = \$210,264). This is an estimate only. The recovery may be higher or lower.

⁴ This presumes a net recovery of 10% of the face amounts of claims, including those against Gertmenian (\$500,000); those against Fiss (\$250,000); the California escrow (\$104,000); and avoidance action claims (\$248,305) (\$1,102,305 x .10 = \$110,230.50) plus settlement of the Fraise action for approximately \$130,000 in either a Chapter 7 or Chapter 11 context. The amount that might be raised from collections from the Media Rights Obligor and the jockey receivables not collected by the Debtor as of November 17, 2008 is unknown. This presumption errs on the side of the Chapter 7 analysis because the Post Confirmation Committee should be presumed able to generate a higher amount on these claims than could a Chapter 7 Trustee, as the Post Confirmation Committee Counsel is more familiar with the claims than a new Chapter 7 Trustee would be.

⁵ This presumes this expense category to be the same in Chapter 7 as Chapter 11 but that presumption is also generous to the Chapter 7 analysis because the Post Confirmation Committee will be more familiar with the matter than a new Chapter 7 Trustee will be.

Disallowance

Total Estimated Assets Available for distribution before the following deductions	= \$497,142	= \$1,383,503
Trustee Commissions at 5%	- \$24,857	- \$ -0-
Trustee Wind down Expenses	- \$50,000	- \$ -0-
Funds Available for Distribution to Creditors	+ \$422,285	
Payment of Administrative Claims (including jockey administrative claims and Pre-Confirmation Chapter 11 professional fees and expenses) ⁶	- \$422,285 (partial)	- \$532,000
Unpaid Administrative Claims	\$109,715	-0-
Funds available for distribution to non-priority unsecured creditors	= -0-	= \$851,503 (\$429,000 paid by Guild through Plan to Class 1 and 2 and \$422,503 paid by Committee to the General Unsecured Claim Pool)

VIII. VOTING PROCEDURES

A. Notice

IN ACCORDANCE WITH THE BANKRUPTCY CODE, ACCEPTANCE OR REJECTION OF THE PLAN WILL BE DETERMINED BY THE BALLOTS OF THE CREDITORS HOLDING ALLOWED CLAIMS THAT ACTUALLY AND PROPERLY

⁶ This estimates that the following professional fees are not yet paid at November 17, 2008: Stites (\$35,000); Weber-Rose (\$15,000); Stoll Keenon Ogden (\$290,000) and KJM (\$138,000).

VOTE ON THE PLAN. THEREFORE, IT IS IMPORTANT THAT THE CLAIMANTS EXERCISE THEIR RIGHT TO ACCEPT OR REJECT THE PLAN.

B. General Voting Provisions and Information

1. The Voting Agent. The Voting Agent will collect the ballots via United States Mail, postage pre-paid. The Voting Agent's address is Stoll Keenon Ogden PLLC, Attn: Jennifer Ferguson, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202.

2. Entities Entitled to Vote. This Disclosure Statement and the appropriate ballot(s) are distributed to all Holders of Allowed Claims and Holders of Claims that are contested, disputed, contingent and/or unliquidated who are allowed to vote pursuant to FED. R. BANKR. P. 3018 and have filed a timely motion to have their Claims temporarily allowed. Only those persons and Entities, reflected on Exhibits A, B, C, and D to the Plan, are entitled to vote on the Plan. Scheduled creditors whose claims were not listed as disputed, contingent and/or unliquidated and who are not identified in Exhibits A, B, C, and D to the Plan will not be entitled to vote because their Claims have already been satisfied by the Debtor. There is a separate ballot designated for each impaired voting Class in order to facilitate vote tabulation; however, all ballots are substantially similar in form and substance, and the term "ballot" is used without intended reference to the ballot of any specific Class of Claims.

3. Classes Entitled to Vote. Holders of Claims in an Impaired Class are permitted to vote. All Classes are Impaired and may vote for the Plan.

4. Vote Required for Acceptance of the Plan. A Class of Claims shall accept the Plan if it at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class have properly voted to accept the Plan.

5. Disregarded Votes. Pursuant to Section 1126(e) of the Bankruptcy Code, a vote on the Plan may be disregarded if the Bankruptcy Court determines that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

6. Questions About Voting. Any questions about the voting procedures or the solicitation packet may be directed to the Voting Agent by regular mail at Stoll Keenon Ogden PLLC, Attn: Jennifer Ferguson, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202.

C. Voting Procedures

1. Voting Deadline. This Disclosure Statement and the appropriate ballot(s) are distributed to all Holders of Claims that are entitled to vote on the Plan.

IN ORDER TO BE CONSIDERED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN, ALL BALLOTS MUST BE POSTMARKED NO LATER THAN NOVEMBER 10, 2008 (THE "VOTING DEADLINE"). ONLY THOSE

BALLOTS ACTUALLY POSTMARKED ON OR BEFORE NOVEMBER 10, 2008 WILL BE COUNTED AS EITHER ACCEPTING OR REJECTING THE PLAN.

2. Ballots. All votes must be cast by properly submitting the duly completed and executed form of the ballot designed for such Class. Copies of the proposed ballot for each Class are collectively attached at Exhibit 2.

ANY BALLOT RECEIVED WHICH DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR WHICH INDICATES BOTH ACCEPTANCE AND REJECTION OF THE PLAN WILL BE COUNTED AND WILL BE DEEMED TO BE CAST AS AN ACCEPTANCE OF THE PLAN.

ANY BALLOT RECEIVED THAT IS NOT SIGNED OR THAT CONTAINS INSUFFICIENT INFORMATION TO PERMIT THE IDENTIFICATION OF THE CLAIMANT IS AN INVALID BALLOT AND WILL NOT BE COUNTED FOR PURPOSES OF DETERMINING ACCEPTANCE OR REJECTION OF THE PLAN. ONLY BALLOTS WITH AN ORIGINAL SIGNATURE WILL BE ACCEPTED. BALLOTS WITH COPIED SIGNATURES WILL NOT BE ACCEPTED.

Ballots must be delivered to the Voting Agent, at its address set forth above, and postmarked by the Voting Deadline, set forth above. In accordance with FED. R. BANKR. P. 3018(c), the ballots are based on Official Form No. 14, but have been modified to meet the particular needs of this Chapter 11 Case. PLEASE CAREFULLY FOLLOW THE DIRECTIONS CONTAINED ON EACH ENCLOSED BALLOT.

3. Change or Withdrawal of Vote. A ballot may be withdrawn by delivering a written notice of withdrawal to the Voting Agent. After the Voting Deadline has passed, a vote may be withdrawn only with the approval of the Bankruptcy Court.

In order to be valid, a notice of withdrawal must: (a) specify the name of the Holder who submitted the ballot to be withdrawn; (b) contain a description of the Claim(s) to which it relates; and (c) be signed by the Holder in the same manner as on the ballot. The Debtor expressly reserves the absolute right to contest the validity of any such withdrawals of votes on the Plan.

Any Holder of a Claim who has submitted a proper ballot to the Voting Agent may change its vote by submitting to the Voting Agent a subsequent proper ballot postmarked prior to the Voting Deadline. In the event that more than one timely, properly-completed ballot is received with respect to the same Claim, the ballot that will be counted for voting purposes will be the ballot that the Voting Agent determines was the last to be received.

IX. EFFECT OF CONFIRMATION

A. Discharge of Claims and Termination of Interests

Except as provided in the Confirmation Order, pursuant to Section 1141(d) of the Bankruptcy Code, the rights afforded under the Plan and the treatment of Claims and

respective Distributions under the Plan shall be in exchange for and in complete satisfaction, settlement, discharge and release of all Claims of any nature against the Debtor, its Estate, its successor or its property that occurred prior to the Confirmation Date. Confirmation shall be a judicial determination of discharge of the Debtor from all Claims and other debts that arose before the Confirmation Date and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a Claim based on such debt is allowed pursuant to Section 502 of the Bankruptcy Code or (ii) the Holder of a Claim based on such debt has accepted the Plan. Such discharge shall void any judgment obtained against the Debtor at any time to the extent such judgment relates to a discharged Claim. Notwithstanding the foregoing, nothing in this provision or any other provision of the Debtor's Plan, the Confirmation Order, or Section 1141 of the Bankruptcy Code shall, or shall be construed to, discharge, release, or relieve the Debtor or any other party, in any capacity, from any liability to the PBGC or to the Pension Plan with respect to the Pension Plan under any law, governmental policy, or regulatory provision. Neither the PBGC nor the Pension Plan shall be enjoined from enforcing such liability as a result of the Plan's provisions for satisfaction, release and discharge of claims.

B. Termination of Subordination Rights and Settlement of Related Claims

The classification and manner of satisfying all Claims and the respective Distributions and treatments hereunder take into account and/or conform to the relative priority and rights of the Claims in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. **THE CONFIRMATION ORDER SHALL PERMANENTLY ENJOIN, EFFECTIVE AS OF THE EFFECTIVE DATE, ALL PERSONS AND ENTITIES FROM ENFORCING OR ATTEMPTING TO ENFORCE ANY SUCH CONTRACTUAL, LEGAL AND EQUITABLE SUBORDINATION RIGHTS SATISFIED, COMPROMISED AND SETTLED IN THIS MANNER.**

C. Injunction

Except as otherwise expressly provided in the Plan, all persons and Entities that have held, hold or may hold Claims against the Debtor are permanently enjoined, from and after the Effective Date, from taking any of the following actions against the Debtor or its Estate, on account of any Claims or Causes of Action arising from events prior to the Effective Date: (i) commencing or continuing in any manner any action or other proceeding of any kind; (ii) enforcing, attaching, collecting or recovering by any manner or in any place or means any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any lien or encumbrance of any kind; and (iv) asserting any defense or right of setoff, subrogation or recoupment of any kind against any obligation, debt or liability due to the Debtor. Notwithstanding the foregoing, nothing in this provision or any other provision of the Debtor's Plan, the Confirmation Order, or Section 1141 of the Bankruptcy Code shall, or shall be construed to, discharge, release, or relieve the Debtor or any other party, in any capacity, from any liability to the PBGC or the Pension Plan

with respect to the Pension Plan under any law, governmental policy, or regulatory provision. Neither the PBGC nor the Pension Plan shall be enjoined from enforcing such liability as a result of the Plan's provisions for satisfaction, release and discharge of claims.

By accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim receiving Distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth herein.

D. Terms of Existing Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to Sections 105, 362 or 525 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. The Confirmation Order will permanently enjoin the commencement or prosecution by any person or Entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities released pursuant to the Plan.

E. Exculpation

None of the Debtor, its Estate, or the Post Confirmation Committee or any of their respective present or former officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity or their respective affiliates, shall have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or any other party in interest, or any of their respective agents, shareholders, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of (a) any act taken or omitted to be taken on or after the Petition Date, (b) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan and (c) the administration of the Plan and the Distribution of property under the Plan.

X. FEDERAL TAX CONSEQUENCES UPON CONSUMMATION OF THE PLAN

A. Consequences to the Debtor

The Debtor is a non-profit corporation exempt from federal income taxes pursuant to Section 501(c)(5) of the Internal Revenue Code.

B. Consequences to the Holders of Claims

Any Holder of a Claim receiving a Distribution under the Plan may be subject to tax consequences. The Internal Revenue Service and state taxing authorities may consider such Distributions to be taxable income. The Debtor urges all Holders of Claims to consult with their own tax attorney and/or accountant.

C. Disclaimer

The comments in this section are general warnings regarding potential tax treatment. Neither the Debtor nor its professionals anticipate that any party will rely on statements contained in the Disclosure Statement, the Plan, or any other documents filed in this bankruptcy for tax purposes without first consulting a tax professional. Each party is strongly recommended to confer with its own tax attorney and/or accountant regarding actual tax consequences stemming from its own particular circumstances.

XI. CONCLUSION

The Debtor believes that Confirmation and Consummation of the Plan is in the best interest of the creditors and parties in interest. However, the Debtor strongly suggests that all Holders of Allowed Claims study the Plan to independently determine its effect. The Debtor encourages all Entities entitled to vote to properly and timely cast a ballot to accept the Plan.

Dated: October 17, 2008

Respectfully submitted,

Name: Terence J. Meyocks
Title: National Manager,
Jockeys' Guild, Inc.

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