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PRESS RELEASE

MAGNA ENTERTAINMENT CORP. ANNOUNCES CLOSING OF OFFERING OF U.S. \$100 MILLION OF CONVERTIBLE SUBORDINATED NOTES

June 2, 2003, Aurora, Ontario, Canada.....Magna Entertainment Corp. ("MEC") (NASDAQ: MECA; TSX: MEC.A) announced today that it has completed its previously announced sale of U.S.\$100 million aggregate principal amount of 8.55% Convertible Subordinated Notes due June 15, 2010.

The Notes will bear interest at 8.55% per annum and will be convertible into shares of MEC's Class A Subordinate Voting Stock at a conversion price of U.S.\$7.05 per share, subject to customary antidilution adjustments. The Notes will be redeemable on or after June 2, 2006 at any time in whole or in part at MEC's option at a redemption price equal to the principal amount of the Notes plus accrued and unpaid interest to the date of redemption; provided that, in connection with any redemption occurring on or after June 2, 2006 and before June 2, 2008, the closing price of MEC's Class A Subordinate Voting Stock has exceeded 125% of the conversion price for at least 20 trading days in the 30 consecutive trading day period ending on the trading day prior to the mailing of the redemption notice.

The net proceeds to MEC from the offering, after deducting the initial purchaser's commission and offering expenses, are approximately U.S.\$96.5 million. MEC intends to use the net proceeds for general corporate purposes, including capital expenditures.

MEC, North America's number one owner and operator of horse racetracks, acquires, develops and operates horse racetracks and related pari-mutuel wagering operations, including off-track betting facilities. Additionally, MEC owns and operates XpressBet™, a national Internet and telephone account wagering system, and HorseRacing TV™, a 24-hour horse racing television network.

This release does not constitute an offer to sell or the solicitation of an offer to buy the Notes, the Class A Subordinate Voting Stock or any other securities. This offering is being made only to investors outside the United States. The Notes and the shares of Class A Subordinate Voting Stock issuable upon conversion have not been registered under the United States or any state's securities laws and may not be offered or sold in the United States without an applicable exemption from those laws.

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