PARTICIPANTS

Corporate Participants

Courtney Yopp Norris – Director of Corporate Communications, Churchill Downs, Inc.
Robert L. Evans – Chairman & Chief Executive Officer, Churchill Downs, Inc.
William E. Mudd – Chief Financial Officer & Executive Vice President, Churchill Downs, Inc.
William C. Carstanjen – President, Chief Operating Officer & EVP, Churchill Downs, Inc.

Other Participants

Cameron P. S. McKnight – Analyst, Wells Fargo Securities LLC
Amit Kapoor – Analyst, Gabelli & Company, Inc.
Justin T. Sebastiano – Analyst, Brean Capital LLC
Steve T. Altebrando – Analyst, Sidoti & Co. LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Churchill Downs Incorporated Year End Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions]

I would now like to turn the call over to Ms. Courtney Norris, Director of Corporate Communications. Please go ahead.

Courtney Yopp Norris, Director of Corporate Communications

Thank you, Stephanie. Good morning, and welcome to Churchill Downs Incorporated conference call to review the company's business results for the fourth quarter and full year ended December 31, 2013. The company's fourth quarter business results were released yesterday afternoon in a news release that has been covered by the financial media.

A copy of this release announcing results and any other financial and statistical information about the period to be presented in this conference call, including any information required by Regulation G, is available at the section of the company's website titled News located at churchilldownsincorporated.com as well as in the website's Investors section.

Let me also note that a news release was issued advising of the accessibility of this conference call on a listen-only basis via phone and over the Internet.

As we begin, let me express that some statements made during this call will be forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results, or otherwise are not statements of historical fact. The actual performance of the company may differ materially from what is projected in such forward-looking statements. Investors should refer to statements included in reports filed by the company with the Securities and Exchange Commission for a discussion of additional information concerning factors that could cause our actual results of operations to differ materially from the forward-looking statements made in the call.

The information being provided today is of this date only, and Churchill Downs Incorporated expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements to reflect any changes and expectations.

I will now turn the call over to our Chairman and CEO, Mr. Bob Evans.

Robert L. Evans, Chairman & Chief Executive Officer

Thanks, Courtney. Good morning, everyone. Thanks for joining us. With me today are Alan Tse, our General Counsel; Bill Carstanjen, our President and COO; and Bill Mudd, our CFO. I'm going to turn this over to Bill Mudd, who is going to make a few prepared comments and then we'll come back to take your questions. Bill?

William E. Mudd, Chief Financial Officer & Executive Vice President

Thanks Bob. Good morning everyone. After I'll make a few comments about our fourth quarter and full year results, I'll be happy to answer any questions. We made a few changes to our press release to make it easier to understand the operational drivers of our financial results by segment, hope you like the new format.

Overall, it was a good year with record net revenues of $779 million, up 7% over 2012 and a relatively tough fourth quarter with net revenues up 3%. For the year, our Gaming business revenues increased 33% reflecting revenues generated by Oxford, which was acquired in July of 2013 and Riverwalk, which was acquired in October of 2012. Our Calder Casino revenues increased by 1% during the year on the closure of Internet cafes and direct marketing efforts, partially offset by new competition.

Our Louisiana operations were roughly even with 2012 as gains in the first half of the year were lost in a very soft fourth quarter. Our Fair Grounds Slots business also had significant road construction disruption on Gentilly Avenue for an extended period of time, which impacted our customers' ability to access the facility. Our Harlow's property revenues were down $4.2 million or 7% despite new amenities coming online in early January. We believe these losses are primarily from continued economic weakness in the region, product improvements at a competitor and limited incremental revenue associated with free play offers.

For the fourth quarter, our Gaming business revenues increased by 25% as incremental revenues from the Riverwalk and Oxford acquisitions were partially offset by weakness in our Louisiana operations in Harlow's Casino. Our Fair Grounds Slots revenue declined 10% and our video poker operations declined 5% in the quarter against a very tough prior-year comparable. Last year, we reported fourth quarter revenue gains of 11% in our Slots business and 6% in our video poker business, driven by state and federal stimulus post-hurricane Isaac. While we performed better than the market as a whole, our fourth quarter 2013 results gave back those gains.

Our Harlow's properties suffered the largest year-over-year declines in the fourth quarter with revenues down 12%. Visits and spend per visit have been down, particularly with low and mid tier customers despite aggressive free play marketing promotions to drive guest counts. Our Riverwalk property also suffered a decline of 6% when including the full quarter of revenues in the prior-year.

We believe both properties results were impacted by the continued tough regional economic environment as well as the unseasonably volatile weather. Our Calder Casino revenue growth slowed in the fourth quarter, posting a 1% decrease versus the prior-year. Growth from the closure of Internet cafes in April was offset by a weaker overall market. This trend continued into January, but appears we started growing again in the early part of February. We have been pleased with our

New Oxford property despite one of the highest snow falls on record in December at 26.2 inches and with precipitation on 22 of 31 days, the property was still able to report a 1% increase over the fourth quarter of 2012.

Moving onto our Online Business. Our Online Business had a decent year, all things considered, posting a 1% revenue improvement despite the lack of wagering by Illinois residents for five months and Texas residents wagering ceasing in late September. Total year handle on TwinSpires increased 1% with an 18% increase in unique players to $869 million. Excluding wagering by Illinois and Texas residents in both years, wagering improved by 6.2% compared to US industry handle that was flat to 2012, as players continue to shift their wagering activity to the online channel.

Our fourth quarter Online results were similar with revenues down 1%, on a 2.5% decline in handle with the loss of Texas wagering. Including Texas from both periods, handle growth was 3.7%. We made our oral arguments against the Texas law banning Internet wagering on horse racing in front of a three judge panel of the US Circuit Court of Appeals for the Fifth Circuit on February 4. We believe we have a strong argument, hope to receive a verdict allowing us to resume wagering prior to this year's Kentucky Derby. A bit of good news for our Online Business is that the Illinois Legislature authorized an extension of ADW regulations through January 2017.

Finally, let's look at our Racing Operations. Our Racing Operations, net revenues declined by $27.8 million for the full year. The primary driver of this decline was $28.3 million decrease in our Calder operations from the hosting revenue dispute and live racing overlap with Gulfstream Park. That led to a 13% reduction in live race days at our Calder facility during the year.

The good news is that the Florida Department of Pari-Mutuel Wagering issued a notice on November 7, that the permit holders must conduct three days of live racing per week to qualify as host track, consistent with the language of the statutes and has scheduled a hearing on March 6 to promulgate the rule.

During much of the 2013, Gulfstream Park and Tampa Bay Downs, the other two thoroughbred racetracks in Florida claimed hosting revenues despite running fewer than three live race days. As mentioned on the last earnings call, we will pursue the recovery of these lost hosting revenues using all means available to us.

As far as the continuing overlap of Gulfstream Park, we have had many discussions with the Stronach Group over the past few months to resolve the issue, which has led to a diminished product at both facilities. We have not been able to agree or compromise that both parties can live with. We will continue to work on an agreement and will do the best, do what is best for Florida racing and for our shareholders.

The silver lining for now is that we will conduct 39 live race days in the first quarter, qualifying as a host racetrack, where we have not traditionally ran those days. In addition, most of the economic damage from these issues was inflicted in 2013, and thus going forward, we will see some improvement to our financials, as we run Gulfstream Park's traditional days. And if we reach a compromise, it should improve the company's results.

Arlington Park revenues declined 7% during the year on 18 fewer host days, temporary cessation of ADW wagering, resulting in lower source market fees and handle declines driven by poor weather and smaller field sizes. The good news is that there are no material changes to our racing and host days schedule in 2014. And with the passage of new ADW Legislation by the Illinois Legislature in January, there should be no disruption to ADW operations for the next three years.

Also in the Racing segment, increment weather conditions affected racing and Jazz Fest at our Fair Grounds property, which experienced a decline in revenues of 8% for the year. Churchill Downs was our only racing property that grew year-over-year with revenues up 7%, on another record

Kentucky Oaks and Derby week, and the introduction of a 12-day September meet. Total company Racing Operations had a rough fourth quarter with revenues down 21%, primary driver of the decline was an $8.8 million reduction at our Calder property, $6.8 million of this decline was from lost hosting revenues, the remaining $2 million is from running 22% fewer races on 7% fewer race days.

Churchill Downs came in slightly below last year's fourth quarter with revenues down 4%, driven by night racing events that overlapped with a University of Louisville home football game affecting attendance and on track wagering.

Finally, our Fair Grounds property revenues declined 12% from lower wagering driven by bad weather and increased competition. Excessive rain forced us to take races off the turf impacting starters per race, a key indicator of product quality. Since I know you will ask how this year's Derby is shaping up, I'll go ahead and make a few comments. With the caveat that our cash paid admission revenues depend on the day of the event, which is very much driven by weather and then our pari-mutuel revenues are driven by the – still to be determined size and competitiveness of the Oaks and Derby races, and that we are still 66 days out from the event, our premium admissions revenues are very strong compared to last year. Sales of personal seat licenses are significantly ahead of last year. Sponsorship sales are on track to outpace last year. We have a new NBC agreement going out to 2025. Our new 2,400-seat rooftop garden and liquor garden areas of the renovated Grandstand are sold out.

Our new 15,000 square foot video board is on track for its debut on opening weekend and handle and Future Wager pools are 5% ahead of last year. Based on what we've seen so far, we expect this year's Oaks and Derby weeks financial performance will be very strong.

Now, let's take a look at EBITDA performance by segment. For the year, our Gaming adjusted EBITDA increased $16.2 million primarily due to the addition of Riverwalk of $13 million and Oxford of $9.2 million. Partially offsetting these increases was a decline in Harlow's of $3.6 million driven by general economic weakness and lower discretionary spending in the region.

In addition, Harlow's experienced temporary disruptions for modifying its casino floor to create better gaming experience. Fair Grounds Slots and video poker adjusted EBITDA decreased from $1.9 million as softness in the Louisiana market more than offset the opening of a new video poker facility.

Finally, (sic) [excluding] the $0.8 million impact of a prior-year recovery of slot referendum expenses, Calder adjusted EBITDA grew by $0.3 million due to the closure of Internet cafes and improved marketing efforts. For the fourth quarter, our Gaming adjusted EBITDA increased 10% to $18.5 million. Improvements driven by the Oxford acquisition were partially offset by a $1.2 million decline in our Louisiana properties and a $0.9 million decline in our Harlow's property on lower revenues. Our total year Online Business adjusted EBITDA increased $4.5 million, reflecting a 1% increase in pari-mutuel handle, improvements in our Velocity high volume business, and a favorable settlement of litigation, partially offset by higher pari-mutuel taxes in certain states. For the year, the temporary loss of Illinois ADW wagering and the exit of Texas reduced adjusted EBITDA by approximately $2.7 million.

Expenditures related to the launch of Luckity totaled $2.2 million in the year, an improvement of $0.4 million compared to 2012. We started marketing Luckity in earnest in mid-January of 2014 as a real money gaming Bingo site. We are still very early in the process, but we are starting to show that we can attract and retain customers. By early next quarter, we should be able to determine if we want to continue investing in this product.

For the fourth quarter, our Online Business adjusted EBITDA improved $1.4 million as a result of favorable litigation settlement, was partially offset by the loss of wagering by Texas residents and higher pari-mutuel taxes in certain states. In addition, we spent $0.4 million less on the development of our Luckity platform and Velocity earnings improved by $0.3 million.

Our total year Racing Operations adjusted EBITDA decreased $4.1 million, primarily due to a $9 million decline in adjusted EBITDA at Calder, of which $6.3 million is associated with a loss of Florida hosting revenues and $1.8 million was associated with fewer live race days. Arlington Park Adjusted EBITDA declined by $2.3 million due to 18 fewer host days, the impact of inclement weather during the racing season and lower fees from ADW operators.

Fair Grounds adjusted EBITDA decreased $1.4 million, primarily due to inclement weather. Partially offsetting these declines was an increase in adjusted EBITDA of $5.8 million from a record-setting Kentucky Oaks and Derby Week as well as an increase related to our new September meet at Churchill Downs.

In the fourth quarter, our Racing Operations EBITDA loss was $8.1 million, $4 million worse than the fourth quarter of 2012. The higher loss was primarily driven by Calder, which was down $3 million on lower hosting revenues as well as a 22% reduction in the number of live races. Fair Grounds was down $0.3 million on fewer starters per race and two fewer live race days. And Arlington was down $0.7 million on higher general liability insurance losses. As I said earlier, the headwinds we experienced in Florida and Illinois during 2013 are now behind us and we shouldn't see any additional impact going forward.

For the year, our (sic) [other] investments in adjusted EBITDA increased by $1.1 million primarily due to incremental equipment sales at United Tote, an $800,000 increase in our share of operating income from our Ohio joint venture, partially offset by $1.1 million in costs associated with developing our Internet Gaming platform.

In the fourth quarter, our share of the Miami Valley Gaming facility, which opened December 12, approximately three months ahead of schedule and well below budget, added $0.5 million to our other investment segment adjusted EBITDA. We are reporting our 50% share of EBIT, earnings before interest and taxes, in our adjusted EBITDA metric. Note that this includes depreciation and amortization, which is lower than the adjusted EBITDA amount we would report if we were a consolidated entity. A more detailed P&L can be found in the 10-K filings.

While the ramp-up has been slower than we would like, we've been pleased with the performance to date considering the weather we have been experiencing. We are near capacity on the weekends and the week days have been improving. Weekly gross win per unit has improved each of the last four weeks from $181 of gross win per unit to $256 last week, as we focus our mid-week database marketing efforts. Offsetting the gains from Miami Valley in the fourth quarter were $1 million in expenses to continue development of our Internet Gaming platform and poker site. Overall total year adjusted EBITDA set a record at $176.2 million, up 11% over the prior-year. Fourth quarter adjusted EBITDA declined slightly to $19.3 million.

Now, let's take a look at a few items below adjusted EBITDA that affected earnings from continuing operations for the year. Insurance recoveries net of losses decreased $6.6 million, primarily due to the prior-year recognition of insurance recoveries associated with the 2011 flood and wind damage at Harlow's. Horse Racing Equity Trust Fund proceeds of $4.5 million were recognized in 2013, reflecting Arlington's final share of the riverboat casino license surcharge. Share-based compensation expenses increased $7.5 million due to expense associated with grants under the company's new long-term incentive plan that took effect March 21 of 2013. As discussed in our second quarter earnings call last year, the majority of this expense will be recognized during the first 14 months of the plan. As such, the amount of expense associated with the plan will be greatly reduced starting in June of this year.

Pre-opening costs of $3.6 million were incurred during the year and $2.4 million in the fourth quarter associated with our Ohio joint venture. Other charges and recoveries were $2.5 million loss in the fourth quarter in year as a result of reserving a receivable related to acquiring a New Jersey Internet gaming license. We are pursuing recovery of this receivable through the legal system, but we are currently unsure of the defendant's ability to pay.

Now please turn your attention to the consolidated statements of comprehensive income for the years ended December 31. For the full year, total net revenues grew 7% over 2012 to $779 million. In the fourth quarter, net revenues increased 3% to $162 million. For the year net earnings from continuing operations were $55 million, down from $58.2 million in 2012.

With that, I'll turn it over to Bob, who will open the call for questions. Bob?

Robert L. Evans, Chairman & Chief Executive Officer

Thanks, Bill. That was one of the longer ones that we've done.

William E. Mudd, Chief Financial Officer & Executive Vice President

Yes.

Robert L. Evans, Chairman & Chief Executive Officer

We've spent some time as Bill mentioned on our press release and in our prepared comments here trying to make better disclosure of the information that we think is of interest to you. Now, if you've got any thoughts or questions or suggestions, let us know and we'll try to improve it further as we go forward.

With that, we'll take some questions. Stephanie, if you'd open up the line for questions please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Cameron McKnight of Wells Fargo. Your line is open.

<Q – Cameron McKnight – Wells Fargo Securities LLC>: Thanks very much. Good morning.

<A – Bill Mudd – Churchill Downs, Inc.>: Good morning.

<A – Bob Evans – Churchill Downs, Inc.>: Good morning.

<Q – Cameron McKnight – Wells Fargo Securities LLC>: Questions for Bill or Bob. TV and radio deals are roughly 11% or so of total revenues and you have announced that you have renegotiated the NBC deal. Could you give us some more color around the renegotiation, given that we've seen a lot of sports media rights being renewed at increases of anything from 30% to 200%. And as a follow up, do you plan on renewing any of your sponsorship deals early?

<A – Bob Evans – Churchill Downs, Inc.>: Well, on the first point I can't really disclose the details of our arrangement with NBC, but I can share sort of two thoughts with you. One, as you know the market for sports media rights is extremely strong right now and this new deal reflects those market forces, exactly how I don't want to disclose. And secondly the improved economics kick in with this year's 2014 Oaks and Derby and we'll then increase further in future years. That's about as far as I really want to go on disclosing any of the details on that one.

In terms of sponsorships, I'm now aware of any of that we had renewed early but we have picked up a significant and still unnamed and unannounced sponsor for this Oaks and Derby in 2014 that will get back to you later.

<Q – Cameron McKnight – Wells Fargo Securities LLC>: Okay, great, thanks. And then to follow up, given the recent debt raise, several investors are asking about a potential acquisition strategy, and the use of proceeds. Could you give us some general thoughts on what you are seeing out there in terms of landscape for acquisitions?

<A – Bob Evans – Churchill Downs, Inc.>: Yeah. Nothing has really changed in our intent. We're still looking for attractive regional gaming properties. Our selection criteria hasn't changed. If we could do the same deal that we've previously done again over the next year or so, we'd be happy to do them assuming the valuations were the same. So we're still out there looking at everything. I think we see the entire deal flow and if we find them attractive properties, the right valuation, we've got the financial resources to act.

<Q – Cameron McKnight – Wells Fargo Securities LLC>: Great, thanks very much.

<A – Bob Evans – Churchill Downs, Inc.>: Welcome.

Operator: Thank you. Our next question comes from the line of Amit Kapoor of Gabelli & Company. Your line is open.

<Q – Amit Kapoor – Gabelli & Company, Inc.>: Good morning. Thank you. Could you provide us with an update on Illinois, specifically the Senate Bill that might see some light this year – this session in house? And then, any updates on Kentucky would be great, thank you.

<A – Bill Carstanjen – Churchill Downs, Inc.>: Hi, Amit. It's Bill Carstanjen. It's always a mistake to try to handicap how the legislature will behave over a session. But I would say both in the case of Kentucky and Illinois, we're getting now towards crunch time of the session. So I think as we try to read our cards as we head into this portion of both those legislative sessions, we have some cause to be optimistic but as is always the case our issues are wrapped up with other issues that are going on in the legislature that can affect us in ways that that are hard to predict right now. So our team is fully engaged, heavily engaged, optimistic and working hard in both those jurisdictions and that's probably the best I could say about where we're right now.

<Q – Amit Kapoor – Gabelli & Company, Inc.>: Thank you. Is the coalition in Kentucky Wins!, is that gaining greater traction from your vantage point? Do you think that's taking place?

<A – Bob Evans – Churchill Downs, Inc.>: Yes. Amit, this is Bob. I would say that's been a very pleasant area of success. The folks who are leading that are doing a terrific job. It has over 71,000 followers on Facebook, and just in the last couple of weeks has directed something in the order of 6,000 emails and 1,700 phone calls to Kentucky Legislators. So I think that's been a very effective tool for us. The one that really coordinate – communicates the key issue in Kentucky, at least, which is the – expanded gaming is something that's good for all of Kentucky, not just the horse racing industry. I think that point has been made and it has been driven home, and the support we have gotten around Kentucky Wins! I think validates that.

<Q – Amit Kapoor – Gabelli & Company, Inc.>: Thank you, and just on a separate note, can you talk about potential positive implications of the new video board in terms of visitation, visibility, and just attraction you expect on the track from this new edition? Thanks. That's all.

<A – Bob Evans – Churchill Downs, Inc.>: Okay. Well, we're pretty excited about this edition; it'll be the first racetrack anywhere that's done anything similar to this. It will also be the largest 4K resolution video board anywhere in the world as far as we know. We've been working pretty diligently on the programming for the four initial points of use which would be our opening night that's the Saturday before the Kentucky Derby weekend, which is when we will introduce the new video board, which is – we didn't actually name it this, it just become known as the Big Board. It will also be used the rest of Oaks and Derby weekend, obviously on Oaks and Derby days themselves and it will be used in a more traditional way thereafter.

We've engaged an outside company to help us with the programming. We have hours of programming here to provide and we've worked pretty diligently on the effort to attract sponsors. We've got one so far, and we probably will end up with a couple of others. My guess is, it'll be 2015 before we see a real pickup in sponsorship, because what I've learned about sponsors is they want to see what they're buying before they buy it, and at the moment the video board consists of four – or three 70-foot high metal towers. The board itself won't be installed for about another month. So it's kind of hard to show it to people at this point. We can sort of point to some construction and say that's where it's going to be. But I think once people see it, how big it is and what impact it has on the live crowd, I think there'll be a lot of general interest in it going forward.

<Q – Amit Kapoor – Gabelli & Company, Inc.>: Thank you.

<A – Bob Evans – Churchill Downs, Inc.>: Your welcome.

Operator: Thank you. Our next question comes from the line of Justin Sebastiano of Brean Capital. Your line is open.

<Q – Justin Sebastiano – Brean Capital LLC>: Thanks. Good morning, guys.

<A – Bob Evans – Churchill Downs, Inc.>: Good morning.

<Q – Justin Sebastiano – Brean Capital LLC>: As far as the renewal with NBC, did this happen sooner than you expected and if so what made you pull the trigger now?

<A – Bob Evans – Churchill Downs, Inc.>: I don't know that we had a specific expectation or a goal to get it done in 2014. It was just an opportunity that presented itself. We've had a great relationship with NBC, as we've a lot of open communication that's gone on between us. And the opportunity just presented itself, so we decided to go ahead and act on it. And it seemed like a good thing to do.

<Q – Justin Sebastiano – Brean Capital LLC>: Okay. And then as far as Illinois expansion, it seems like the gaining factor for the Governor was pension reform, seems like that has been cleared away. Are there any other issues that are in front of him or anything else he is raising now that would perhaps be a roadblock to gaming expansion in Illinois?

<A – Bill Carstanjen – Churchill Downs, Inc.>: Well, it's Bill Carstanjen again. With respect to the Governor, we're not aware of any new significant issues that have reared their head, but that doesn't mean that there won't be some that we haven't heard about or that just hasn't surfaced yet or that will come up later. I think one thing everybody will be watching during the remainder of the legislative cycle this time is just the Chicago Mayor, Rahm Emanuel and his pension concerns for the City of Chicago that might affect us in ways that are good or bad, it remains to be seen.

<Q – Justin Sebastiano – Brean Capital LLC>: Okay. And as far as Kentucky, can you give us your thoughts, or update on the Instant Racing. There's a recent developments there, can you maybe talk about that, and then also give us your thoughts on, are those games that you would place at Churchill Downs?

<A – Bill Carstanjen – Churchill Downs, Inc.>: So, a couple ideas on responding to that question, and if I don't quite give what you're after, just clarify further, but there's been a legal process going on with respect to instant racing machines or historical racing machines. So they're still winding their way through the court system and there hasn't been sort of a definitive ruling yet on legality, it's been pushed back down to the lower court to take another look at and review whether these machines are a legal form of gambling in the state. So what we've said for our company is we want all the ambiguities resolved by the courts before we would even seriously look at it, but we've also said in the past and we remain firmly of the belief based on what we've seen in the performance of these machines where they have been deployed down in the southern portion of the state and also at Ellis Park to the West. These machines may do okay in markets where there isn't a slot machine competition nearby, but we're very concerned, and remain concerned that in a competitive market like Louisville, where Churchill Downs Racetrack is located, these machines that aren't likely to fare well compared to full casino offerings including slot machines like we see lining our borders around near the Louisville market. So we're following the issues pretty closely, but it's hard to imagine at this point based on what we've seen that these issues – these machines are a real interest to us.

<Q – Justin Sebastiano – Brean Capital LLC>: Okay. That did answer the question. Is there any – as far as timing as to when the lower court will render a decision?

<A – Bill Carstanjen – Churchill Downs, Inc.>: Not as far as I'm aware.

<Q – Justin Sebastiano – Brean Capital LLC>: Okay. And then just lastly, you mentioned that MVG ramp up was slower than you would like but last week it seemed like you had a good win per unit. How far off your initial expectations did it perform, and then how is it performing now compared to where you thought it would be before it opened?

<A – Bill Carstanjen – Churchill Downs, Inc.>: It's Bill Carstanjen again. So we're really excited to get this open three months earlier than we originally planned to get it open below our originally expected budget. On the other hand, it didn't turn out to be a great thing to open it up in the middle of the weather cycle that we've been enduring. So that affected us as we got it open around mid to late December. Every week, it's been improving, Bill cited some of the factors or some of the data.

Every week, it is getting significantly better. In terms of where it is now compared to our internal projections, I'm not sure we disclosed those or do disclose those. But we're increasingly optimistic week to week and this isn't an improvement cycle that's tapered off yet. Every week, it seems to be moving significantly better.

<Q – Justin Sebastiano – Brean Capital LLC>: Okay, thanks guys.

<A – Bob Evans – Churchill Downs, Inc.>: You're welcome. Stephanie, any other questions?

Operator: We do have one more question from Steve Altebrando of Sidoti & Company. Your line is open.

<Q – Steve Altebrando – Sidoti & Co. LLC>: Hi guys. I think you mentioned in the script, some free play promotions not being that effective, wondering if you've since dialed back at all on that.

<A – Bill Mudd – Churchill Downs, Inc.>: Yes. That's correct and that's predominantly in our Mississippi property, Steve. And we have dialed those back pretty dramatically at the beginning of the year.

<Q – Steve Altebrando – Sidoti & Co. LLC>: Okay. And then in terms of – once again touching on the M&A environment, have you seen any change or multiples rising since the GLPI read has been out in the market?

<A – Bill Carstanjen – Churchill Downs, Inc.>: I think there's – it's Bill Carstanjen, I think there's been a lot of discussion in the M&A circles about the re-driving up of valuations, I don't know that we've really seen that yet that – there's been one transaction, maybe two, that's been done out there, but there's a lot of talk that over time they might drive up the acquisition prices. We'll have to see, not for sure that that will turn out to be the case. But there isn't really enough data yet to be particularly worried about that. We're not particularly worried about it at the moment.

<Q – Steve Altebrando – Sidoti & Co. LLC>: Okay. And then have you guys repurchased any shares since the authorization has been in effect?

<A – Bill Mudd – Churchill Downs, Inc.>: Not yet, Steve.

<Q – Steve Altebrando – Sidoti & Co. LLC>: Okay and then just last question is, assuming Kentucky legislation is not passed for gaming, just wanted to get your thoughts on capital deployment, obviously, with the high yield note being in place, it seems like you have a very significant liquidity and pretty overcapitalized at this point. Just wanted to get your updated thoughts on capital allocation?

<A – Bill Mudd – Churchill Downs, Inc.>: Yeah. Thanks, Steve. We – obviously we are – obviously pushing to get gaming in both Kentucky and Illinois, and that's our primary objective. If we don't get those, obviously we're continuing to look for opportunities to grow the company via acquisitions, but we also have the ability to buy back shares and pay dividend. So we look at all different ways to return capital to our shareholders.

<Q – Steve Altebrando – Sidoti & Co. LLC>: Okay, thank you.

Operator: Thank you. I'm showing no further questions at this time. I'd like to turn it back over to Mr. Bob Evans.

Robert L. Evans, Chairman & Chief Executive Officer

Okay. Thanks, [indiscernible] (0:36:55) good job. Thanks everyone for joining us. I hope we find the time together productive, hopefully the weather improves dramatically over the next few weeks and months. And we look forward to talking to you in another quarter. Thanks again.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect. Everyone have a great day.