



CHURCHILL DOWNS
I N C O R P O R A T E D

Brean Murray, Carret & Company
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Forward Looking Statements

In addition to historical facts or statements of current conditions, this document contains 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 discussion of additional information concerning factors that could cause our actual results of operation to differ materially from the forward-looking statements made in this presentation.

The information being provided today is as 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 in expectations.

CDI expressly does not adopt, endorse or provide comment upon any projections by analysts or projections contained in this presentation.

CDI: Racing, Gaming & Entertainment Delivered Onsite & Online

- I. Who we are & where we are located
- II. Growing Kentucky Derby “Week”
- III. Growing our Online business
- IV. Growing our Gaming portfolio
- V. Proven financial performance
- VI. Summary
- VII. Q&A

Diversified Racing, Gaming & Entertainment Company

TwinSpires.com

- Leading Online pari-mutuel wagering (“ADW”) company
- Youbet.com ops integrated in Q4 2010
- \$588 MM in 2010 handle
- \$406 MM in handle 1st half 2011

Harlow’s Casino Resort & Hotel

- Purchased Dec 2010
- 867 Slot Machines, 15 table games + Poker room
- 105 room attached hotel

Arlington Park

- 91 Live Days, \$576MM Handle
- 10 OTB’s

United Tote

- Provides pari-mutuel wagering IT infrastructure
- Processed >\$3B Wagers in 2010
- Mobile wagering development

Churchill Downs Race Track

- Home of the Kentucky Derby & Oaks since 1875
- Host of Breeders Cup Championships in 10 / 11
- 63 Live Days, \$623MM Handle

Bloodstock Research & Information Services

- The #1 source for Thoroughbred information

HRTV

- 24 hour horse racing channel
- 50% ownership with Magna Entertainment
- Access to over 70 tracks

Fair Grounds Race Course & Slots

- 626 Slot Machines, opened 2008
- 11 OTB’s, 700+ Video Poker Machines
- 79 Live Days, \$365MM Handle

Calder Casino & Race Course

- 1,196 Slot Machines, 29 Poker tables, opened Jan 2010
- 151 Live Days, \$600MM Handle



2010 - A Transformational Year



- Grand opening of \$80 million Calder Casino

1Q10



- Installed permanent lights at CDRT



- New Derby Week event launched

2Q10



- Record breaking Derby & Oaks
- Most watched in 21 years



- Finalized \$132 million Youbet.com acquisition

- Calder 15% gaming tax rate reduction takes effect 7/1

3Q10



- New 5 year TV agreement



- Hosted record 7th Breeders' Cup, set all time attendance & handle records

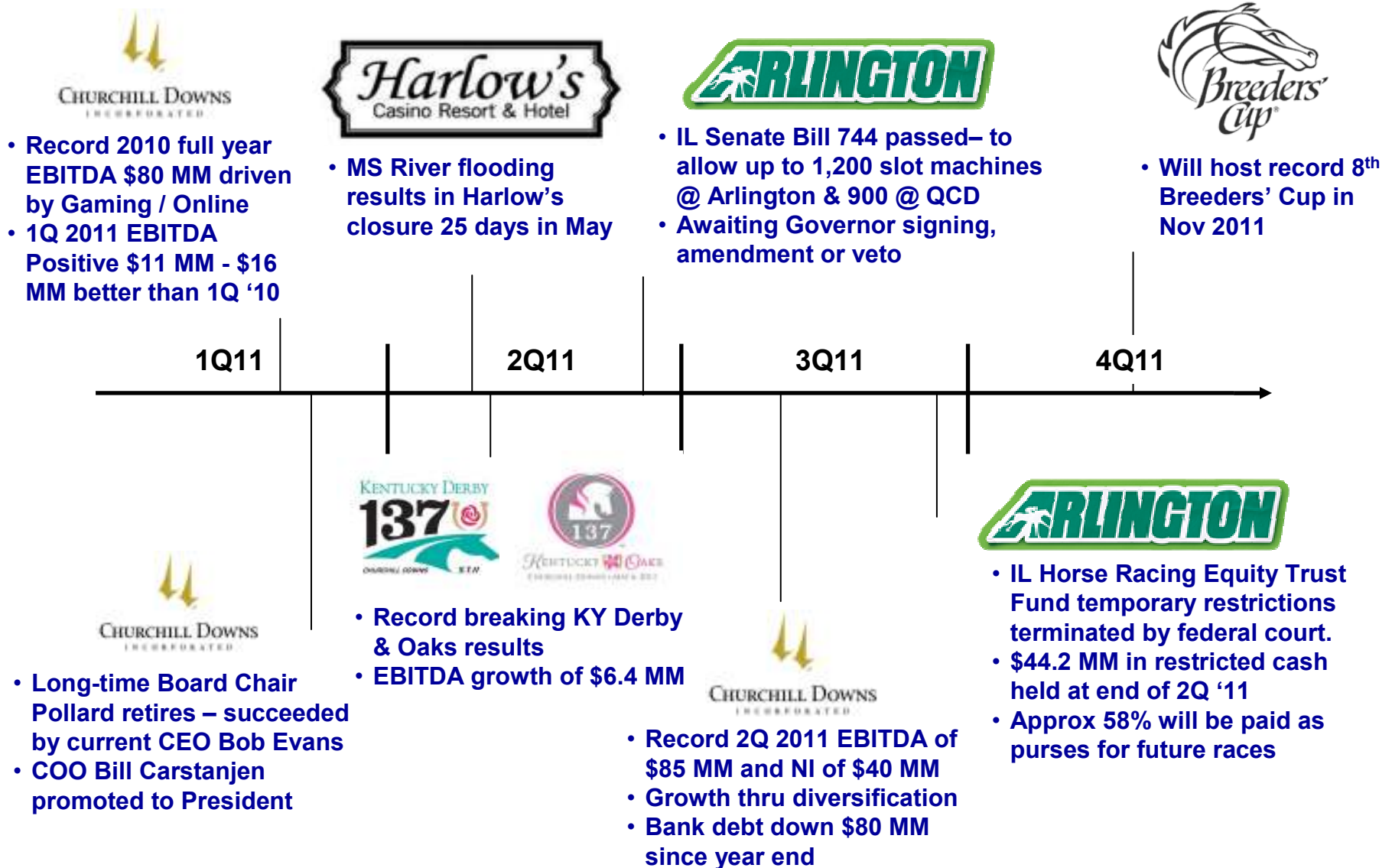
4Q10



- Acquired Harlow's Casino Resort & Hotel for \$140 million



2011 – Record numbers / Leadership team changes



2011 Kentucky Derby and Oaks by the Numbers



- ✓ Derby Week EBITDA sets a **new record**.....up \$6.4 million over 2010
- ✓ Derby attendance up 5.8% vs 2010...164,858 attendees (**new record** breaking the 100th anniversary mark from 1974)
- ✓ Derby Day wagering up 1.5%...\$165.2 million wagered
- ✓ Oaks attendance down 5.1% ...110,122 attendees (third-highest in history after 2010's record crowd)
- ✓ Oaks wagering up 4.2%...\$37.5 million wagered (**new record**)

The Derby has very diversified revenue streams

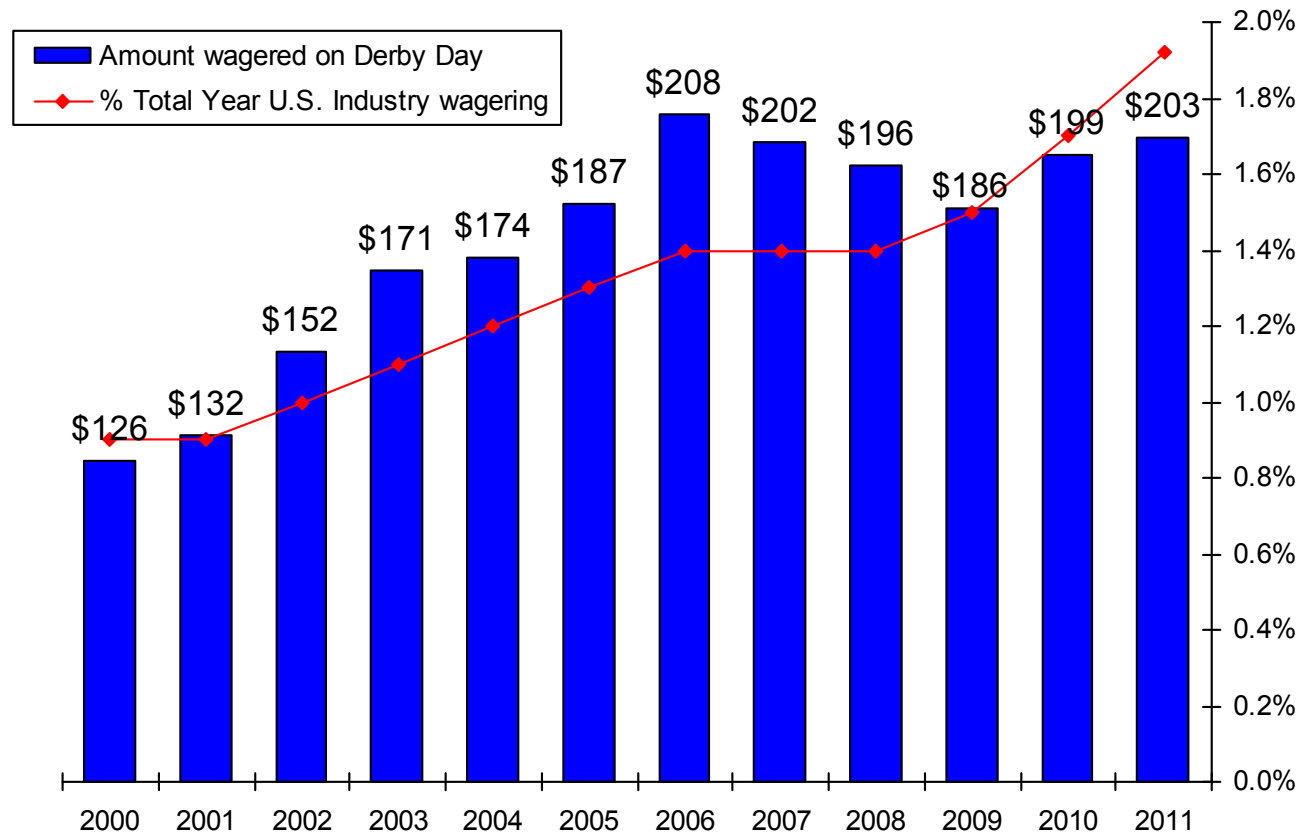
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|----------------|-------------------------|
| - Wagering | - Sponsorships |
| - Ticket Sales | - T.V. |
| - Parking | - Corporate Hospitality |
| - F&B | - Licensing |



Kentucky Derby & Oaks Wagering

Dollars in Millions

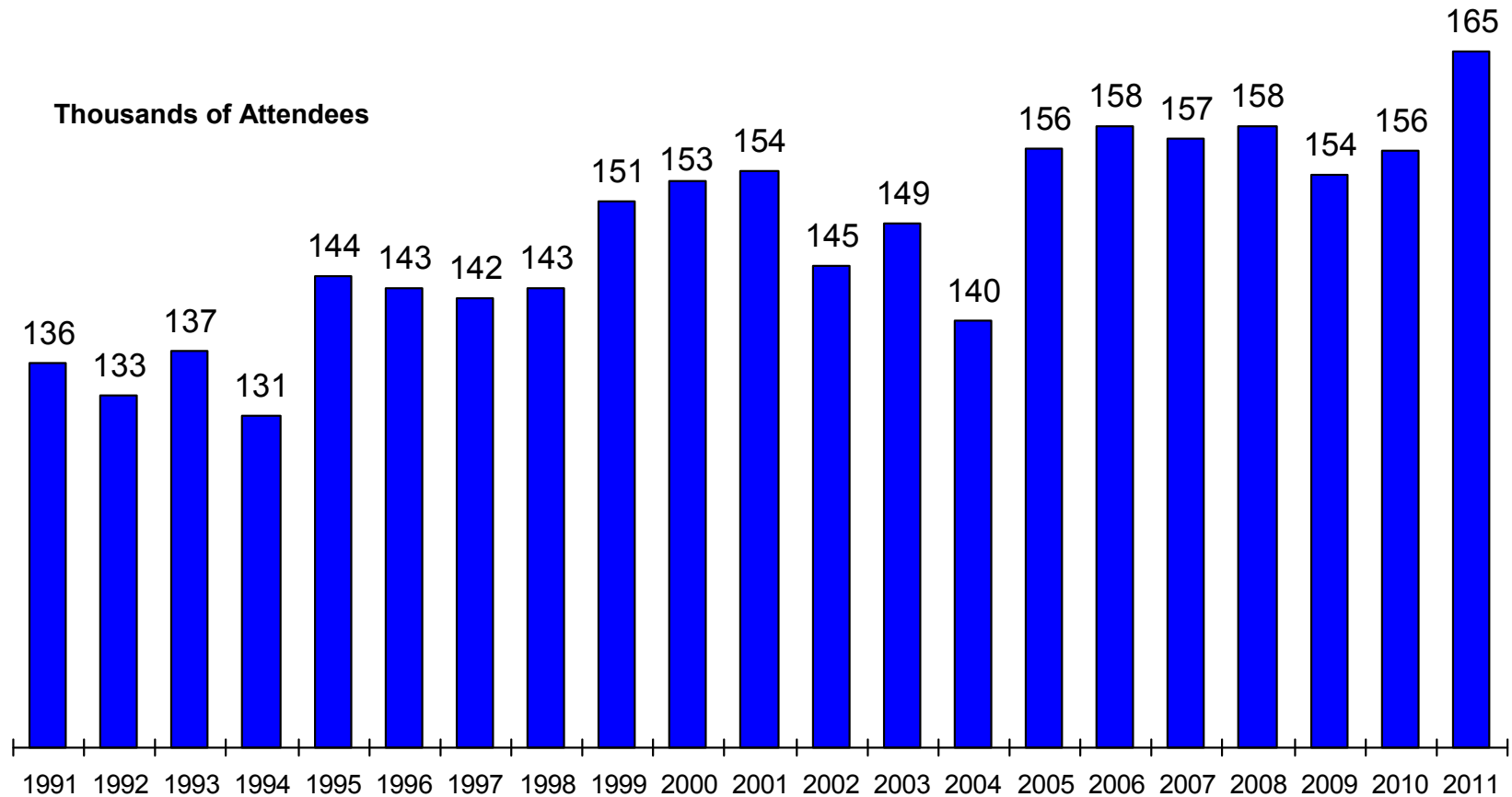
Wagering on Kentucky Derby Weekend continues to grow despite industry trends
- Two days, One track ... nearly 2.0% of annual U.S. Thoroughbred Handle



U.S. Industry Source: Equibase.com figures, 2011 extrapolated based on August 2011 YTD trend of -7.7%

Kentucky Derby Attendance

Attendance at all-time record level in 2011 despite economic realities
- Variability primarily driven by general admission which, in turn, is driven by weather



Growing Kentucky Derby "Week"



- Celebrity chefs serve signature tastes from racing markets with wine pairings
- Event nearly doubling in size from 2010 launch



- Red Carpet celebrity arrivals
- Expanded live coverage on Versus and NBC Sports
- All-time record crowd of 164,858

April 30

May 5

May 6

May 7

OPENING NIGHT

- First-ever night racing event to kick off Derby Week
- 38,142 – largest non-KY Derby, KY Oaks, Breeders Cup attendance
- Celebrities, Red Carpet, live music, fashion, fine dining



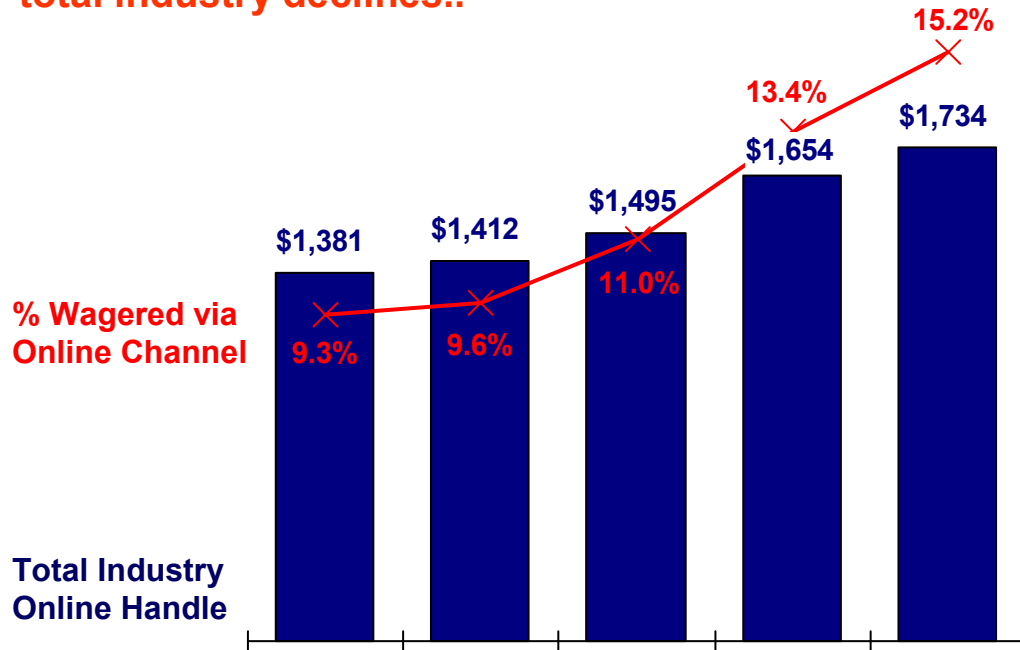
- Third annual PINK OUT
- Partnership with breast cancer charities
- Survivor's Parade
- Third-highest attended KY Oaks with 110,122
- Record wagering in 2011
- Live coverage on Versus
- \$1 million Oaks purse



Online should continue to grow

Dollars in Millions

The Online channel continues to grow despite total industry declines..



	2006	2007	2008	2009	2010
Industry growth	+2%	- %	(7)%	(10)%	(7)%
% Wagered On Track	11%	11%	11%	11%	11%
CDI Online Handle	N/A	\$87	\$234	\$329	\$588

Five year Industry Online CAGR of 5.9% despite a negative 6.3% total industry CAGR

- Only 15.2% of total wagers are via the Online channel
- ~11% of total wagers are On Track
- Room to grow...consider other industries:
 - USA travel booked online 40%
 - Digitally distributed music 38%
 - Digital home video 25%

CDI well positioned

- ✓ Youbet.com 2011 carryover will increase channel share
- ✓ Continue to drive share growth thru:
 - Best technology team, better innovation
 - Ability to offer integrated data
 - Customized rewards & marketing programs

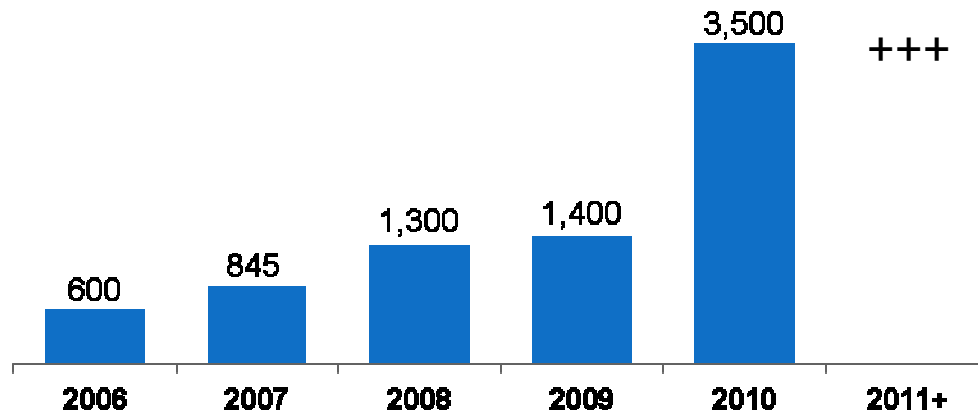
Source: U.S Industry from Equibase.com; Online handle from Oregon Racing Commission & Youbet.com SEC filings



- Travel industry figures per PhoCusWright, presentation at the ETC e-Business academy, Oct 2010
- Music distribution 2009 per PwC 11th annual edition of Global entertainment and media outlook
- Home video penetration figures from NPD Group 3/15/2011

Growing Our Onsite Entertainment

Number of Gaming Positions
(approximate, end of year)



- ✓ Fair Grounds permanent gaming facility opens October 2008 with 600 machines
- ✓ Calder Casino opens in January 2010 with ~1,200 machines and 29 poker tables
- ✓ Acquired Harlow's Resort & Casino in December, 2010
 - Our first non-racing casino
 - ~900 slots & 15 table games, 105 room hotel
- We will continue to grow in this market thru acquisition and building out owned properties (Arlington, Quad City Downs, Churchill Downs) where permitted

Note: Positions obtained from Form 10-K for periods indicated



Fair Grounds Race Course & Slots



Calder Casino & Race Course

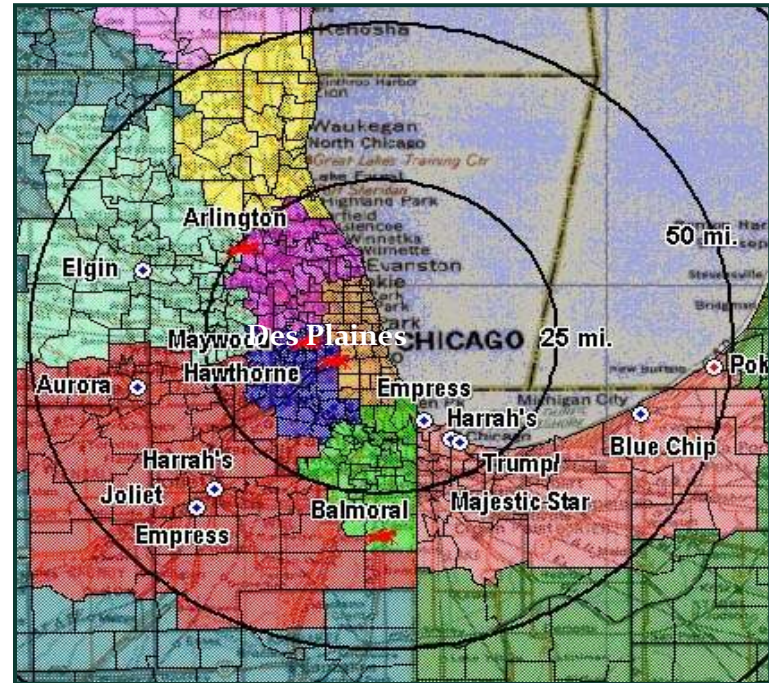


Harlow's Resort Casino & Hotel

Potential Growth Catalyst - Illinois Gaming

Gaming legislation (SB744) passed the IL legislature during Spring session (May 2011)...

- IL Senate President holding bill while attempting to gain support for passage before releasing to Governor Quinn to sign or veto
- Bill allows for Class III gaming at racetracks including
 - Arlington Park (1,200 machines)
 - Quad City Downs ("QCD") 900 machines
- Reasonable license, tax & purse structure under the proposed bill:
 - License fee of \$25,000 / machine @ Arlington, \$12,500 / machine @ QCD
 - Tax rate graduated starting at 10% with step ups based on volume to 40%
 - Purse structure from 12.75% to 26.50% based on adjusted gross receipts
 - Reconciliation payment after 4 years of operation at 75% of highest year AGR less purses and license fees paid

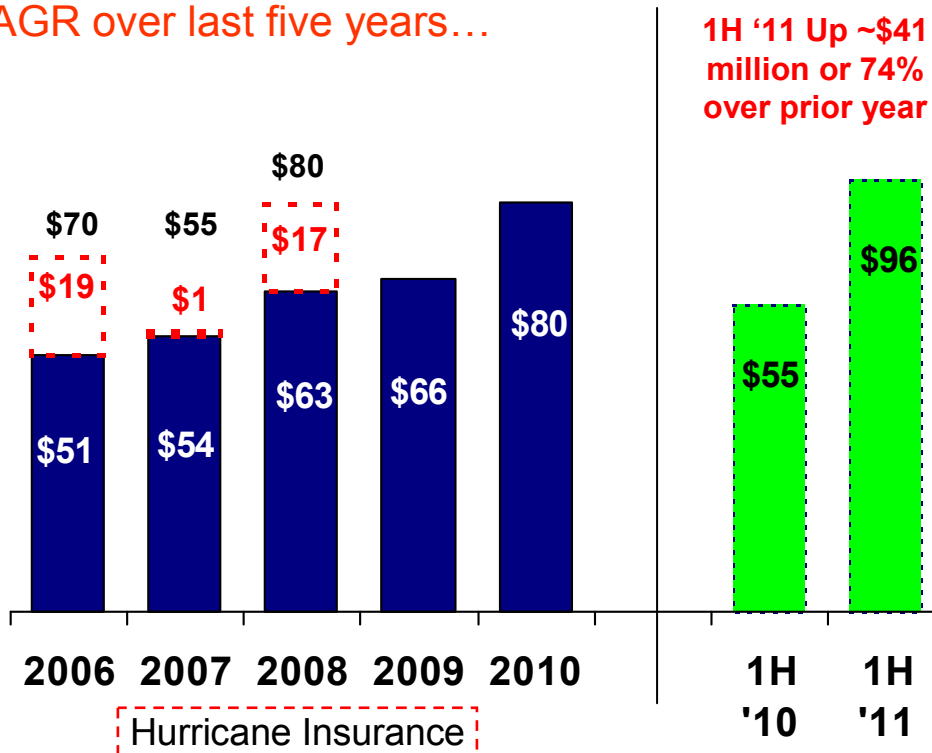


- ✓ Arlington is in an attractive location
 - Approximately 25 miles from downtown
 - Train station on the property
- ✓ A very competitive market
 - Des Plaines 9 miles away
 - Grand Victoria, Elgin 19 miles

Proven EBITDA Growth

Dollars in Millions

Diversification drives 12% growth CAGR over last five years...



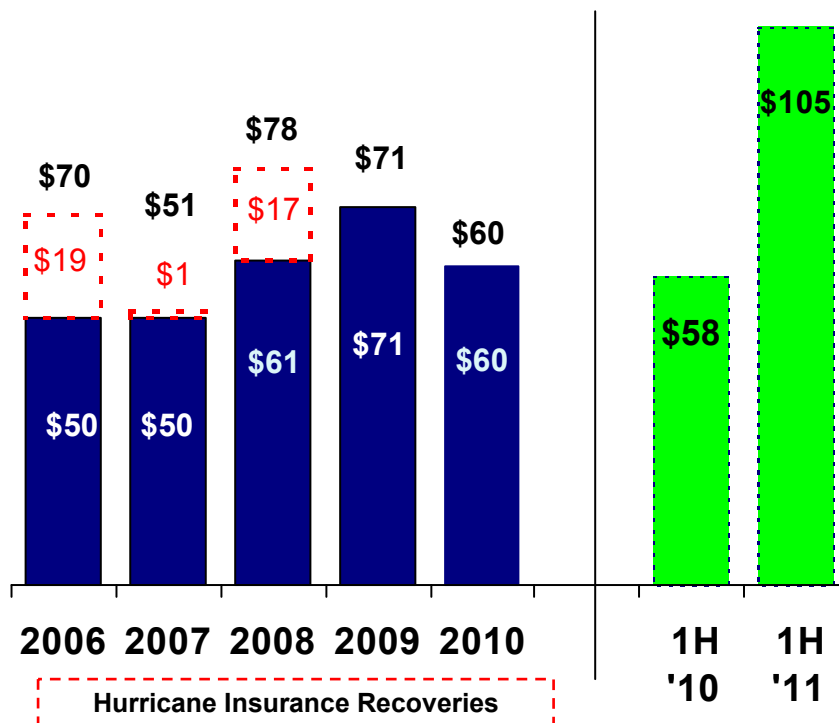
Record EBITDA in 2010 followed by record setting 2011 quarterly performances

- ✓ 2011 Derby Week EBITDA up \$6.4 MM over prior year after record setting 2010
- ✓ Gaming up 56% in 2010 on Calder Casino opening
 - Calder gaming tax rate reduced 15% on July 1, 2010
 - Harlow's acquired Dec 16, 2010
- ✓ Online up 23% in 2010 on TwinSpire organic growth & Yobet acquisition
 - \$12.4 million synergy savings
 - Anticipate that ADW channel share should continue to grow
- ✓ 1H 2011
 - EBITDA - \$41 MM improvement over 1H '10 EBITDA driven by acquisitions, Derby Week and organic growth
 - Online more than doubles to \$18.9 MM on Yobet acquisition
 - Gaming grows to \$30.3 MM (up 160%) on Harlow's acquisition and continued growth at Calder and Fair Grounds

Proven Cash Generation

Dollars in Millions

Cash provided by operating activities



Cash flow growth in 2011 allows for many options including acquisitions, debt repayment

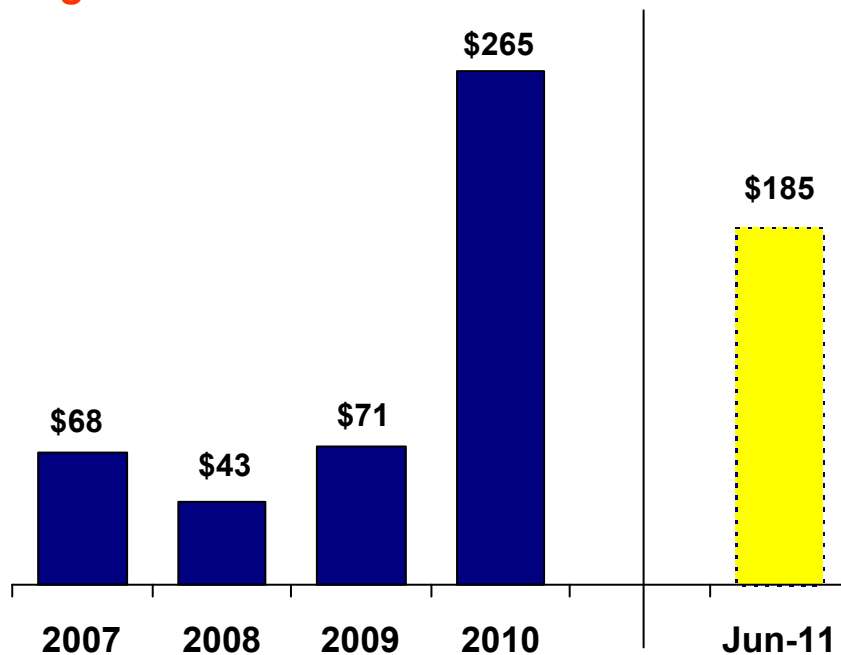
Very Strong Cash Generation...

- ✓ 2010 impacted by unusual items
 - Acquisition cost \$(3.9)
 - Youbet integration cost \$(4.4)
 - Equity compensation correction \$(1.4)
 - Tax overpayments of \$(9)
- ✓ 1H '11 cash flow increase driven by improved EBITDA from acquisitions, Derby Week, organic growth plus working capital improvements and tax refunds
- ✓ 2H '11 cash opportunities
 - Continued EBITDA improvements
 - \$2 in additional tax refunds from amended returns
 - \$8.5 from Centaur bankruptcy settlement
- ✓ Tax efficient acquisitions
 - Acquired NOLs of ~\$28 with Youbet.com
 - Harlow's asset acquisition structure allows intangible tax deductions ~\$36 over 15 years

Attractive Balance Sheet

Dollars/Shares in Millions
(except CFOA/diluted common share)

Long Term Debt ^{-c)}



	Gaming Industry ^{-a)}	Churchill Downs, Inc. ^{-b)}
Total Debt / EBITDA (LTM)	5.7 x	1.5 x
EBITDA / Interest (LTM)	3.0 x	20.0 x

(a – Gaming industry peer group comprised of PENN, BYD, ASCA, ISLE, PNK
Source: Company filings and Factset

(b – Does not include pro-forma credit for acquisition EBITDA of Youbet and Harlow's

(c – Excludes convertible note payable, related party



Very Strong Balance Sheet...

- ✓ Long term debt increased \$194 in 2010 to build Calder Casino, acquire Youbet.com & Harlow's
- ✓ Debt reduction on free cash flow during 2011, reduced \$80 to \$185 in 1H '11
- ✓ Amended and expanded credit facility in 2010 to \$375 million ... very low interest cost on current debt at L + 1.875% (~2.1% total)
- ✓ Leverage and coverage ratios still among industry best after 2010 actions
 - Continues to improve on '11 growth + cash generation
 - Ability to do more meaningful acquisitions
- ✓ Cash flow values backstopped with hard assets/real estate
 - 336 acres in Arlington Heights, IL
 - 231 acres in Miami Gardens, FL
 - 147 acres in Louisville, KY
 - 145 acres in New Orleans, LA

Summary

- CDI is a diversified regional operator of racing, gaming and online businesses
- The Kentucky Derby Franchise as strong as ever
- Online should continue to grow
- Focused on growing our gaming assets
- Proven record of EBITDA growth, strong balance sheet
- Proven management team with a proven track record

Questions?