

Gaming, Lodging, Leisure, Restaurants Conference  
Credit Suisse  
New York, NY

Prepared For: Investor Relations (NASDAQ: CHDN)

*August 6, 2014*

Mike Anderson, VP Finance & IR / Treasurer

## Forward-Looking Statements

*This document contains various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Private Securities Litigation Reform Act of 1995 (the “Act”) provides certain “safe harbor” provisions for forward-looking statements. All forward-looking statements are made pursuant to the Act.*

*The reader is cautioned that such forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. Forward-looking statements are typically identified by the use of terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “hope,” “should,” “will,” and similar words, although some forward-looking statements are expressed differently. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct.*

## Forward-Looking Statements (cont'd)

*Important factors that could cause actual results to differ materially from expectations include: the effect of global economic conditions, including any disruptions in the credit markets; a decrease in consumers' discretionary income; the effect (including possible increases in the cost of doing business) resulting from future war and terrorist activities or political uncertainties; the overall economic environment; the impact of increasing insurance costs; the impact of interest rate fluctuations; the effect of any change in our accounting policies or practices; the financial performance of our racing operations; the impact of gaming competition (including lotteries, online gaming and riverboat, cruise ship and land-based casinos) and other sports and entertainment options in the markets in which we operate; our ability to maintain racing and gaming licenses to conduct our businesses; the impact of live racing day competition with other Florida, Illinois and Louisiana racetracks within those respective markets; the impact of higher purses and other incentives in states that compete with our racetracks; costs associated with our efforts in support of alternative gaming initiatives; costs associated with customer relationship management initiatives; a substantial change in law or regulations affecting pari-mutuel and gaming activities; a substantial change in allocation of live racing days; changes in Kentucky, Florida, Illinois or Louisiana law or regulations that impact revenues or costs of racing operations in those states; the presence of wagering and gaming operations at other states' racetracks and casinos near our operations; our continued ability to effectively compete for the country's horses and trainers necessary to achieve full field horse races; our continued ability to grow our share of the interstate simulcast market and obtain the consents of horsemen's groups to interstate simulcasting; our ability to enter into agreements with other industry constituents for the purchase and sale of racing content for wagering purposes; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to successfully complete any divestiture transaction; market reaction to our expansion projects; the inability of our totalisator company, United Tote, to maintain its processes accurately, keep its technology current or maintain its significant customers; our accountability for environmental contamination; the ability of our online business to prevent security breaches within its online technologies; the loss of key personnel; the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses (including losses related to business interruption); our ability to integrate any businesses we acquire into our existing operations, including our ability to maintain revenues at historic levels and achieve anticipated cost savings; the impact of wagering laws, including changes in laws or enforcement of those laws by regulatory agencies; the outcome of pending or threatened litigation; changes in our relationships with horsemen's groups and their memberships; our ability to reach agreement with horsemen's groups on future purse and other agreements (including, without limiting, agreements on sharing of revenues from gaming and advance deposit wagering); the effect of claims of third parties to intellectual property rights; and the volatility of our stock price.*

## Key investment highlights

### Diversified business model

- Iconic Kentucky Derby & Oaks Brands continue to set all-time records
- ~6,800 gaming positions at six casinos (including Ohio 50% JV) and 10 OTBs
- Largest legal Online gaming platform in the U.S. showing organic growth

### Proven management team

- Diverse backgrounds with multi-industry, technology and international experience
- Proven record of disciplined capital allocation, revenue & earnings growth

### Organic growth opportunities

- Kentucky Derby & Oaks - new seating, sponsors, long-term TV contract thru 2025, pricing and 15,224 sq. ft. mega 4K video board drive growth options
- Opened Miami Valley Gaming JV with partner, Delaware North in December 2013
- Options on gaming expansion at existing properties in Illinois and Kentucky
- Partnership with Saratoga Harness Racing to bid on New York casino license in Capital region
- Pending purchase of equity stake of Saratoga Harness Racing, management agreement in NY, CO
- Further expansion into other forms of l-gaming as states liberalize laws

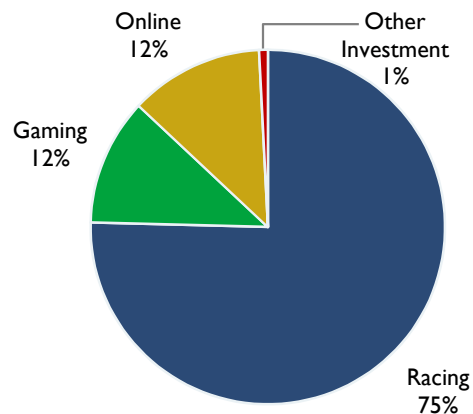
### Strong Financial Performance & Balance Sheet

- 5 Year Revenue & Adjusted EBITDA CAGR of 11% and 21%, respectively
- Pristine balance sheet backstopped with valuable real estate in IL and FL
- Disciplined maintenance capital spending combined with strong free cash flow generation
- Leverage of ~1.9x<sup>1</sup>

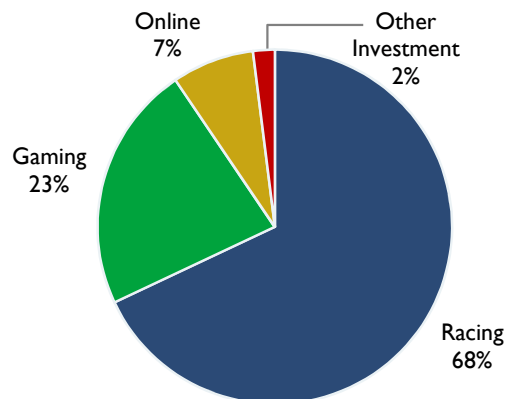
<sup>1</sup> Based on LTM Adjusted EBITDA as of 6/30/14

## Churchill Downs has diversified its business model...

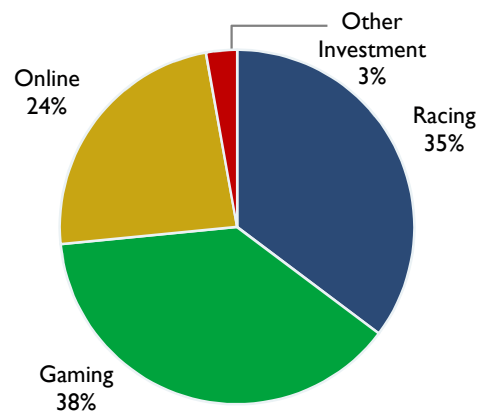
2008 Revenue by business unit



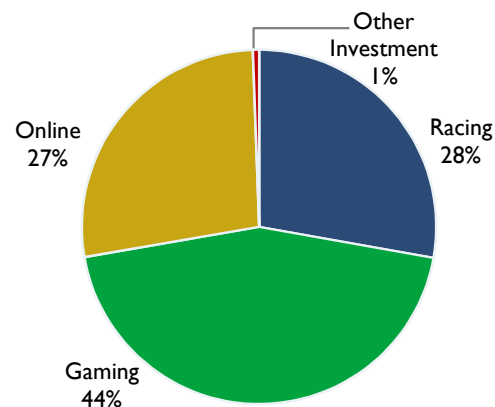
2008 Adj. EBITDA by business unit



2013 Revenue by business unit



2013 Adj. EBITDA by business unit



□ Churchill has significantly diversified its revenue mix through acquisitions in the gaming and online business units

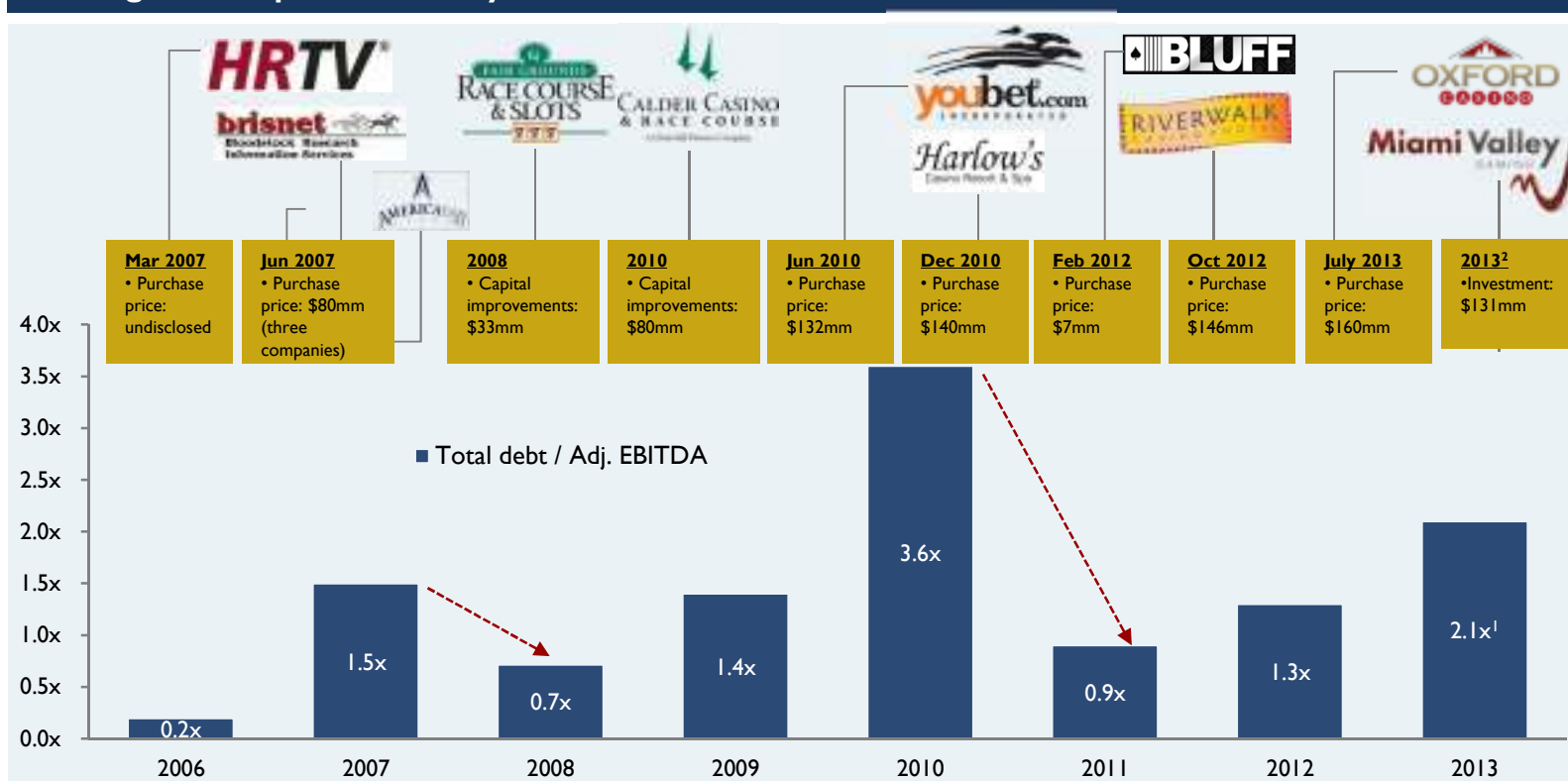
□ The acquisition of Oxford Casino and the opening of Miami Valley Gaming (MVG)

□ Further liberalization of state online gaming laws could add meaningful diversification into online poker and casino games

Source: Company filings  
Note: Revenues exclude eliminations and Adj. EBITDA excludes Corporate

...driven by successfully investing nearly \$900 million since 2007

### Leverage and acquisition history



Source: Company filings

<sup>1</sup> Leverage based on 2013 Adjusted EBITDA of \$176.2 mm (Excludes pro-forma impact of run-rate full-year Oxford EBITDA of \$20.1mm)

<sup>2</sup> Miami Valley Gaming investment reflects 50% of the projected joint venture cost of \$262mm with Delaware North Companies; Project-to-date Churchill investment of \$97mm

□ Churchill has built one of the most diversified gaming platforms in the U.S. through strategic acquisitions

□ Its track record of quickly deleveraging following transactions speaks to the Company's conservative capital allocation and leverage strategy

## Churchill Downs has an experienced management team

### Bob Evans, Chairman & CEO



- ❑ CEO since 2006
- ❑ Diverse background – strategy consulting, software, private equity
- ❑ Technology-focused
- ❑ Led CDI's diversified growth strategy
- ❑ Long time commercial breeder and racehorse owner
- ❑ B.A. in Economics; M.A. in Quantitative Economics

### Bill Mudd, EVP & CFO



- ❑ CFO since 2007
- ❑ 15 year multi-industry, multi-business background with GE
- ❑ International experience
- ❑ Leads strategic, finance and development teams
- ❑ Former Captain in the U.S. Army Reserves
- ❑ B.A. in Mathematics; M.B.A

### Bill Carstanjen, President & COO



- ❑ President and COO, ~9 years with CDI
- ❑ M&A background with Cravath, Swaine & Moore LLP and GE
- ❑ Previously led legal and development teams
- ❑ Formerly with GE Capital
- ❑ Columbia Law School

### Alan Tse, EVP & General Counsel



- ❑ General Counsel since 2011
- ❑ Oversees all legal, corporate governance and compliance
- ❑ Former GC for LG Electronics MobileComm USA
- ❑ Background in technology-focused industries
- ❑ Harvard Law School

## Growth opportunities provide significant upside



- ✓ **Derby and Oaks**
  - ❑ High-end seating expansion and amenities funded through cash flow
  - ❑ Renegotiation of presenting sponsor in 2015
  - ❑ Recent media sponsorship renewal (NBC) through 2025
- ✓ **Ohio Joint Venture**
  - ❑ Opened December 12, 2013
  - ❑ Attractive location off I-75 just north of Cincinnati, south of Dayton
- ✓ **Kentucky gaming (Churchill Downs Racetrack)**
  - ❑ Gaming expansion bills introduced in 2014 legislative session seeking public referendum, session ended without consideration, positioning for 2015 and 2016
  - ❑ Louisville has established gaming market feeding Southern Indiana properties
- ✓ **Illinois Gaming (Arlington Park)**
  - ❑ Gaming bills passed in two prior legislative sessions, but Governor vetoed both
  - ❑ Continuing to work on a gaming bill that will be signed by the Governor
- ✓ **New York Gaming**
  - ❑ Partnership with Saratoga Harness (SH) for JV bid on casino in Capital Region
  - ❑ Pending deal for purchase of 25% stake in SH, management agreement
- ✓ **Internet and mobile gaming**
  - ❑ Positioning Bluff brand and developing an online gaming platform



## Churchill Downs is more than a regional gaming company

*We are a diversified Gaming, Online, & Racing Entertainment Company*



1	Gaming			
(\$ millions)	2012A	2013A	1H'14	
Net Revenues (a-	\$223	\$297	\$169	
Adj. EBITDA (a-	\$64	\$80	\$53	
Adj. EBITDA Margin	29%	27%	32%	

- Consists of 6 existing operations with ~5,650 slots, 54 tables, 185 hotel rooms, & ~770 video poker machines
- Acquired Riverwalk Casino in mid-Oct 2012
- Acquired Oxford Casino in Maine for approx. \$160 mil. on July 17, 2013
- Developed and opened a \$262 mil. Racing & Gaming facility as part of 50/50 JV near Lebanon, OH – Miami Valley Gaming opened December 12, 2013

(a- In 2014, Adj. EBITDA includes 50% share of MVGR's operating income, MVGR net revenues not consolidated



2	Online Business			
(\$ millions)	2012A	2013A	1H'14	
Net Revenues	\$183	\$185	\$103	
Adj. EBITDA	\$45	\$49	\$24	
Adj. EBITDA Margin	24%	27%	23%	

- Consist of Twinspires.com, the largest legal Online gaming platform in the U.S. (pari-mutuel wagering "ADW" company)
- \$869 mil. in wagering "handle" in 2013; up +1% Y/Y; organic growth offset by loss of IL handle in 1H 2013 and TX handle in 4Q 2013
- Segment also includes Luckcity.com, equity investment in HRTV, BRIS and Velocity– high volume int'l customer focus
- Positioned to participate in Online Poker if legalized with the Bluff brand



3	Racing			
(\$ millions)	2012A	2013A	1H'14	
Net Revenues	\$302	\$274	\$190	
Adj. EBITDA	\$54	\$50	\$68	
Adj. EBITDA Margin	18%	18%	36%	

- Consists of 4 race tracks that conducted 374 days of live racing in 2013, 206 live racing days in 1H '14
- In July '14, finalized deal to lease FL racing to Stronach Group through 2020
- Includes longest continuously held annual sporting event in the U.S., the "Kentucky Derby", 140 consecutive years
- Growth driven by Oaks & Derby innovations, new seating venues, media rights, sponsorships and productivity ("cost out") initiatives

## New York gaming option, equity investment provides upside

*NY partnership adds greenfield gaming opportunity / Management contracts & equity purchase pending*

- ❑ On May 13, 2014, CDI announced a partnership (50/50 JV) with Saratoga Harness Racing Inc. ("Saratoga") to bid for a casino license in the Capital Region in New York
  - Churchill will manage the facility if winning bidder
- ❑ Approximately \$330 million proposed investment
  - Includes \$50 mil. License fee, capitalized interest and chase costs
  - Located in Town of East Greenbush – in close proximity to Albany, NY
  - Proposed ~100-room resort style hotel plus several dining, entertainment and retail venues
- ❑ License application was submitted timely to NY State Commission by June 30, 2014 deadline, with licenses expected to be awarded in late 2014
- ❑ On July 30, 2014, CDI announced the execution of a binding term sheet with Saratoga which will allow CDI
  - 5-yr management contract to manage Saratoga casinos in NY (Saratoga) and CO (Black Hawk)
  - Purchase 25% equity stake in Saratoga
- ❑ Once agreement is finalized, management contracts will become effective when CDI obtains necessary state licenses and regulatory approvals



  
**CAPITAL VIEW**  
CASINO & RESORT



CHURCHILL DOWNS  
INCORPORATED

## Calder Racing lease arrangement resolves conflict, FL Gaming intact

*Agreement with TSG removes long-term headwind with Calder Racing, provides for HRTV investment exit*

- ❑ During 2013, Calder and Gulfstream Park began conducting concurrent live thoroughbred racing which resulted in direct competition for on-track handle, intrastate & interstate simulcasting and for racehorses in South Florida. This negatively affected Calder's ability to achieve full fields for races and to generate handle on live racing.
- ❑ On July 1, 2014, CDI finalized a lease agreement allowing The Stronach Group ("TSG") to operate live racing and maintain certain facilities used for racing and training at our Calder Race Course located in Florida
- ❑ Agreement / operating lease will provide for:
  - TSG to run at least the minimum number of live race days at Calder required by Florida law under Calder's racing permits
  - Operate and maintain Calder's racetrack, portion of the barns including 430 stalls, certain racing and training facilities
  - Lease will be in effect through end of 2020
  - TSG will bear all costs and earn all revenues associated with racing at Calder
  - Simulcast and account wagering contracts extended for the term of the deal
  - Amended purse agreement reducing the rate of overnight purse supplements payable by Calder Casino from 12 percent of slot machine revenue to 10 percent
  - Remaining HRTV equity interest to be sold to TSG in early 2015
- ❑ Agreement is viewed as positive for customers, South FL horsemen, TSG and CDI – expect improved Racing Operations results over next 12 months
- ❑ Anticipated \$2 million in severance and other benefit costs during the 3<sup>rd</sup> quarter of 2014

## We are geographically diversified



Note: TwinSpires allows residents of 37 states to register and place online horseracing bets

## Gaming: Our properties are relatively new and in mature markets

*Growing our Gaming Business thru development and acquisitions*

### Calder Casino

- Greenfield construction at the Calder Race Course racetrack, opened January 2010
- Located in Miami Gardens Florida, near Sun Life Stadium
- 1,120 Slot Machines
- 29 Poker Tables (ceased poker room operations 6/30/14)



### Harlow's Casino Resort & Spa

- Acquired in December 2010 for \$140mm
- Located in Greenville, MS
- 750 Slot Machines
- 13 table games
- 105-room attached hotel (50% rooms renovated in 2012)
- \$15 million in renovations grand opening of new amenities in January 2013



### Oxford Casino

- Acquired in July 2013 for \$160mm
- Located in Oxford, ME
- 860 slot machines
- 26 table games
- Recent \$3.2 million investment which expanded gaming floor with more table games and slot machines



### Fair Grounds Slots & Video Poker

- Greenfield construction at the Fair Grounds Race Course racetrack, opened November 2008
- Located in New Orleans, LA
- 620 slot machines
- 10 Off Track Betting facilities operate ~770 Video Poker Machines



### Riverwalk Casino Hotel

- Acquired in October 2012 for \$146mm
- Located in Vicksburg, MS
- 700 slot machines
- 15 table games
- Five-story, 80-room attached hotel



### Miami Valley Gaming

- Joint Venture with Delaware North Companies
- Located in Lebanon, OH (formerly Lebanon Raceway)
- \$272mm total investment split (50/50)
- 1,600 slot machines
- Opened December 12, 2013

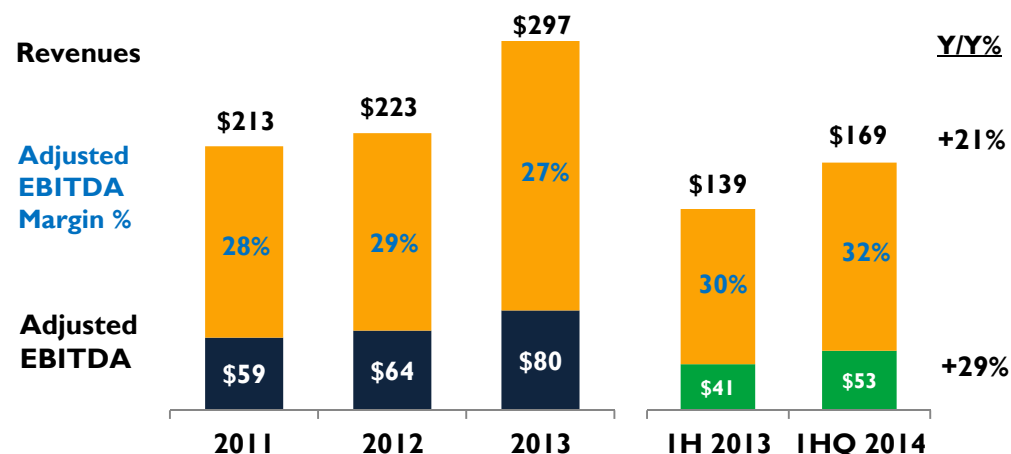




## Gaming Adj. EBITDA growth driven by greenfield development & acquisitions

Acquisition & development focused on ROI

(\$ in millions)

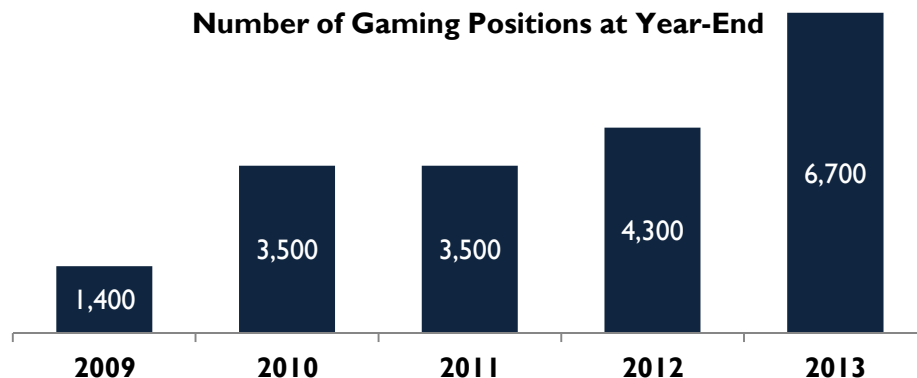


□ IH Revenue and Adj. EBITDA growth driven by Oxford Casino acquisition. Ohio JV – Miami Valley Gaming - helps drive Adj. EBITDA growth (unconsolidated equity investment)

□ Gaming assets are still relatively “young” which require less maintenance-related cap-ex, oldest gaming asset less than 8 years old (avg. age of just over 4 years)

- Fair Grounds Slots greenfield opened Oct 2008
- Calder Casino greenfield opened Jan 2010
- Harlow's Casino Resort & Spa acquired in Dec 2010 – originally opened Nov 2007, with major renovation in 2013
- Riverwalk Casino Hotel acquired in Oct 2012 – originally opened Oct 2008
- Oxford Casino acquired in July 2013 – originally opened June 2012, with major additions in Oct 2012 and Dec 2013
- Miami Valley Gaming - \$272 mil. Gaming & racing greenfield facility between Cincinnati and Dayton OH opened Dec 12, 2013 (50% JV with Delaware North)

### Number of Gaming Positions at Year-End



Note: positions as indicated in the 10-K for 2009-2013.

## New Miami Valley Gaming joint venture opened December 12, 2013

*Partnered with Delaware North on a \$262 million development in an attractive gaming market*

- ❑ 1Q 2012 – announced a Joint Venture (“JV”) with Delaware North Companies (“DNC”) to purchase Lebanon Raceway license in Ohio to develop a new Video Lottery Terminal (“VLT”) facility and harness racetrack
- ❑ JV closed on the purchase of Lebanon Raceway on December 21, 2012; Construction began in early 2013 on a new gaming & racing facility located near exit 29 off I-75 between Cincinnati and Dayton, opened December 12, 2013
- ❑ \$262 mil. total investment split evenly (50/50) with partner, DNC
  - \$60 mil. purchase price includes \$10 mil. cash (paid in Dec 2012) and \$50 mil. sellers note (with 6 year payback schedule beginning with 1<sup>st</sup> coin drop) - plus \$10 mil. contingent payment to sellers based on performance
  - \$50 mil. license fee includes 3 installments - \$10 mil. upon license approval (paid in Dec 2012), \$15 mil. upon first coin drop (paid in Dec 2013) and \$25 mil. on 1-year anniversary of first coin drop (due Dec 2014)
  - \$152 mil. construction cost of gaming & racing facility including cost of VLT machines
- ❑ 1H 2014 Property-level Net Win per unit of \$210, generated Adjusted EBITDA of \$18.8 million



## Kentucky & Illinois gaming expansion provides significant upside opportunity

*Legislative debates in both states expected to continue in future sessions*

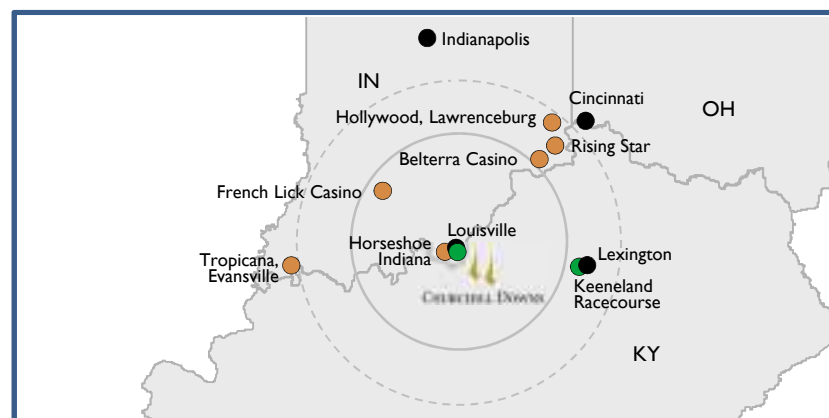
### Kentucky

- The Kentucky Constitution requires the Kentucky General Assembly pass a Constitutional Amendment with 60% approval in both the House & Senate
- Three constitutional amendments plus enabling language allowing for gaming expansion in Kentucky were filed during the 2014 legislative session. Session ended on April 15, 2014, without consideration of the legislation
- Gaming expansion likely to be topic in future legislative sessions in 2015 and 2016
- Spectrum gaming released a study dated January 17, 2012 showing Churchill Downs location annual revenues could exceed \$250 million (Horseshoe Southern Indiana produces ~\$270 million)

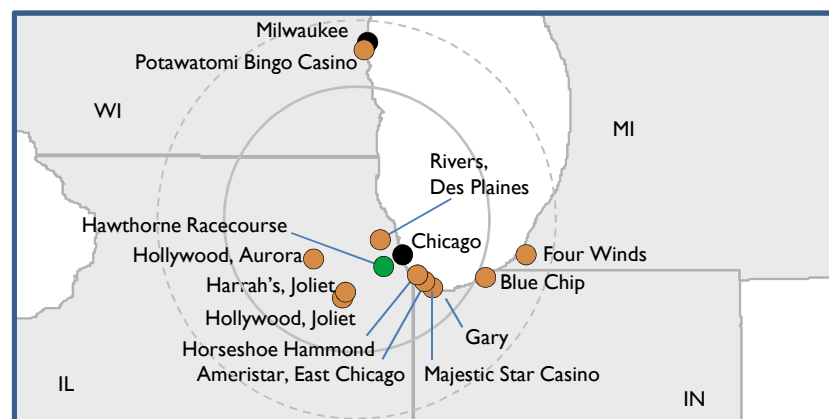
### Illinois

- Attractive location – Arlington Heights is a suburb of Chicago, the commercial hub of the Midwest and 3<sup>rd</sup> largest metro area in U.S.
- Illinois Senate passed latest version of gaming expansion, SB 1739, in May 2013, sponsored by Sen. Terry Link
- SB 1739 would allow 5 new casinos, including one in Chicago and permit slot machines at racetracks, including 1,200 at Arlington Park
- The IL legislature is currently in adjournment until Nov. veto session. SB 1739 remains pending in the Illinois House, and could see action during the fall segment of the 2014 legislative session. Gaming expansion likely will continue to be a topic of discussion with legislators

### Regional overview – KY & IL



● Casinos ● Race Course ● Major Cities ○ 60 miles radius ○ 90 miles radius

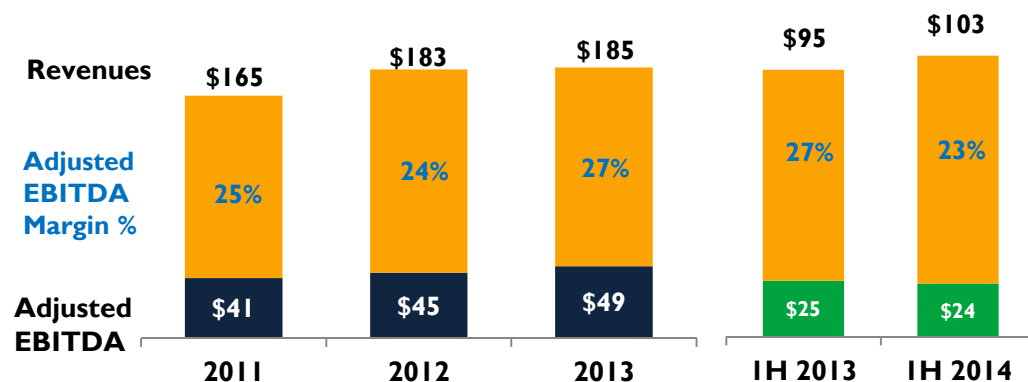




## Online Business has grown organically as customers shift wagering behavior

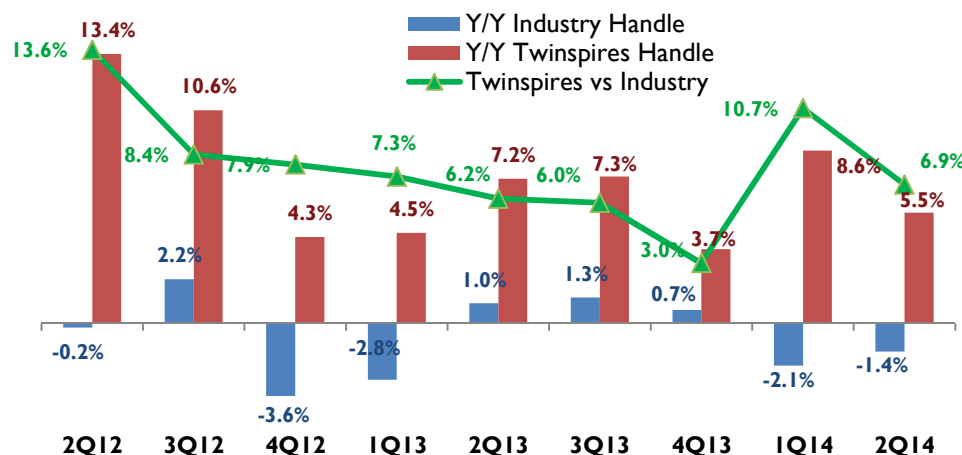
*The Online channel is growing despite industry flattening*

(\$ in millions)

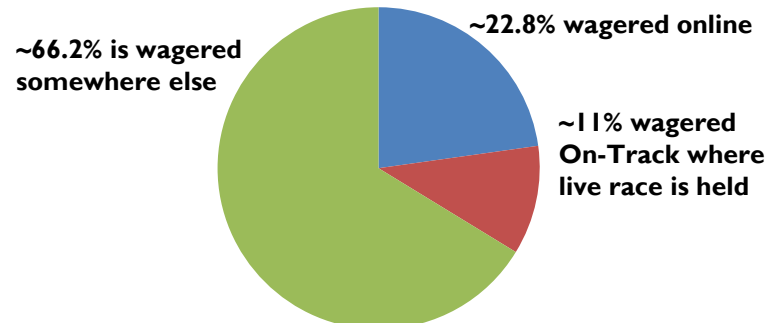


- Y/Y%**
- Online wagering has grown ~3% to ~14% faster than the industry, as customers continue to shift wagering channels due to convenience, accessibility & ease of use
  - +8%** IH margin pressure driven by loss of Texas customer wagering and new regulatory taxes in certain states
  - In 1H 2013, Twinspires.com stopped taking wagers from IL customers as online wagering legislation expired. Resumed wagering in IL on June 7, 2013 after new bill passed to allow online wagering (thru Jan 2017)
  - (5)%** In Sept 2013, Twinspires.com stopped taking wagers from TX customers as court ruling upheld a TX law requiring all wagering in person at a TX racetrack, currently appealing court ruling
  - Excluding impact of IL and TX lost handle, total CDI online handle grew 6.9% in 1H 2014 and 6.2% in 2013

### Twinspires.com Handle Growth compared to U.S. Industry Growth



### LTM Dec 2013 Wagering by Location



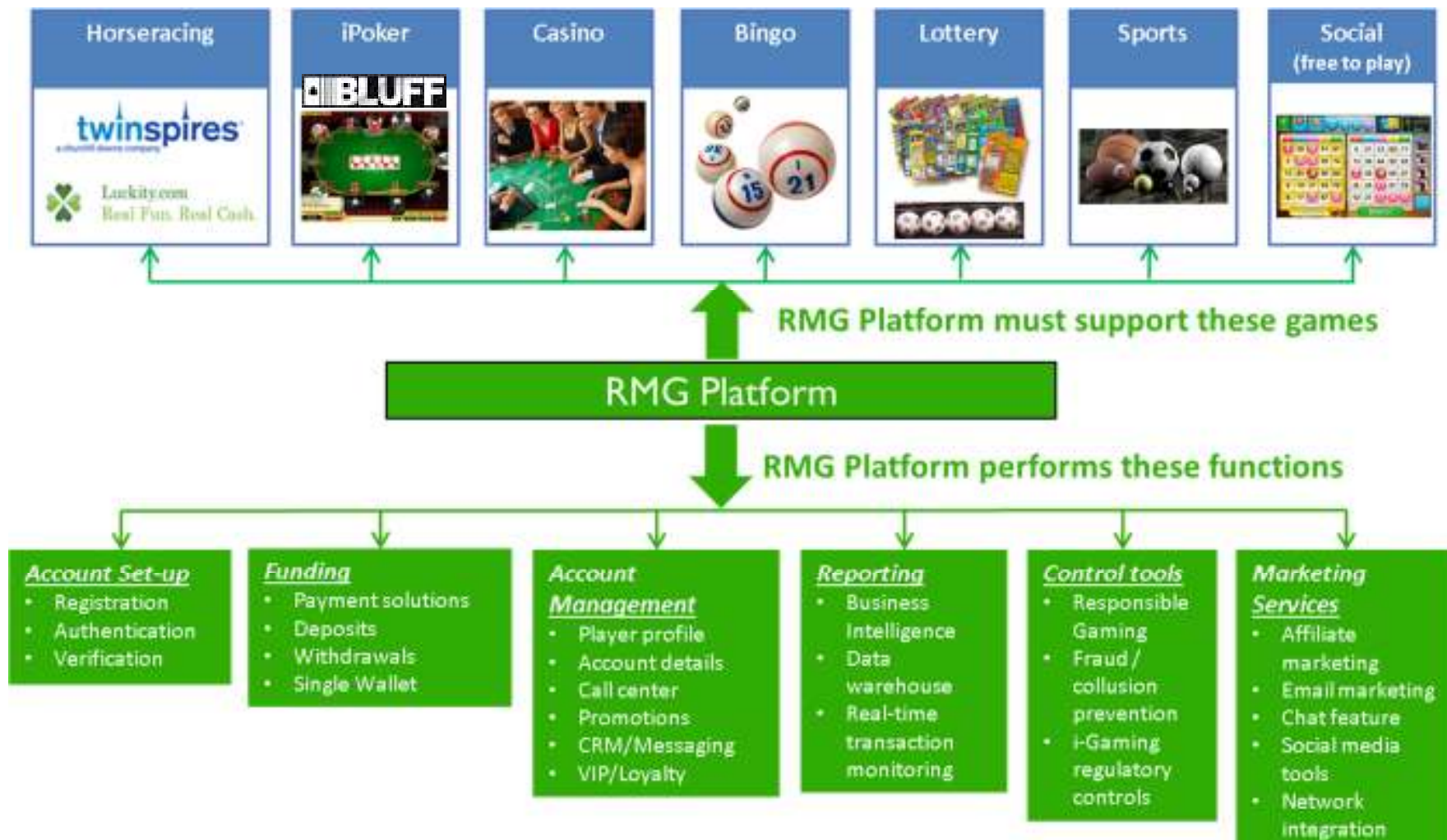
Sources: Twinspires.com growth 10-Q/10-K; Industry: equibase.com

Note: Excludes impact of IL and TX handle loss, actual reported results show 6.5% increase Y/Y in 1H '14 per Form 10-Q

Source: Online (ADW) handle from Oregon Racing Commission and SEC filings, Industry: The Jockey Club

## Twinspires provides a lot of the functionality required for real money gaming

*We plan to compete as an online gaming technology provider*



## Racing Operations: Own 4 premier Thoroughbred Racetracks

*Our debt and equity is back-stopped with valuable real estate*

### Arlington International Racecourse



- 336 acres in western Chicago suburb, Arlington Heights
- Operates 11 OTB's
- 20 minutes from O'Hare airport
- Metra commuter train stop on property - easy access to other suburbs & Chicago
- Rich history with the "Arlington Million"

### Churchill Downs Racetrack



- Home of the Kentucky Oaks and Kentucky Derby
- 147 acres in Louisville, KY
- National historic landmark
- 140 consecutive years of iconic international event
- Over \$35 mil. in ROI capital improvements over last 2 years

### Calder Race Course



- 231 acres in Miami Gardens, FL with convenient access off Florida Turnpike
- Sits adjacent to Sun Life Stadium – home of the NFL's Miami Dolphins
- In July 2014, closed on deal that allows The Stronach Group to lease racing operations, will improve Racing Ops profitability

### Fair Grounds Race Course

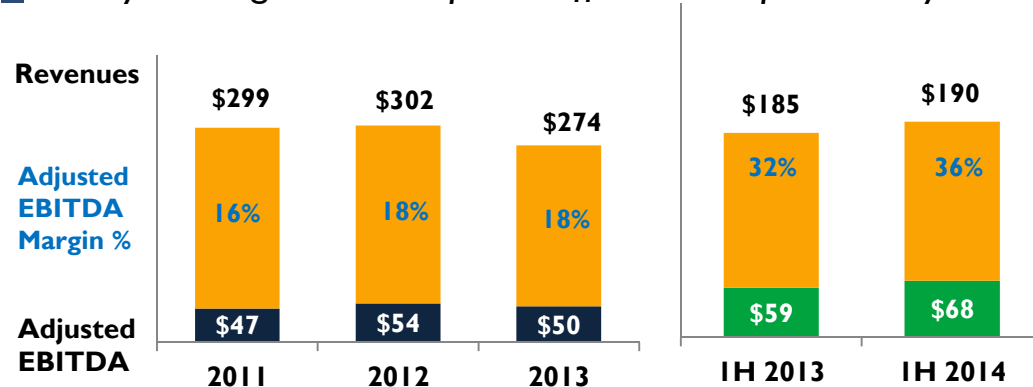


- 145 acres in New Orleans, LA
- Network of 12 OTB's
- Video poker machines in 10 of the OTB's
- Home of the "Louisiana Derby"
- New Orleans Jazz Festival host since 1972

## Racing Operations Adjusted EBITDA has grown despite industry declines

Derby Week growth & expense efficiencies / productivity have increased margin rates

(\$ in millions)



Y/Y

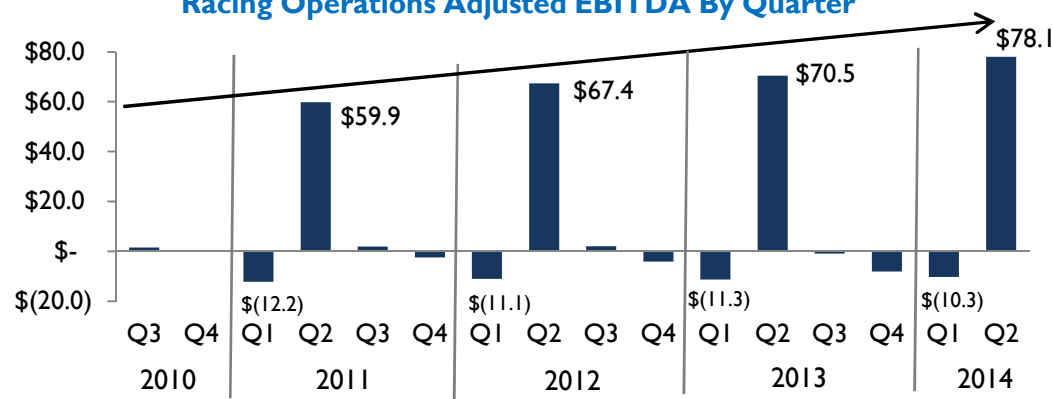
3%

14%

- Wagering (handle) on U.S. Thoroughbreds in 2013 was flat Y/Y, down 1.7% in 1H 2014
  - 2013 U.S. Industry still down 26% from 2007 according to *The Jockey Club Online Fact Book*
- Revenue & Adj. EBITDA improvements in 1H 2014 primarily from record KY Derby Week
- Adj. EBITDA margin rate has grown consistently driven by KY Derby and Oaks helping to offset
  - FL racing headwinds from hosting dispute and live racing overlap (down \$0.8 mil. in 1H '14)
  - IL temporary ADW loss and fewer live hosting days

## Racing Operations profitability continues to be driven by The Kentucky Derby & Oaks

### Racing Operations Adjusted EBITDA By Quarter

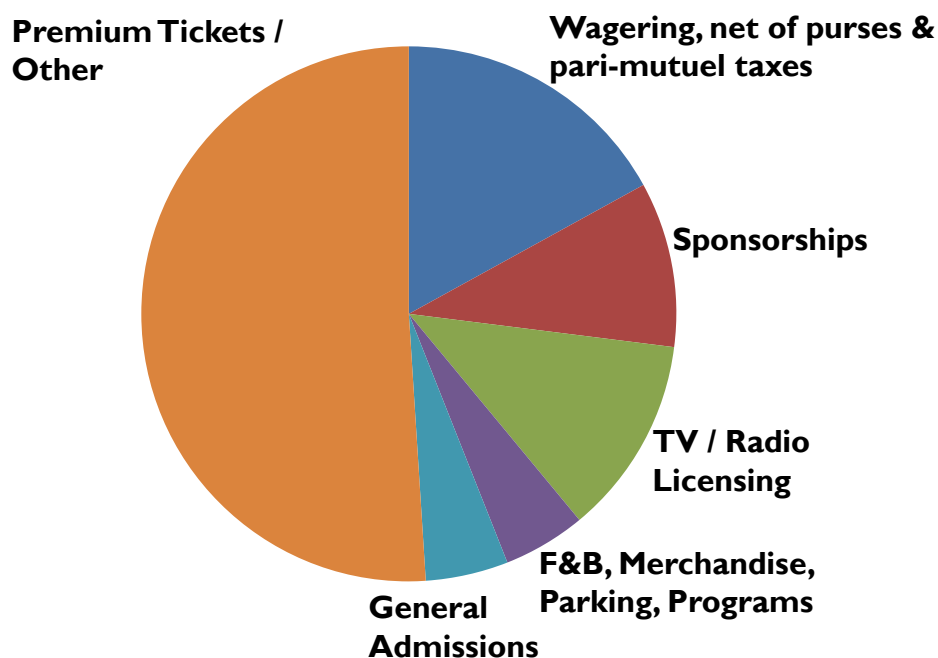


- The Kentucky Derby always occurs on "The First Saturday of May" (our 2<sup>nd</sup> quarter and most profitable)
- Rest of the year we operate at an operating loss
- Derby Week Profitability continues to grow despite the rest of the U.S. wagering trends
  - 2014 Derby Week Adj. EBITDA up \$8.8 mil.
  - Adj. EBITDA up nearly \$30 mil. from 2010-2014 (up each year)

## The Kentucky Oaks & Derby profits come from many sources

*A significant portion of Derby Week Profits happen before the event takes place*

**Sources of Derby Week Profitability**  
(Illustrative Approximations)



Illustrative approximations of profitability based on actual 2014 results

- ❑ Premium tickets are the largest Adjusted EBITDA contributor to profitability
  - ~57,400 reserved seats sold in advance, typically sold out in the early part of the year (includes 2,400 new seats in '14)
  - Includes 77 permanent suites which are under 3 to 7 year contracts with staggered expirations
  - Demand for premium tickets continues to exceed supply
  - Attendance records continue to be set, second highest Derby attendance, third highest Oaks attendance in 2014
  - New high-end seating venues added in 2013 with the "Mansion" and "Plaza Balcony" and "Grandstand Terrace" and "Rooftop Garden" in 2014
  - New 4K video board (largest in world) added in 2014
- ❑ Wagering profits are impacted by the weather and the strength of the field (a strong favorite hurts wagering)
- ❑ NBC Sports TV agreement
  - Current agreement ends after 2015 Derby
  - New 10-year agreement runs from 2016-2025
  - Increased economics compared to the prior deal
  - 2014 was the 4<sup>th</sup> most watched Derby in 25 years
  - Only annual sporting event that draws more female viewers (52%) than male
- ❑ Yum! Brands presenting sponsor agreement renewed in 2011
  - 5 year agreement expires after the 2015 Derby
  - Increased economics compared to the prior deal
- ❑ Longines, Swiss watchmaker, expands relationship as Entitlement Partner of the Kentucky Oaks in 2014



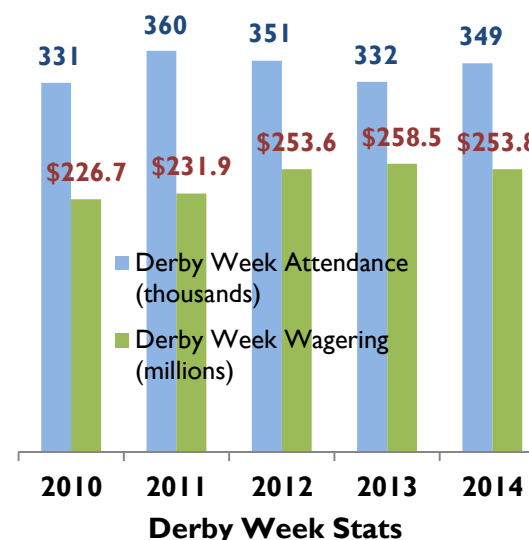
## The Kentucky Derby continues to shine with another record year

*2014 Derby Week results prove the resiliency and brand power of this iconic entertainment event*



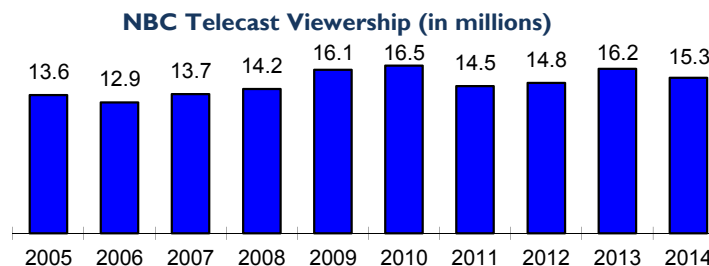
- Record Derby Week Adjusted EBITDA for the fifth consecutive year, up \$8.8 mil. in Adj. EBITDA

- Kentucky Derby Week Adjusted EBITDA increased \$21 mil. from 2010 - 2014
- Near-perfect weather for Kentucky Derby and Oaks leads to great Derby Week economics, attendance up 5% and recorded 2<sup>nd</sup> highest all-sources wagering
- Kentucky Derby had attendance of 164,906, 2<sup>nd</sup> highest all-time
- Kentucky Derby wagering of \$186.6 mil. ties all-time high
- New seating in “Grandstand Terrace” and “Rooftop Garden” along with world’s largest 4K high-definition video board added in 2014
- Kentucky Oaks records 3<sup>rd</sup> highest all-time attendance of 113,071 and 2<sup>nd</sup> highest all-sources wagering of \$43.2 mil.



- Television ratings 4<sup>th</sup> highest since 1989 and 4<sup>th</sup> time in six years with more than 15 million viewers

- 15.3 million viewers, up 3% from 2012 – the last time KY Derby competed with NBA Playoffs
- Only annual sporting event that draws more female viewers than male, 52% of viewers were women
- 9.4% of households and 22% of TV’s in use tuned to Derby telecast – the best Saturday rating of any show on any network since the Sochi Olympics (Feb 2014)



## 2014 Kentucky Derby growth propelled by new venues / seating expansion






*Continued growth and popularity of Kentucky Derby Week fuels expansion efforts with ROI cap-ex*

- ❑ In 2014, two major capital projects totaling \$26.5 mil. were completed adding seats and video board at Churchill Downs Racetrack
  - New Grandstand Terrace & Rooftop Garden
  - Added 2,400 new seats, 51,000 sq. ft. of new space
  - New amenities serving 20,400 existing seats (37% of reserved seat capacity)
  - Added world's largest 4K video board, 15,224 sq. ft. 171 ft. wide, 90 ft. tall, sitting 80 ft. above the ground



## What is The Kentucky Oaks & Derby worth?

Based on other pro sports valuations, The Kentucky Derby is under-valued at Regional gaming multiples

Sports League	Number of Teams	Enterprise Value (\$B)	EBITDA (\$ millions)	EV / EBITDA (multiple)
	30	\$22.3	\$394 (\$13.1 Avg./Team)	56.6x
	32	\$37.3	\$1,409 (\$44.0 Avg./Team)	26.5x
	30	\$19.0	\$712 (\$23.7 Avg./Team)	26.7x
	30	\$12.4	\$210 (\$7.0 Avg./Team)	58.9x
	9	\$1.3	\$55 (\$6.1 Avg./Team)	22.9x
Total	131	\$92.3	\$2,780 (\$21.2 Avg. / Team)	33.2x

□ The value of the Kentucky Derby is an incredible backstop to debt and equity holders

Source: Forbes.com

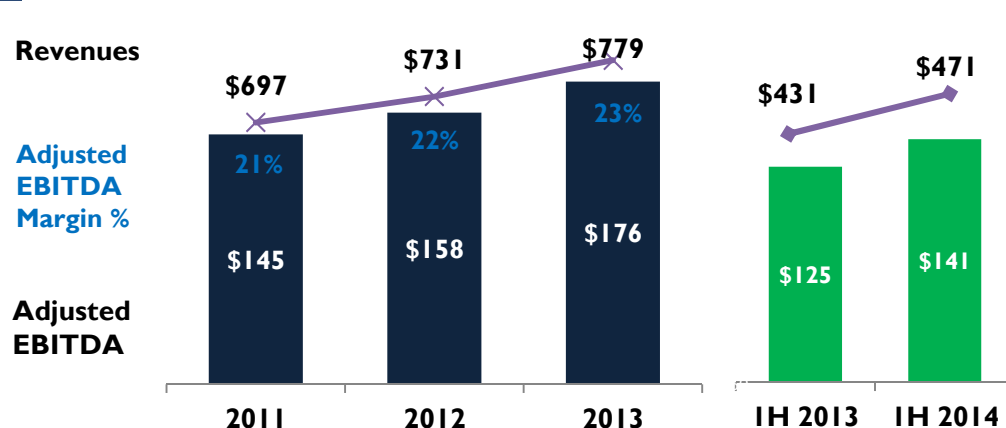
Dates: Various – March 2013 to Feb 2014



## Total Company Revenues & Adjusted EBITDA continue to grow

Strong earnings & cash performance allows for future growth investments

(\$ in millions)



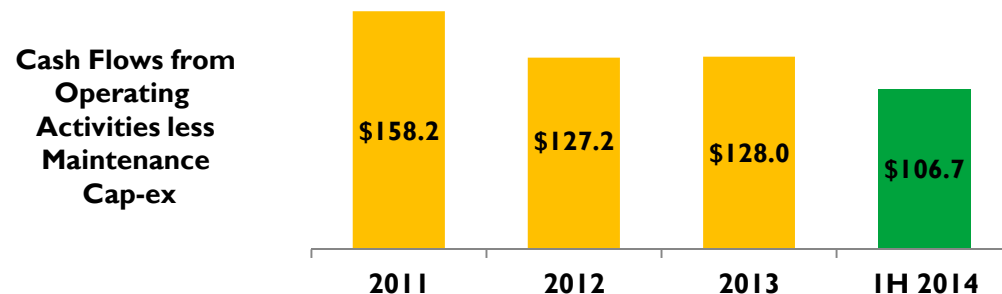
Y/Y%

+9%

+13%

- IH 2014 revenues & Adj. EBITDA grew as a result of Oxford acquisition & another record KY Oaks and Derby week performance
  - Gaming IH revenues up 21%
  - Online IH revenues up 8%
  - Racing Operations IH revenues up 3%
  - Adj. EBITDA growth also driven by our 50% share of Miami Valley Gaming OH JV of \$6.0 mil.
- 2013 Revenues and Adjusted EBITDA were up 7% and 11%, respectively:
  - Driven by Riverwalk Casino acquisition (4Q '12), Oxford acquisition (3Q '13)
  - Online Business net revenues up 1% despite the loss of IL ADW from Jan to June and TX ADW from Sept through end of year
  - Racing Ops improvement from record Derby Week more than offset by negative impact of less IL host days and loss of FL hosting revenues

### We generate significant Free Cash Flow ("FCF")



Total Debt	\$128	\$210	\$369	\$369
Total Debt/ Adj. EBITDA	0.8x	1.3x	2.1x	1.9x

- ~\$680 million in cash spent on acquisitions (net of acquired cash) and greenfield developments since 2009 (including \$97 mil. of OH JV - MVG)
- Strong free cash flow generation (up 17% IH 2014) allows for rapid debt reduction following acquisitions
  - Maint cap-ex annual run rate of ~\$20 mil. last several years
  - Leverage / coverage ratios among industry best

Note: Debt / Adjusted EBITDA metrics shown do not include pro-forma credit for acquisitions

## Investment highlights

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Diversified business model



Proven and experienced management team



Significant organic growth opportunities



Strong financial performance & balance sheet