



July 29, 2009

## Churchill Downs Incorporated Reports 2009 Second-Quarter Results

Churchill Downs Incorporated (NASDAQ: CHDN) ("Company") today reported results for the second quarter and six months ended June 30, 2009.

Net earnings from continuing operations for the quarter grew 5 percent to \$30.9 million, or \$2.20 per diluted common share, compared to net earnings from continuing operations of \$29.4 million, or \$2.10 per diluted common share, for the same period in 2008. The Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") also grew quarter-over-quarter from \$57.5 million in 2008 to \$58.6 million in 2009, an increase of 2 percent. The primary drivers for the year-over-year increases in both net earnings and EBITDA from continuing operations were the continued growth of the Company's online business - including the advance-deposit wagering ("ADW") platform, TwinSpires.com, which posted gains in net revenues from continuing operations of 35 percent compared to the prior period - and the growth of the Company's gaming business in Louisiana, which improved its quarter-over-quarter net revenues from continuing operations by 31 percent.

Net revenues from continuing operations for the second quarter of 2009 increased slightly to \$180.0 million from \$179.3 million recorded during the second quarter of 2008. The growth of the Company's online and gaming businesses primarily fueled the period-over-period increase in net revenues from continuing operations. That growth was partially offset by a decline in corporate hospitality and admissions revenues generated by Kentucky Derby week, the loss of six racing dates at Churchill Downs driven by a reduced number of entries that resulted in lower wagering revenues, as well as lower pari-mutuel revenues at Arlington Park and Fair Grounds, which the Company believes is attributable to the general weakness of the U.S. economy.

Churchill Downs Incorporated President and Chief Executive Officer Robert L. Evans said, "Despite a tough economy, our Company's investments in slot-machine gaming and online businesses have helped Churchill Downs Incorporated grow second-quarter net revenues and net earnings from continuing operations year-over-year while also mitigating the continued declines in our Racing Operations. Our signature racing events, the Kentucky Derby and Kentucky Oaks, were not immune to the ongoing recession as many of our corporate clients elected to reduce their 2009 Derby-related marketing and hospitality expenditures. As a result, our profitability from Kentucky Derby week declined by \$3.2 million compared to one year ago. We believe this decline occurred under extraordinary economic conditions, and we remain encouraged by the strength of Derby weekend's other key metrics, including a combined Derby and Oaks on-track attendance of 258,403; two-day total wagering of \$186.0 million; and a phenomenal 9.8 national television rating for NBC's broadcast of the Kentucky Derby race segment, the highest TV rating for the race in 17 years.

"While total U.S. wagering on horse racing for the second quarter of 2009 declined by 11 percent compared to the prior period according to figures published by Equibase, total handle on Churchill Downs Incorporated races dipped by 3 percent during the same period as handle growth through our ADW business helped offset wagering declines at the majority of our racetracks and off-track betting facilities. From April through June 2009, TwinSpires.com experienced an expansion in average daily wagering and average daily active users.

"One of the highlights of the quarter was our experiment with night racing at Churchill Downs Racetrack," Evans continued. "Lights certainly added a new dimension to our core product on the track, and the great variety of amenities and activities offered throughout our facility - from red carpet entrances and gourmet dinners to a paddock dance club and the 'Bet Or No Bet' wagering promotion - attracted 89,115 guests over three evenings and presented horse racing as a fresh and 'buzz worthy' entertainment option. We were thrilled with our customers' responses to these innovations and to learn that 'Downs After Dark' had strong appeal for both veteran and novice fans. We are currently examining the financial results of our night racing experiment, and with newly appointed Churchill Downs Racetrack President Kevin Flanery, we will soon determine whether to make night racing a staple of our entertainment offerings.

"June 2009 brought the start of construction on our new slot-machine gaming facility at Calder Casino and Race Course in Miami Gardens, Fla. The 108,000-square foot facility will be adjacent to the racing operation's grandstand building and will initially offer 1,225 slot machines. Calder's new gaming facility is scheduled to open early next year.

"The month of June also brought a significant disappointment for the entire Kentucky horse racing industry when the Kentucky Senate President and his supporters blocked passage of House Bill 2 out of committee during a special session called by Gov. Steve Beshear. This action killed legislation that would have authorized video lottery terminals at Kentucky's racetracks and would have allowed the state's signature industry to compete on a level playing field. Without this kind of gaming legislation, horse racing in Kentucky will continue to fall behind other states with slots-fed purses. We will continue to work with state lawmakers - regardless of their party affiliation - to pass this legislation and help Kentucky's largest agribusiness overcome this competitive disadvantage."

A conference call regarding this news release is scheduled for Thursday, July 30, 2009, at 9 a.m. EDT. Investors and other interested parties may listen to the teleconference by accessing the online, real-time webcast and broadcast of the call at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com) or [www.earnings.com](http://www.earnings.com), or by dialing (866) 831-6162 and entering the pass code 76338881 at least 10 minutes before the appointed time. The online replay will be available at approximately noon EDT and continue for two weeks. A two-week telephonic replay will be available one hour after the call ends by dialing (888) 286-8010 and entering 44440874 when prompted for the access code. A copy of the Company's news release announcing quarterly results and relevant financial and statistical information about the period will be accessible at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com).

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has provided a non-GAAP measurement, which presents a financial measure of earnings before interest, taxes, depreciation and amortization ("EBITDA"). Churchill Downs Incorporated uses EBITDA as a key performance measure of results of operations for purposes of evaluating performance internally. The Company believes the use of this measure enables management and investors to evaluate and compare, from period to period, the Company's operating performance in a meaningful and consistent manner. This non-GAAP measurement is not intended to replace the presentation of the Company's financial results in accordance with GAAP.

Churchill Downs Incorporated ("Churchill Downs"), headquartered in Louisville, Ky., owns and operates world-renowned horse racing venues throughout the United States. Churchill Downs' four racetracks in Florida, Illinois, Kentucky and Louisiana host many of North America's most prestigious races, including the Kentucky Derby and Kentucky Oaks, Arlington Million, Princess Rooney Handicap and Louisiana Derby. Churchill Downs racetracks have hosted seven Breeders' Cup World Championships. Churchill Downs also owns off-track betting facilities and has interests in various advance-deposit wagering, television production, telecommunications and racing services companies, including a 50-percent interest in the national cable and satellite network HorseRacing TVTM, that support the Company's network of simulcasting and racing operations. Churchill Downs trades on the NASDAQ Global Select Market under the symbol CHDN and can be found on the Internet at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com).

[Click here for financial tables](#)

*Information set forth in this news release 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 made in this Quarterly Report on Form 10-Q 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," "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. 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; 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 and riverboat, cruise ship and land-based casinos) and other sports and entertainment options in those markets in which we operate; the impact of live racing day competition with other Florida and Louisiana racetracks within those respective markets; 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 Illinois law that impact revenues of racing operations in Illinois; the presence of wagering facilities of Indiana racetracks near our operations; our continued ability to effectively compete for the country's top horses and trainers necessary to field high-quality horse racing; 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 execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to successfully complete any divestiture transaction; our ability to execute on our permanent slot facility in Florida; market reaction to our expansion projects; the loss of our totalisator companies or their inability to provide us assurance of the reliability of their internal control processes through Statement on Auditing Standards No. 70 audits or to keep their technology current; the need for various alternative gaming approvals in Louisiana; our accountability for environmental contamination; the loss of key personnel; the impact of natural disasters on our operations and our ability to adjust the casualty losses through our property and business interruption insurance coverage; any business disruption associated with a natural disaster and/or its aftermath; our ability to integrate businesses we acquire, 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, including the outcome of any counter-suits or claims arising in connection with a pending lawsuit in federal court in the Western District of Kentucky styled Churchill Downs Incorporated, et al v. Thoroughbred Horsemen's Group, LLC, Case #08-CV-225-S; 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.*