

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |  |  |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement       |  |
| <input type="checkbox"/> Definitive Additional Materials             |  |
| <input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12 |  |

**CHURCHILL DOWNS INCORPORATED**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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Chairman and CEO's Message

## Dear Fellow Shareholders,

We had a productive year of which we are proud and, equally important, we believe we have positioned the company for future growth.

With our focus on our three primary segments—Churchill Downs, Online Wagering and Gaming—we have demonstrated our ability to grow organically, invest capital to grow our existing assets, develop and build greenfields that create substantial growth over the long term, and acquire strategic assets that we anticipate will provide significant growth potential at attractive multiples. We have demonstrated this capability while effectively managing our capital and maintaining a relatively low leverage level.

On the attached page, you will see Financial Highlights, including our Total Shareholder Return. In addition, we returned over \$115 million to our shareholders in 2019 through dividends and share repurchases, and on a cumulative basis, have returned over \$1 billion to our shareholders over the past five years. Some of the highlights of 2019 that drove these results and we believe set us up for future growth include:

- Delivered the 10<sup>th</sup> consecutive year of record-setting financial performance for Derby week and the Kentucky Derby;
- Began construction of the \$300 million hotel and 900-unit historical horse racing machine ("HRM") facility at Churchill Downs Racetrack;
- Completed our equity investment in Rivers Casino Des Plaines and acquired Presque Isle Downs & Casino and Turfway Park; and
- Began the buildout of the Oak Grove Racing and Gaming facility.

We had a total shareholder return in 2019 of 69%—a return that significantly exceeded the S&P500, the Russell 2000, the S&P Midcap 400 Index and virtually all of our gaming peers.

2019 is now in the past, however, and what matters most is what we deliver in the future. We can assure you—our shareholders—that we are focused on delivering a combination of organic growth and greenfield opportunities along with strategic acquisitions at reasonable multiples with the intent of growing our adjusted EBITDA and free cash flow while continuing to maintain a responsible level of debt.

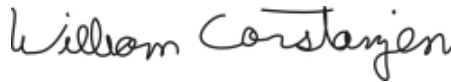
We plan to execute the following strategies:

- Continue to protect and build our iconic asset—the Kentucky Derby—and Derby week at Churchill Downs Racetrack. The new hotel and HRM facility is planned to open in the 4<sup>th</sup> quarter of 2021;
- Remain focused on growing our TwinSpires business—the most profitable online wagering platform in the country—and building a long-term profitable sports betting and iGaming business;
- Finish the construction of our Oak Grove Racing and Gaming facility which is planned to open in September 2020 and begin the rebuild of Turfway Park which is planned to open in 2021;
- And, last, focus on operating efficiently and growing through smart capital investments our existing regional gaming assets as well as acquiring strategic gaming properties at reasonable multiples.

We will always remain thoughtful stewards of our shareholders' capital and intend to continue to invest capital to create long-term shareholder value while maintaining capacity for dividend growth and opportunistic share repurchases. We believe we have a significant amount of growth in our pipeline and we—along with all of our employees—are excited about the potential opportunities to grow our company over the next three to four years.



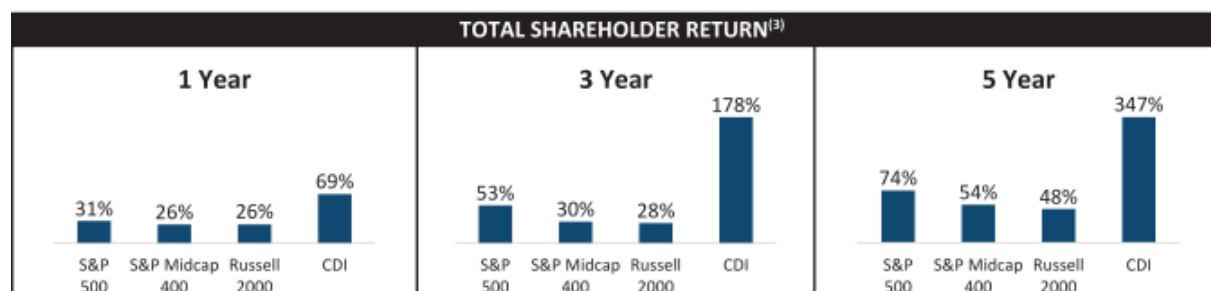
R. Alex Rankin  
Chairman of the Board



William C. Carstanjen  
Chief Executive Officer

# FINANCIAL HIGHLIGHTS

\$ in millions, except per share data	Year Ended December 31,		
	2017	2018	2019
<b>Consolidated Financial Results</b>			
Net revenue	\$ 883	\$1,009	\$ 1,330
Operating income	\$ 146	\$ 189	\$ 216
Net income from continuing operations	\$ 122	\$ 183	\$ 140
Diluted EPS from continuing operations	\$ 2.55	\$ 4.39	\$ 3.44
Adjusted EBITDA <sup>1</sup>	\$286.2	\$328.8	\$ 451.4
<b>Consolidated Balance Sheet</b>			
Total Assets	\$2,359	\$1,725	\$ 2,551
Total Debt	\$1,129	\$ 884	\$ 1,474
Total Liabilities	\$1,719	\$1,252	\$ 2,040
Shareholders' Equity	\$ 640	\$ 473	\$ 511
<b>Cash Flow and Liquidity</b>			
Cash Flows from Operating Activities	\$ 215	\$ 198	\$ 290
Capital Maintenance Expenditures	\$ 33	\$ 30	\$ 48
Net Leverage Ratio <sup>2</sup>	2.9x	2.3x	3.1x
<b>Shareholder Data:</b>			
Dividends Declared per Common Share	\$0.507	\$0.543	\$ 0.581
Common Stock Share Repurchases	\$ 180	\$ 532	\$ 93
Year-End Closing Stock Prices	\$77.57	\$81.31	\$137.20
Equity Market Capitalization	\$3,586	\$3,285	\$ 5,446
Total Capitalization	\$4,715	\$4,169	\$ 6,920







- 1 Please refer to "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC on February 26, 2020 for a discussion of Adjusted EBITDA, a non-GAAP financial measure, and a reconciliation to the most directly comparable GAAP measure.
- 2 Net leverage ratio is the ratio of total debt (less cash) to Adjusted EBITDA, which includes Big Fish Games for the 2017 calculation.
- 3 Total Shareholder Return ("TSR") assumes dividends are reinvested. One year TSR is calculated from December 31, 2018 to December 31, 2019. Three year TSR is calculated from December 31, 2016 to December 31, 2019. Five year TSR is calculated from December 31, 2014 to December 31, 2019.

CHURCHILL DOWNS  
INCORPORATED

600 N. HURSTBOURNE PARKWAY, STE. 400  
LOUISVILLE, KENTUCKY 40222

# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

<b>DATE AND TIME:</b>	Tuesday, April 21, 2020, at 9:00 a.m. Eastern Time
<b>PLACE:</b>	Nemacolin Woodlands Resort 1001 Lafayette Drive Farmington, Pennsylvania 15437
<b>AGENDA:</b>	<ol style="list-style-type: none"><li>I. To elect the three (3) Class III Directors identified in this Proxy Statement for a term of three (3) years (Proposal No. 1);</li><li>II. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2020 (Proposal No. 2);</li><li>III. To conduct an advisory vote to approve executive compensation (Proposal No. 3); and</li><li>IV. To transact such other business as may properly come before the meeting or any adjournment thereof, including matters incident to its conduct.</li></ol>
<b>RECORD DATE:</b>	The close of business on March 2, 2020, has been fixed as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting. Only shareholders of record at that time will be entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof.
<b>VOTING:</b>	<p>Shareholders who do not expect to attend the Annual Meeting in person are urged to vote by telephone or over the Internet, or by requesting and promptly signing and returning a proxy card, as more fully described in the Notice of Internet Availability of Proxy Materials.</p> <p>   </p>

March 10, 2020

By Order of the Board of Directors.

**BRADLEY K. BLACKWELL**  
*Senior Vice President,  
General Counsel and Secretary*

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 21, 2020**

The Company's Proxy Statement for the 2020 Annual Meeting of Shareholders and the Annual Report to Shareholders for the fiscal year ended December 31, 2019 are available at <http://www.churchilldownsincorporated.com/proxy>

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**CHURCHILL DOWNS**  
INCORPORATED600 N. HURSTBOURNE PARKWAY, STE. 400  
LOUISVILLE, KENTUCKY 40222

# PROXY STATEMENT

## Annual Meeting of Shareholders to be held on April 21, 2020

The Board of Directors (the “Board of Directors” or “Board”) of Churchill Downs Incorporated (“Company,” “CDI,” or “CHDN”) is soliciting proxies to be voted at the 2020 Annual Meeting of Shareholders to be held on **Tuesday, April 21, 2020, at 9:00 a.m. Eastern Time (the “Annual Meeting”), at Nemacolin Woodlands Resort, 1001 Lafayette Drive, Farmington, Pennsylvania 15437**, and any adjournments thereof. Certain officers and directors of the Company and persons acting under their instruction may also solicit proxies on behalf of the Board of Directors by means of telephone calls, personal interviews and mail at no additional expense to the Company. The Notice of Internet Availability of Proxy Materials (the “Notice”) was first mailed on or about March 10, 2020.

### Voting Rights

Only holders of record of the Company’s Common Stock, no par value (“Common Stock”), on March 2, 2020 (the “Record Date”), are entitled to notice of and to vote at the Annual Meeting. On that date, 39,559,648 shares of Common Stock were outstanding and entitled to vote. Each shareholder has one vote per share on all matters coming before the Annual Meeting. The shareholders of the Company do not have cumulative voting rights in the election of directors. Abstentions or “withhold” votes, as applicable, and broker non-votes are not counted in determining the number of votes required for the election of a director or passage of any matter submitted to the shareholders. Abstentions or “withhold” votes and broker non-votes are counted for purposes of determining whether a quorum exists. For more information regarding broker non-votes, see “*What is a broker non-vote?*” below.

Whether or not you plan to attend the Annual Meeting in person, to ensure the presence of a quorum, please vote over the Internet or by telephone as instructed in these materials as promptly as possible. If a shareholder executes and returns a proxy card, but does not specify otherwise, the shares represented by the shareholder’s proxy will be voted: (i) for the election of each of the three director nominees listed below under “Election of Directors”; (ii) for the ratification of the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2020; (iii) for the advisory approval of the compensation of the Company’s named executive officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (the “SEC”); and (iv) in the discretion of the person or persons voting the proxies, on such other business as may properly come before the Annual Meeting or any adjournments thereof.

## Voting Instructions and Information

### When and where is our Annual Meeting?

We will hold our Annual Meeting on Tuesday, April 21, 2020 at 9:00 a.m. Eastern Time at Nemaocolin Woodlands Resort, 1001 Lafayette Drive, Farmington, Pennsylvania 15437.

### How are we distributing our proxy materials?

In accordance with the “notice and access” rules and regulations adopted by the SEC, instead of mailing a printed copy of our proxy materials to each shareholder of record (the “full set delivery” option), we are furnishing proxy materials to our shareholders over the Internet (the “notice only” option). A company may use either option, “notice only” or “full set delivery,” for all of its shareholders or may use one method for some shareholders and the other method for others. We believe the “notice only” process expedites shareholders’ receipt of proxy materials and reduces the costs and environmental impact of our Annual Meeting. The Company will bear the entire cost of the solicitation.

On March 10, 2020, we began mailing a Notice to our shareholders containing instructions on how to access this Proxy Statement and our 2019 Annual Report on Form 10-K and vote online, as well as instructions on how to receive paper copies of these documents for shareholders who so select. This Proxy Statement and the 2019 Annual Report on Form 10-K are also available at <http://www.churchilldownsincorporated.com/proxy>.

### Who can vote at the Annual Meeting?

You are entitled to vote or direct the voting of your shares of CHDN Common Stock if you were a shareholder of record or if you held CHDN Common Stock in “street name” at the close of business on the Record Date (Monday, March 2, 2020). On that date, 39,559,648 shares of CHDN Common Stock were outstanding. Each share of CHDN Common Stock held by you on the Record Date is entitled to one vote.

### How many votes must be present to hold the Annual Meeting?

We must have a “quorum” to conduct the Annual Meeting. A majority of the outstanding shares of Common Stock entitled to vote, represented in person or by proxy, shall constitute a quorum. Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the Annual Meeting and for any adjournment of the Annual Meeting, unless a new record date must be set for the adjourned meeting.

### What do I need to attend, and vote at, the Annual Meeting?

If you plan on attending the Annual Meeting, please remember to bring photo identification with you, such as a driver’s license. In addition, if you hold shares in “street name” and would like to attend the Annual Meeting, you must bring an account statement or other acceptable evidence of ownership of CHDN Common Stock as of the close of business on the Record Date. Only CHDN shareholders of record as of the close of business on the Record Date will be permitted to attend the Annual Meeting. In order to vote at the Annual Meeting if you hold shares in “street name,” you will also need a valid “legal proxy,” which you can obtain by contacting your account representative at the broker, bank or similar institution through which you hold your shares.

### What proposals will be voted on at the Annual Meeting?

The following proposals from the Company will be considered and voted on at the Annual Meeting:

1. To elect the three (3) Class III Directors identified in this Proxy Statement for a term of three (3) years (Proposal No. 1);
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2020 (Proposal No. 2); and
3. To conduct an advisory vote to approve the executive compensation of the Company’s named executive officers as disclosed in this Proxy Statement (Proposal No. 3).

You may also vote on any other business as may properly come before the Annual Meeting or any adjournment thereof, including matters incident to the Annual Meeting’s conduct.



### How does the Board of Directors recommend I vote?

CDI's Board of Directors unanimously recommends that you vote:

1. **"FOR"** each of the three (3) director nominees identified in this Proxy Statement under "Election of Directors" to the Board of Directors.
2. **"FOR"** the proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2020.
3. **"FOR"** the proposal to approve, on a non-binding advisory basis, the executive compensation of the Company's named executive officers as disclosed in this Proxy Statement.

### How do I vote?

You may cast your vote in one of four ways:

- **By Submitting a Proxy by Internet.** Go to the following website: [www.proxypush.com/CHDN](http://www.proxypush.com/CHDN). You may submit a proxy by Internet 24 hours a day. To be valid, your proxy by Internet must be received by the Annual Meeting. When you access the website, follow the instructions to create an electronic voting instruction form.
- **By Submitting a Proxy by Telephone.** To submit a proxy using the telephone, call 1-866-284-6863 any time on a touch-tone telephone. There is NO CHARGE to you for the call in the United States or Canada. International calling charges apply outside the United States and Canada. You may submit a proxy by telephone 24 hours a day, 7 days a week. Follow the simple prompts and instructions provided by the recorded message. To be valid, your proxy must be received by the Annual Meeting.
- **By Submitting a Proxy by Mail.** If you have requested and received a proxy card by mail, mark your proxy card, sign and date it, and return it in the prepaid envelope that was provided or return it to: Proxy Tabulator for Churchill Downs Incorporated, P.O. Box 8016, Cary, North Carolina 27512-9903. To be valid, your proxy must be received by the Annual Meeting.
- **At the Annual Meeting.** You can vote your shares in person at the Annual Meeting (see "What do I need to attend, and vote at, the Annual Meeting?"). If you are a shareholder of record, in order to vote at the Annual Meeting, you must present an acceptable form of photo identification, such as a driver's license. If you hold your shares in street name, you must also obtain and bring to the Annual Meeting a legal proxy and an account statement or other acceptable evidence of ownership of CHDN Common Stock as of the close of business on the Record Date, as described above under "What do I need to attend, and vote at, the Annual Meeting?".

### How can I revoke my proxy or substitute a new proxy or change my vote?

You can revoke your proxy or substitute a new proxy by use of any of the following means:

#### For a Proxy Submitted by Internet or Telephone

- Submitting in a timely manner a new proxy through the Internet or by telephone that is received prior to the Annual Meeting;
- Requesting, executing and mailing a later-dated proxy card that is received prior to the Annual Meeting; or
- Voting in person at the Annual Meeting.

#### For a Proxy Submitted by Mail

- Executing and mailing another proxy card bearing a later date that is received prior to the Annual Meeting;
- Giving written notice of revocation to CDI's Secretary at 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky 40222 that is received by CDI prior to 11:59 p.m., Eastern Time, on April 20, 2020; or
- Voting in person at the Annual Meeting.

## Proxy Statement

### What is a broker non-vote?

Brokers, banks or other nominees holding shares on behalf of a beneficial owner may vote those shares in their discretion on certain “routine” matters even if they do not receive timely voting instructions from the beneficial owner. With respect to “non-routine” matters, the broker, bank or other nominee is not permitted to vote shares for a beneficial owner without timely received voting instructions. The only routine matter to be presented at the Annual Meeting is the proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2020. The remaining proposals to be presented at the Annual Meeting are considered non-routine.

A broker non-vote occurs when a broker, bank or other nominee does not vote on a non-routine matter because the beneficial owner of such shares has not provided voting instructions with regard to such matter. If a broker, bank or other nominee exercises its discretionary voting authority on the proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2020, such shares will be considered present at the Annual Meeting for quorum purposes and broker non-votes will occur as to each of the other proposals presented at the Annual Meeting. Broker non-votes will have no impact on the voting results of the election of directors or the proposal to approve, on a non-binding advisory basis, the executive compensation of the Company’s named executive officers as disclosed in this Proxy Statement.

### How will my shares be voted if I return a blank proxy card or a blank voting instruction card?

If you are a holder of record of shares of our common stock and you sign and return a proxy card without giving specific voting instructions, your shares will be voted:

1. **“FOR”** each of the three (3) director nominees identified in this Proxy Statement under “Election of Directors” to the Board of Directors.
2. **“FOR”** the proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2020.
3. **“FOR”** the proposal to approve, on a non-binding advisory basis, the executive compensation of the Company’s named executive officers as disclosed in this Proxy Statement.

If you hold your shares in street name via a broker, bank or other nominee and return a signed but blank voting instruction card (and do not otherwise provide the broker, bank or other nominee with voting instructions), your shares:

- will be counted as present for purposes of establishing a quorum;
- will be voted in accordance with the broker’s, bank’s or other nominee’s discretion on “routine” matters, which includes only the proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for fiscal year 2020; and
- will not be counted in connection with the election of directors, the proposal to approve, on a non-binding advisory basis, the executive compensation of the Company’s named executive officers as disclosed in this Proxy Statement, or any other non-routine matters that are properly presented at the Annual Meeting. For each of these proposals, your shares will be treated as “broker non-votes.”

Our Board knows of no matter to be presented at the Annual Meeting other than the proposals described above. If any other matters properly come before the Annual Meeting upon which a vote properly may be taken, shares represented by all proxies received by us on the proxy card will be voted with respect thereto as permitted and in accordance with the judgment of the proxy holders.

## Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of the Record Date (except as otherwise indicated below) regarding the beneficial ownership of the Common Stock by the only persons known by the Company to beneficially own more than five percent (5%) of the Common Stock, each director and director nominee of the Company, each named executive officer (as defined in “Executive Compensation—2019 Summary Compensation Table” herein), and the Company’s directors and executive officers as a group. Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all of the shares of Common Stock shown as beneficially owned by them. The percentage of beneficial ownership is calculated based on 39,559,648 shares of Common Stock outstanding as of the Record Date. We are not aware of any pledge of our Common Stock or any other arrangements the operation of which may at a subsequent date result in a change in control of our Company.

Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership	Percent of Class
<b>BlackRock, Inc. and affiliates</b> 55 East 52nd Street New York, NY 10055	4,461,170 <sup>(1)</sup>	11.28
<b>The Vanguard Group, Inc. and affiliates</b> 100 Vanguard Blvd. Malvern, PA 19355	3,191,035 <sup>(2)</sup>	8.07
<b>CDI Holdings LLC</b> 845 Larch Avenue Elmhurst, IL 60126	3,000,000 <sup>(3)</sup>	7.58
<b>Ulysses L. Bridgeman, Jr.</b>	19,689 <sup>(4)</sup>	*
<b>Robert L. Fealy</b>	54,749 <sup>(5)</sup>	0.14
<b>Douglas C. Grissom</b>	5,774 <sup>(6)</sup>	*
<b>Daniel P. Harrington</b>	647,857 <sup>(7)</sup>	1.64
<b>Karole F. Lloyd</b>	11,220 <sup>(8)</sup>	*
<b>R. Alex Rankin</b>	40,447 <sup>(9)</sup>	0.10
<b>Paul C. Varga</b>	0	0
<b>William C. Carstanjen</b>	534,433 <sup>(10)</sup>	1.35
<b>William E. Mudd</b>	291,692 <sup>(11)</sup>	0.74
<b>Marcia A. Dall</b>	38,990 <sup>(12)</sup>	0.10
<b>Austin W. Miller</b>	46,925 <sup>(13)</sup>	0.12
<b>11 Directors and Executive Officers as a Group</b>	1,691,776 <sup>(14)</sup>	4.28

\* Less than 0.1%.

- (1) Based on a Schedule 13G/A filed with the SEC on February 4, 2020, reporting the beneficial ownership of BlackRock, Inc. and its subsidiaries specified therein (“BlackRock”) as of December 31, 2019. As reported in such filing, BlackRock has sole voting power over 4,354,112 shares, sole dispositive power over 4,461,170 shares and no shared voting or dispositive power over any shares.
- (2) Based on a Schedule 13G/A filed with the SEC on February 12, 2020, reporting the beneficial ownership of The Vanguard Group and its subsidiaries specified therein (“Vanguard”) as of December 31, 2019. As reported in such filing, Vanguard has sole voting power over 73,848 shares, sole dispositive power over 3,116,009 shares, shared voting power over 5,517 shares and shared dispositive power over 75,026 shares.
- (3) CDI Holdings LLC (“CDI Holdings”) is a wholly-owned subsidiary of The Duchossois Group, Inc. These shares are also beneficially owned by Mr. Richard L. Duchossois. CDI Holdings has sole voting and dispositive power over all 3,000,000 shares.
- (4) Includes 5,413 deferred stock units, which Mr. Bridgeman has elected to defer pursuant to the Company’s deferred compensation plan. Also includes 14,276 restricted stock units awarded by the Company for his board service, over which Mr. Bridgeman has neither voting nor dispositive power until immediately following his resignation or retirement from the Board.

## Proxy Statement

- (5) Includes 35,001 deferred stock units, which Mr. Fealy has elected to defer pursuant to the Company's deferred compensation plan. Also includes 19,747 restricted stock units awarded by the Company for his board service, over which Mr. Fealy has neither voting nor dispositive power until immediately following his resignation or retirement from the Board.
- (6) Includes 2,553 deferred stock units, which Mr. Grissom has elected to defer pursuant to the Company's deferred compensation plan. Also includes 3,220 restricted stock units awarded by the Company for his board service, over which Mr. Grissom has neither voting nor dispositive power until immediately following his resignation or retirement from the Board.
- (7) Mr. Harrington shares voting and investment power with respect to 594,900 shares held by TVI Corp. He specifically disclaims beneficial ownership of these shares. Figure illustrated includes 33,209 deferred stock units, which Mr. Harrington has elected to defer pursuant to the Company's deferred compensation plan. Also includes 19,747 restricted stock units awarded by the Company for his board service, over which Mr. Harrington has neither voting nor dispositive power until immediately following his resignation or retirement from the Board. Figure illustrated does not include 97,602 shares held by the Veale Foundation. Mr. Harrington is a member of the Board of Trustees of the Veale Foundation, but Mr. Harrington disclaims beneficial ownership of those shares.
- (8) Includes 3,220 restricted stock units awarded by the Company for her board service, over which Ms. Lloyd has neither voting nor dispositive power until immediately following her resignation or retirement from the Board.
- (9) Includes 19,747 restricted stock units awarded by the Company for his board service, over which Mr. Rankin has neither voting nor dispositive power until immediately following his resignation or retirement from the Board.
- (10) Excludes 98,803 restricted stock units, tied to Mr. Carstanjen's continued service to the Company, awarded under the Company's 2016 Omnibus Stock Incentive Plan over which Mr. Carstanjen has neither voting nor dispositive power until December 31, 2020, at which time 26,006 units shall vest without restriction; December 31, 2021, at which time 17,222 units shall vest without restriction; December 31, 2022, at which time 6,864 units shall vest without restriction; October 30, 2022, at which time 12,177 units shall vest without restriction; October 30, 2023, at which time 12,177 units shall vest without restriction; October 30, 2024, at which time 12,177 units shall vest without restriction; and October 30, 2025, at which time the remaining 12,180 units shall vest without restriction. Excludes 189,158 performance stock units ("PSUs") awarded under the Company's executive long term incentive compensation plan over which Mr. Carstanjen has neither voting nor dispositive power until December 31, 2020, at which time the performance period ends with regard to 27,852 PSUs; December 31, 2021, at which time the performance period ends with regard to 33,719 PSUs, and October 30, 2021, at which time the performance period ends with regard to the remaining 127,587 PSUs, which shall thereafter vest based upon Mr. Carstanjen's continued service to the Company according to the following schedule: 31,897 units on October 30<sup>th</sup> of each of 2022, 2023, and 2024, respectively, and 31,896 units on October 30, 2025. Further excludes all PSUs to be awarded to Mr. Carstanjen under the Company's executive long-term incentive compensation plan for the performance period of January 1, 2020 through December 31, 2022.
- (11) Excludes 52,020 restricted stock units, tied to Mr. Mudd's continued service to the Company, awarded under the Company's 2016 Omnibus Stock Incentive Plan over which Mr. Mudd has neither voting nor dispositive power until December 31, 2020, at which time 10,947 units shall vest without restriction; December 31, 2021, at which time 7,509 units shall vest without restriction; December 31, 2022, at which time 3,120 units shall vest without restriction; October 30, 2022, at which time 7,611 units shall vest without restriction; October 30, 2023, at which time 7,611 units shall vest without restriction; October 30, 2024, at which time 7,611 units shall vest without restriction; and October 30, 2025, at which time the remaining 7,611 units shall vest without restriction. Excludes 104,930 PSUs awarded under the Company's executive long term incentive compensation plan over which Mr. Mudd has neither voting nor dispositive power until December 31, 2020, at which time the performance period ends with regard to 10,899 PSUs; December 31, 2021, at which time the performance period ends with regard to 14,288 PSUs, and October 30, 2021, at which time the performance period ends with regard to the remaining 79,743 PSUs, which shall thereafter vest based upon Mr. Mudd's continued service to the Company according to the following schedule: 19,936 units on October 30<sup>th</sup> of each of 2022, 2023, and 2024, respectively; and 19,935 units on October 30, 2025. Further excludes all PSUs to be awarded to Mr. Mudd under the Company's executive long term incentive compensation plan for the performance period of January 1, 2020 through December 31, 2022.
- (12) Excludes 10,023 restricted stock units, tied to Ms. Dall's continued service to the Company, awarded under the Company's 2016 Omnibus Stock Incentive Plan over which Ms. Dall has neither voting nor dispositive power until December 31, 2020, at which time 5,387 units shall vest without restriction; December 31, 2021, at which time 3,284 units shall vest without restriction; and December 31, 2022, at which time the remaining 1,352 units shall vest without restriction. Excludes 12,947 PSUs awarded under the Company's executive long term incentive compensation plan over which Ms. Dall has neither voting nor dispositive power until December 31, 2020, at which time the performance period ends with regard to 6,660 PSUs; and December 31, 2021, at which time the performance period ends with regard to the remaining 6,287 PSUs. Further excludes all PSUs to be awarded to Ms. Dall under the Company's executive long-term incentive compensation plan for the performance period of January 1, 2020 through December 31, 2022.

- (13) Excludes 8,271 restricted stock units, tied to Mr. Miller's continued service to the Company, awarded under the Company's 2016 Omnibus Stock Incentive Plan over which Mr. Miller has neither voting nor dispositive power until December 31, 2020, at which time 4,523 units shall vest without restriction; December 31, 2021, at which time 2,708 units shall vest without restriction; and December 31, 2022, at which time the remaining 1,040 units shall vest without restriction. Excludes 7,062 PSUs awarded under the Company's executive long-term incentive compensation plan over which Mr. Miller has neither voting nor dispositive power until December 31, 2020, at which time the performance period ends with regard to 3,633 PSUs; and December 31, 2021, at which time the performance period ends with regard to the remaining 3,429 PSUs. Further excludes all PSUs to be awarded to Mr. Miller under the Company's executive long-term incentive compensation plan for the performance period of January 1, 2020 through December 31, 2022.
- (14) See table on page 8 and "Information about our Executive Officers".

## Proxy Statement

## Information about our Executive Officers

The Company's executive officers, as listed below, are elected annually to their executive offices and serve at the pleasure of the Board of Directors.

Name and Age	Position(s) With Company and Term of Office
<b>William C. Carstanjen</b> (1) Age: 52	Chief Executive Officer since August 2014; President and Chief Operating Officer from March 2011 to August 2014; Chief Operating Officer from January 2009 to March 2011; Executive Vice President and Chief Development Officer from June 2005 to January 2009; General Counsel from June 2005 to December 2006
<b>William E. Mudd</b> (2) Age: 48	President and Chief Operating Officer since October 2015; President and Chief Financial Officer from August 2014 to October 2015; Executive Vice President and Chief Financial Officer from October 2007 to August 2014
<b>Marcia A. Dall</b> (3) Age: 56	Executive Vice President and Chief Financial Officer since October 2015
<b>Austin W. Miller</b> (4) Age: 56	Senior Vice President, Gaming Operations since August 2013; President of Calder Casino & Race Course from June 2010 to August 2013; President of Fair Grounds Race Course & Slots from October 2008 to June 2010; Vice President and General Manager of Fair Grounds Race Course & Slots from May 2007 to October 2008

- (1) Prior to joining the Company, Mr. Carstanjen was employed at General Electric Company ("GE"). From 2004 through June 2005, he served as the Managing Director and General Counsel of GE Commercial Finance, Energy Financial Services. From 2002 to 2004, he served as General Counsel of GE Specialty Materials and, from 2000 to 2002, he served as Transactions and Finance Counsel of GE Worldwide Headquarters. Carstanjen began his career as an attorney with Cravath, Swaine & Moore LLP in New York City, specializing in mergers and acquisitions and other corporate transactions.
- (2) Prior to joining the Company, Mr. Mudd was employed at GE. From 2006 through October 2007, he served as Chief Financial Officer, Global Commercial & Americas P&L of GE Infrastructure, Water & Process Technologies. From 2004 to 2006, he served as Chief Financial Officer, Supply Chain, Information Technology and Technology Finance, GE Consumer & Industrial Europe, Middle East, & Africa, Budapest and Hungary and, from 2002 to 2004, he served as Manager, Global Financial Planning & Analysis and Business Development at GE FANUC in Charlottesville, Virginia.
- (3) Prior to joining the Company, Ms. Dall was employed at Erie Indemnity Company, a company providing sales, underwriting and administrative services to Erie Insurance Exchange, where from March 2009 through October 2015, she served as Executive Vice President and Chief Financial Officer. From January 2008 until March 2009, she served as Chief Financial Officer of the Healthcare division at CIGNA Corporation. Prior to CIGNA, Ms. Dall was a corporate officer and the Chief Financial Officer for the International and U.S. Mortgage Insurance segments of Genworth Financial, a former subsidiary of GE. Ms. Dall began her career in 1985 in the Financial Management Program at GE and held various leadership roles both in finance and operations over her twenty-plus year tenure with GE. Ms. Dall is a Certified Public Accountant.
- (4) Prior to joining the Company, Mr. Miller was employed by Harrah's Entertainment, Caesars Entertainment, and Grand Casinos from 1992 to 2007. From 2005 to 2007, he served as the Vice President of Gaming Operations for Harrah's New Orleans. From 2001 to 2005, he served in a number of senior executive roles including Senior Vice President of Operations for Grand Casino Gulfport. From 2000 to 2001, he served as the Vice President of Guest Services for Grand Casino Tunica. From 1996 to 2000, he served as the Director of Guest Services for Grand Casino Biloxi. From 1995 to 1996, he served as the Regional Director of the Grand Advantage Player's Club for Grand Casino Gulfport & Grand Casino Biloxi. From 1992 to 1995, he served as Corporate Marketing Representative and Director of Business Relations for Grand Casinos Incorporated. Miller began his gaming career in 1983.

## ELECTION OF DIRECTORS (Proposal No. 1)

At the Annual Meeting, shareholders will vote to elect the three (3) persons identified below to serve in Class III of the Board of Directors and to hold office for a term of three (3) years expiring at the 2023 annual meeting of shareholders and thereafter until their respective successors shall be duly elected and qualified or until the earlier of their resignation, death or removal.

The Amended and Restated Bylaws of the Company provide that the Board of Directors shall be composed of not fewer than three (3) nor more than fifteen (15) members, the exact number to be established by the Board of Directors, and further provide for the division of the Board of Directors into three (3) approximately equal classes, of which one (1) class is elected annually to a three (3) year term. Currently the Board of Directors is comprised of eight (8) directors, with three (3) directors in Class I, two (2) directors in Class II and three (3) directors in Class III.

The Nominating and Governance Committee has recommended, and the Board has approved, the nomination of the three (3) persons named in the following table for election as directors in Class III. The nominees currently serve as members of Class III and have agreed to serve if re-elected.

Directors are elected by a plurality of votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. With each shareholder having one vote per share to cast for each director position, the nominees receiving the greatest number of votes will be elected. The biographical information for our directors and director nominees below includes information regarding certain of the experiences, qualifications, attributes and skills that led to the determination that such individuals are qualified to serve on the Board of Directors.



**The Board of Directors recommends a vote “FOR” the election of the directors in Class III named below.**



## Election of Directors (Proposal No. 1)

### Election of Directors

The following table sets forth information relating to the Class III director nominees of the Company who are proposed to the shareholders for election to serve as directors for terms of three (3) years, expiring at the 2023 annual meeting of shareholders, and thereafter until their respective successors shall be duly elected and qualified or until the earlier of their resignation, death or removal.

### Class III—Nominated for Terms Expiring in 2023

#### **Robert L. Fealy**

Age: 68  
Director since 2000

Mr. Fealy currently serves as Managing Director of Limerick Investments, LLC, an investment firm, and co-founder and President of Aluminate, Inc., which provides data analytics solutions to universities, colleges and other not-for-profit institutions. He retired effective June 30, 2014 as President, Chief Operating Officer and Director of The Duchossois Group, Inc. (a family owned company which held diversified business interests in companies with leading brands in the residential security, lighting and convenience products markets and the commercial control, automation and digital media markets). While Mr. Fealy was originally nominated to serve as a director of the Company pursuant to the stockholder's agreement between the Company and Duchossois Industries, Inc., the Company has been and will continue to be well served by Mr. Fealy's experience as a certified public accountant and senior executive with oversight of a diverse group of companies that had over 5,000 employees worldwide with operations located in over 30 countries as well as proven capabilities in strategic business planning in a variety of industries. Prior to Mr. Fealy's employment with Duchossois, he was a senior executive at Cummins Inc., serving in various roles including Vice President-Treasurer and Vice President-Global Business Strategy. Mr. Fealy currently holds the following leadership positions with other entities: Board Director, Panduit, Inc.; Past Chairman and Founding Board Member, Illinois Venture Capital Association; Entrepreneur Partner and Advisor, Chicago Ventures; Trustee and Past Chairman of the Board of Trustees, University of Cincinnati Foundation; Member, University of Cincinnati Business Advisory Council; Board Member and past Chairman, Chicago Children's Choir; Trustee of The Morton Arboretum; Partner, Social Venture Partners.

#### **Douglas C. Grissom**

Age: 52  
Director since 2017

Mr. Grissom serves as the Managing Director and Co-Head of Madison Dearborn Partners' ("MDP") Business & Government Software and Services team. Prior to joining MDP, a Chicago-based private equity firm focused on buyout and growth equity investments, he was with Bain Capital in private equity, McKinsey & Company and Goldman Sachs. Mr. Grissom currently serves on the Boards of Directors of BlueCat Networks, CoVant Technologies, Fleet Complete, Lightspeed Systems, and LinQuest Corporation. In addition, he was formerly on the Boards of Directors of LGS Innovations, @stake, Aderant, Asurion, Cbeyond, Fieldglass, Great Lakes Dredge and Dock Corporation, Intelsat, and Newworld. Outside of MDP, he is a Board Member at Amherst College, the Harvard Business School Fund Council, the Lincoln Park Zoo, METROsquash, the Museum of Science and Industry, and the University of Chicago Laboratory Schools. Mr. Grissom has extensive financial and board experience within a variety of industries that qualifies him as a member of the Board of Directors.

#### **Daniel P. Harrington**

Age: 64  
Director since 1998

Mr. Harrington serves as the President and Chief Executive Officer of HTV Industries, Inc. (a private holding company with diversified business interests that include manufacturing, distribution, technology and banking). Among other exceptional personal and professional attributes, Mr. Harrington has extensive financial, accounting and chief executive experience within a variety of industries that qualifies Mr. Harrington as a member of the Board of Directors. In addition, Mr. Harrington qualifies as an Audit Committee Financial Expert. Mr. Harrington also serves as a Trustee of The Veale Foundation. In addition, Mr. Harrington has served as a Director of First Guaranty Bank, First State Financial Corporation, and Portec Rail Products, Inc. (serving on its Audit and Compensation Committees).

- (1) Summaries above include directorships at any time within the last 5 years in companies with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to the requirements of Section 15(d) of the Exchange Act or companies registered under the Investment Company Act of 1940 and, in the case of certain directors, other present or former directorships or positions considered significant by them.

The Board of Directors has no reason to believe that any of the nominees will be unavailable to serve as a director. If any nominee should become unavailable before the Annual Meeting, the persons named in the proxy, or their substitutes, reserve the right to vote for substitute nominees selected by the Board of Directors.



## Continuing Directors

The following tables set forth information relating to the Class I and Class II directors of the Company who will continue to serve as directors until the expiration of their respective terms of office.

### Class I—Terms Expiring in 2021

**William C. Carstanjen**

Age: 52  
Director since 2015

Mr. Carstanjen was named the Company's twelfth Chief Executive Officer in August 2014 and appointed to the Board of Directors in July 2015. Mr. Carstanjen served as CDI's President and Chief Operating Officer (2011-2014), CDI's Chief Operating Officer (2009-2011) and as Executive Vice President, General Counsel and Chief Development Officer for the Company (2005-2009). Mr. Carstanjen joined CDI in July 2005 after serving as an executive with General Electric Company. Mr. Carstanjen began his career as an attorney with Cravath, Swaine & Moore LLP in New York City, specializing in mergers and acquisitions, corporate finance and corporate governance. Mr. Carstanjen brings a wealth of experience and knowledge to his leadership role at CDI. Throughout his tenure, Mr. Carstanjen has led CDI's diversification strategy into online wagering and regional casino gaming, as well as led the growth of the Kentucky Oaks and Kentucky Derby events. Mr. Carstanjen is a Director of Glenview Trust Company.

**Karole F. Lloyd**

Age: 61  
Director since 2018

Mrs. Lloyd was elected to the Board of Directors in 2018 and serves as Chair of the Audit Committee. Mrs. Lloyd has served on the Board of Directors of Aflac Inc. since January 2017 and currently serves as the Chair of the Audit and Risk Committee and a member of the Executive Committee and the Finance and Investment Committee of the Aflac Inc., Board of Directors. Ms. Lloyd is the retired Vice Chair and Southeast Regional Managing Partner for Ernst & Young LLP ("EY"). From 2009 through 2016, she served as a member of the US Executive Board, Americas Operating Executive and the Global Practice Group for EY. In her 37-year career at EY, Ms. Lloyd served many of EY's highest profile clients through mergers, IPOs, acquisitions, divestitures, and across numerous industries including banking, insurance, consumer products, transportation, real estate, manufacturing, and retail. Ms. Lloyd is active in the Atlanta community, working with the Metro Atlanta Chamber of Commerce and The Rotary Club of Atlanta. She was previously the Chair of the Atlanta Symphony Orchestra Board of Directors. Ms. Lloyd is active in supporting many colleges and universities throughout the southeast, including serving on the President's Advisory Council and the Board of Visitors at the University of Alabama. Mrs. Lloyd qualifies as an Audit Committee Financial Expert, which makes her well suited for her current role as the Chair of the Company's Audit Committee and as a member of the Board.

**Paul C. Varga**

Age: 56  
Director since 2020

Mr. Varga was appointed to the Board of Directors on February 25, 2020. Mr. Varga is the former Chairman and Chief Executive Officer of Brown-Forman Corporation, a public global spirits and wine company. Mr. Varga served as Chairman and Chief Executive Officer of Brown-Forman Corporation from August 2007 until his retirement in December 2018. He served as President and Chief Executive Officer of Brown-Forman Beverages (a division of Brown-Forman Corporation) from 2003 to 2005, and as Global Chief Marketing Officer for Brown-Forman Spirits from 2000 to 2003. In addition to Mr. Varga's many years of leadership experience in the role of Chief Executive Officer and as a public company board member, he also has considerable expertise and experience in corporate finance, strategy, building brand awareness, product development, marketing, distribution and sales. Mr. Varga currently serves on the Board of Directors of Macy's, Inc. as Chair of the Compensation and Management Development Committee and as a member of the Finance Committee. He previously served on the Board of Directors of Brown-Forman Corporation from 2003 until July 2019.

- (1) Summaries above include directorships at any time within the last 5 years in companies with a class of securities registered pursuant to Section 12 of the Exchange Act, subject to the requirements of Section 15(d) of the Exchange Act or companies registered under the Investment Company Act of 1940 and, in the case of certain directors, other present or former directorships or positions considered significant by them.

## Election of Directors (Proposal No. 1)

### Class II—Terms Expiring in 2022

#### **Ulysses L. Bridgeman, Jr.**

Age: 66  
Director since 2012

Mr. Bridgeman is the owner and chief executive officer of Heartland Coca-Cola Bottling Company, LLC ("Heartland"), which owns and operates a Coca-Cola production and manufacturing facility in Lenexa, Kansas and seventeen Coca-Cola distribution facilities across various Midwestern states, including Kansas, Missouri, and Illinois. Prior to his February 2017 acquisition of Heartland, Mr. Bridgeman was the owner and chief executive officer of various companies operating over 450 restaurants in 20 states, including 263 Wendy's restaurants and 123 Chili's restaurants. From 1975 to 1983, and from 1986 to 1987, Mr. Bridgeman played professional basketball with the Milwaukee Bucks, and from 1983 to 1986, he played for the Los Angeles Clippers. Mr. Bridgeman currently serves on the Board of Directors of Meijer, Inc., the Naismith Basketball Hall of Fame, Simmons College and the West End School. He is a former Director of the James Graham Brown Foundation and served as past chairman of the Board of Trustees of the University of Louisville. Mr. Bridgeman's current role as a CEO and extensive leadership experience make him ideally qualified as a member of the Board.

#### **R. Alex Rankin**

Age: 64  
Director since 2008

Mr. Rankin is the Chairman of the Board of Sterling G. Thompson Company, LLC (a private insurance agency and broker), and the President of Upson Downs Farm, Inc. (a thoroughbred breeding and racing operation). He is also Vice Chairman and Director of Glenview Trust Company and a member of The Jockey Club. Mr. Rankin is a Trustee and former Chairman of the James Graham Brown Foundation (a private, non-profit foundation that fosters the well-being, quality of life, and image of Louisville and Kentucky by actively supporting and funding projects in the fields of civic affairs, economic development, education, and health and general welfare, which since 1954 has awarded over 2,680 grants totaling over \$450 million). Among other exceptional personal and professional attributes, Mr. Rankin's expertise in the areas of finance and risk management, as well as his experience in the business of thoroughbred horseracing, qualify Mr. Rankin as a member of the Board of Directors.

- (1) Except as noted with respect to Mr. Bridgeman, there has been no change in principal occupation or employment during the past five years.
- (2) Summaries above include directorships at any time within the last 5 years in companies with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to the requirements of Section 15(d) of the Exchange Act or companies registered under the Investment Company Act of 1940 and, in the case of certain nominees, other present or former directorships or positions considered significant by them.

#### **Retirement Age Policy**

The Company has a mandatory retirement age policy in the Corporate Governance Guidelines with regard to directors, which provides that a person is not qualified to serve as a director unless he or she is less than seventy (70) years of age on the date of election. The Board believes that it is important to monitor overall Board performance and suitability, and pursuant to the policy, upon the recommendation of the Nominating and Governance Committee, the Board may waive the effective date of mandatory retirement. No director nominees in Class III will have met the mandatory retirement age as of the date of the Annual Meeting.

#### **Emeritus Directors**

Pursuant to our Amended and Restated Bylaws, each director shall become a "Director Emeritus" upon the expiration of his or her current term following the date the director may no longer be qualified for election as a director due to age pursuant to our retirement age policy, provided the effective date of such mandatory retirement has not been waived. Emeritus Directors are available for counsel, but do not attend meetings of the Board of Directors and do not vote on matters presented to the Board. The Emeriti Directors are Charles W. Bidwill, Jr., Catesby W. Clay, Craig J. Duchossois, Richard L. Duchossois, J. David Grissom, G. Watts Humphrey, Jr., James F. McDonald, Thomas H. Meeker, Carl F. Pollard, and Darrell R. Wells.

**Director Compensation for Fiscal Year Ended December 31, 2019**

During 2019, each non-employee director of the Board of Directors received the compensation set forth below (all fees shown are annual fees, except for meeting fees), which, other than the retainer fee and the stock award, did not change from the compensation levels set for 2018. For 2019, the annual retainer fee was increased from \$60,000 to \$75,000 and the annual stock award grant value was increased from \$125,000 to \$155,000 after considering market data and the input of the Compensation Committee's independent compensation consultant.

	Retainer Fee (\$) (1)	Meeting Fees (\$)(2)	Stock Awards (\$)(3)	Chairman Fee (\$)	Non-Chairman Fee (\$)
Board of Directors	75,000	2,000	155,000	150,000(4)	
Compensation Committee		2,000		25,000	12,500
Nominating and Governance Committee		2,000		20,000	10,000
Audit Committee		2,000		35,000	15,000

- (1) Retainer fee is paid in arrears, in equal quarterly installments.
- (2) Directors who do not reside in Louisville, Kentucky may request reimbursement for travel expenses to and from Board and committee meetings.
- (3) Each non-employee director receives a grant of restricted stock units ("RSUs"), with an aggregate grant date fair value of \$155,000.
- (4) For the non-employee Chairman of the Board of Directors.

In 2019, we provided the following compensation to our non-employee directors. Mr. Carstanjen, our Chief Executive Officer ("CEO"), is not separately compensated for his service on our Board. Please see the 2019 Summary Compensation Table for a summary of the compensation paid to our CEO with respect to 2019.

Name	Fees earned or paid in cash (\$)	Stock Awards (\$)(2)	Total (\$)
Ulysses L. Bridgeman, Jr.	118,250(1)	155,000	273,250
Richard L. Duchossois(3)	28,871	—	28,871
Robert L. Fealy	125,750(1)	155,000	280,750
Douglas C. Grissom	115,750(1)	155,000	270,750
Daniel P. Harrington	141,599(1)	155,000	296,599
Karole F. Lloyd	126,854	155,000	281,854
R. Alex Rankin	226,495	155,000	381,495
Paul C. Varga(4)	0	0	0

- (1) The Churchill Downs Incorporated 2005 Deferred Compensation Plan allows directors to defer receipt of all or part of their retainer and meeting fees in a deferred share account until after their service on the Board has ended. This account allows the director, in effect, to invest all or part of his or her deferred cash compensation in Company Common Stock. Funds in this account are credited as hypothetical shares of Common Stock based on the market price of the stock at the time the compensation would otherwise have been earned. Hypothetical dividends are reinvested in additional shares based on the market price of the stock on the date dividends are paid. All shares in the deferred share accounts are hypothetical and are not issued or transferred until the director ends his or her service on the Board. Upon the end of Board service, the shares are issued or transferred to the director. On December 13, 2019, the plan was amended so that effective January 1, 2020, director fees that are payable after that date and deferred may only be notionally invested in Company common stock and payout options are limited to either a single lump sum payment or equal annual installments over five or ten years. In 2019, Mr. Grissom, Mr. Fealy and Mr. Harrington deferred all of their 2019 directors' fees into a deferred share account under the plan, while Mr. Bridgeman deferred 50% of his 2019 directors' fees into a deferred share account under the plan. As of December 31, 2019, Mr. Bridgeman had 5,390 deferred shares, Mr. Fealy had 34,851 deferred shares, Mr. Grissom had 2,542 deferred shares, and Mr. Harrington had 33,067 deferred shares under the plan. As of December 31, 2019, Mr. Duchossois had no deferred shares under the plan.

## Election of Directors (Proposal No. 1)

- (2) On April 23, 2019, each non-employee director (with the exception of Mr. Richard L. Duchossois, who did not stand for re-election as a member of the Board of Directors at the 2019 annual meeting of shareholders on April 23, 2019) received a grant of RSUs, valued in the amount of \$155,000, calculated based upon the closing price of a share of Common Stock on the date of grant. The RSUs vest one year from the date of grant, subject to the director's continued service through the vesting date. At the time a director ceases being a director of the Company, the Company will issue one share of Common Stock for each vested RSU held by such director. As of December 31, 2019, Mr. Bridgeman had 14,215 RSUs, Mr. Fealy had 19,663 RSUs, Mr. Grissom had 3,207 RSUs, Mr. Harrington had 19,663 RSUs, Ms. Lloyd had 3,207 RSUs, and Mr. Rankin had 19,663 RSUs.
- (3) Mr. Duchossois did not stand for re-election as a member of the Board of Directors at the annual meeting of shareholders on April 23, 2019.
- (4) Mr. Varga joined the Board in February 2020 and therefore received no compensation in 2019.

## Director Stock Ownership Guidelines

As memorialized in the Corporate Governance Guidelines, the Board expects all directors to display confidence in the Company by ownership and retention of a meaningful amount of the Company's Common Stock. Pursuant to the Company's insider trading policy, all directors are subject to the Company's anti-hedging policy, which prohibits hedging and monetization transactions with respect to the Company's Common Stock. As a result, each director is expected to own shares with a fair market value equal to five (5) times the director's annual retainer. Each director appointed or elected to the Board has five (5) years from the date of appointment or election to the Board to meet this requirement. Compliance is measured at the five (5) year anniversary date of the director's appointment or election. Each director's continuing compliance with the ownership guidelines will be measured in the year he or she stands for re-election and will be considered as one of the criteria for nomination by the Nominating and Governance Committee. The chart below shows each current director's compliance with the ownership guidelines calculated as of December 31, 2019, other than with respect to Mr. Carstanjen, who is subject to maintaining holdings of the Company's Common Stock equal to at least six (6) times his base annual salary, pursuant to the Key Executive Stock Ownership and Retention Guidelines, as further described in the "Executive Stock Ownership Guidelines" section below. Furthermore, deferred shares acquired by directors under the Churchill Downs Incorporated 2005 Deferred Compensation Plan and RSUs granted as director compensation are included for purposes of measuring compliance with the Company's share ownership guidelines. In addition, the directors are subject to the same anti-hedging policy as the Company's officers and employees.

Director	Ownership Guidelines <sup>(1)</sup>	Shares Owned <sup>(2)</sup>	Value of Shares <sup>(3)</sup>	Met Guidelines
Ulysses L. Bridgeman, Jr.	5x	19,605	\$ 2,689,799	✓
Robert L. Fealy	5x	54,514	\$ 7,479,322	✓
Douglas C. Grissom	5x	5,749	\$ 788,741	✓
Daniel P. Harrington	5x	647,630	\$88,854,777	✓
Karole F. Lloyd	5x	11,207	\$ 1,537,543	✓
R. Alex Rankin	5x	39,363	\$ 5,400,549	✓
Paul C. Varga	5x	0	\$ 0	*

✓ = Met guidelines.

\* = Mr. Varga joined the Board on February 25, 2020 and did not own any shares of Common Stock as of December 31, 2019. Mr. Varga has five years from the date of appointment to the Board to meet the guidelines.

- (1) Guidelines adopted per the Company's Board of Directors.
- (2) Calculated as of December 31, 2019 and represents shares of Common Stock owned outright, hypothetical shares deferred per the Company's 2005 Deferred Compensation Plan, and RSUs issued for board service.
- (3) Fair market value based on closing price of our Common Stock of \$137.20 as of December 31, 2019.

# CORPORATE GOVERNANCE

The Board of Directors is responsible for providing effective governance over the Company's affairs. The Company's corporate governance practices are designed to align the interests of the Board and management with those of our shareholders and to promote honesty and integrity throughout the Company.

During the past year, we continued to review our corporate governance policies and practices and compared them to those suggested by various authorities in corporate governance and the practices of other public companies. We have also reviewed guidance and interpretations provided by the SEC and Nasdaq.

Copies of the current charter, as approved by our Board, for each of our Audit, Compensation and Nominating and Governance Committees and a copy of our Corporate Governance Guidelines, Code of Conduct (along with any amendments or waivers related to the Code of Conduct) are available on our corporate website, <http://www.churchilldownsincorporated.com>, under the "Corporate Governance" subheading under the "Investors" tab.

## Shareholder Communications

Shareholders may send communications to the Company's Board of Directors addressed to the Board of Directors or to any individual director c/o Churchill Downs Incorporated, 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky 40222. Any correspondence addressed to the Board of Directors in care of the Company is forwarded to the Board of Directors without review by management.

## Board Leadership Structure

R. Alex Rankin is the Chairman of the Board of Directors. The Board continues to deem it advisable to maintain certain aspects of its governance structure to assure effective independent oversight. These governance practices include maintaining executive sessions of the independent directors after each Board meeting, annual performance evaluations of the CEO by the independent directors, and separate roles for the CEO and Chairman of the Board of Directors. Our Corporate Governance Guidelines state that the offices of the Chairman of the Board and CEO may be either combined or separated, in the Board's discretion; provided, that if the Board designates one individual to serve as the Chairman of the Board and the CEO, the Board will then designate an independent director to serve as the Lead Independent Director. The Board is currently led by an independent Chairman, Mr. Rankin. The Board believes that separating the roles of CEO and Chairman of the Board is the most appropriate structure at this time. Separating the roles of CEO and Chairman of the Board ensures that our CEO is able to more exclusively focus on this role. The Board also believes that an independent Chairman of the Board allows for independent oversight of management, increases management accountability, and encourages an objective evaluation of management's performance relative to compensation.

## Oversight of Company Risk

As part of its responsibility to oversee the management, business and strategy of the Company, the Board of Directors has overall responsibility for risk oversight. While the Board of Directors as a whole performs certain risk oversight functions directly, such as its ongoing review, approval and monitoring of the Company's fundamental business and financial strategies and major corporate actions, the majority of the Board of Directors' risk oversight functions is carried out through the operation of its committees. Each committee oversees risk management within its assigned areas of responsibility, as described below in the discussion of committee responsibilities. The Audit Committee is primarily responsible for overseeing the Company's risk assessment and risk management practices, as well as its compliance programs. The Compensation Committee's responsibilities include oversight of the risks associated with the Company's compensation policies and practices, as well as its managerial development and succession plans. The Nominating and Governance Committee oversees the risks related to the Company's corporate governance structure and processes.

## Board Evaluations

The Board conducts an annual self-evaluation to assist in determining whether it and its committees are functioning effectively. The Nominating and Governance Committee solicits comments from all directors and reports annually to the

## Corporate Governance

Board with an assessment of the Board's performance and how its committees are functioning. This will be discussed with the full Board following the end of each fiscal year. The assessment focuses on the Board's contribution to the Company and specifically focuses on areas in which the Board or management believes that the Board could improve.

### Board Meetings and Committees

Six (6) meetings of the Board of Directors were held during the last fiscal year. During the fiscal year, all incumbent directors attended at least 75% of their Board and committee meetings for the period for which they served. The Company encourages its directors to attend the annual meeting of shareholders each year. Each of the directors then serving on the Board (other than Mr. Richard L. Duchossois, who did not stand for re-election at the 2019 annual meeting of shareholders on April 23, 2019) attended the Company's annual meeting on April 23, 2019.

The Board has determined that all of the directors of the Company who served during any part of the last completed fiscal year, and Paul C. Varga, who joined the Board in February 2020, are "independent directors," as defined under Nasdaq Rule 5605(a)(2), except William C. Carstanjen, due to his position as CEO of the Company. When determining the independence of Mr. Varga, the Board considered that Mr. Varga was formerly the Chairman and Chief Executive Officer of Brown-Forman Corporation, a corporate sponsor of the Kentucky Derby. The Board determined that this former relationship would not interfere with the exercise of Mr. Varga's independent judgment in carrying out the responsibilities of a director.

As required by the Company's Corporate Governance Guidelines, the Board of Directors currently has four (4) standing committees: the Executive, Audit, Compensation, and Nominating and Governance Committees. No Director Emeritus serves on any Board committee. The current composition of the committees is illustrated in the table below, along with the number of meetings held in 2019.

Director Name	Board of Directors	Executive Committee	Audit Committee <sup>(1)</sup>	Compensation Committee <sup>(2)</sup>	Nominating and Governance Committee
Ulysses L. Bridgeman	Member		Member		Member
William C. Carstanjen	Member				
Robert L. Fealy	Member	Member		Member	Chair
Douglas C. Grissom	Member			Member	Member
Daniel P. Harrington	Member	Member	Member	Chair	
Karole F. Lloyd	Member		Chair		Member
R. Alex Rankin	Chair	Chair	★	★	★
Paul C. Varga	Member		Member	Member	
<b>Number of meetings in 2019</b>	<b>6</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>1</b>

★ = Ex-officio Member

- (1) At the conclusion of the 2019 annual meeting of shareholders, Karole F. Lloyd became Chair of the Audit Committee, with Daniel P. Harrington continuing to serve as a member of the Audit Committee.
- (2) At the conclusion of the 2019 annual meeting of shareholders, Daniel P. Harrington became Chair of the Compensation Committee, with R. Alex Rankin serving as an ex-officio member of the Compensation Committee.

## Executive Committee

The Executive Committee is authorized, subject to certain limitations set forth in the Company's Amended and Restated Bylaws, to exercise the authority of the Board of Directors between Board meetings. The Executive Committee does not meet on a regular basis, but instead meets as and when needed.



## Audit Committee

The primary purposes of the Audit Committee are to assist the Board of Directors in fulfilling its responsibility in monitoring management's conduct of the Company's financial reporting process and overseeing the Company's risk assessment and risk management practices. The Audit Committee is generally responsible for monitoring the integrity of the financial reporting process, systems of internal controls and financial statements and other financial reports provided by the Company to any governmental or regulatory body, the public or other users thereof, as well as overseeing the processes by which management assesses the Company's exposure to cybersecurity and other risks and evaluating the guidelines and policies governing the Company's monitoring, control and minimization of such exposures.

The Audit Committee's responsibilities are as follows, among others:

- To monitor the performance of the Company's internal audit function;
- To appoint, compensate, retain and oversee the independent registered public accounting firm employed by the Company for the purpose of preparing or issuing audit opinions on the Company's financial statements and its internal control over financial reporting;
- To monitor the Company's compliance with legal and regulatory requirements as well as the Company's Code of Conduct and compliance policies;
- To consider the effectiveness of the company's internal control system including information technology security and control;
- To inquire of management, including its internal auditor, and the Company's independent auditors regarding significant risks or exposures, including those related to fraudulent activities, facing the Company; to assess the steps management has taken or proposes to take to minimize such risks to the Company; and to periodically review compliance with such steps;
- In discharging its oversight role, to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and to retain outside counsel, auditors or other experts for this purpose;
- To conduct an annual performance evaluation of the Audit Committee.

We have a formal enterprise risk management program that falls under the leadership of our executive team with oversight from the Audit Committee. The purpose of this program is to promote risk-intelligent decision making and, in turn, increase the likelihood of achieving our operational objectives. Our Board of Directors is regularly advised of potential organizational risks and supporting mitigating policies.

The Company's Board of Directors has determined that all members of the Company's Audit Committee are independent as defined under Nasdaq Rule 5605(a)(2) and Rule 10A-3(b)(1) under the Exchange Act.

The Board of Directors has determined that Daniel P. Harrington and Karole F. Lloyd are "audit committee financial experts" as defined by regulations promulgated by the SEC.

## Compensation Committee

### Responsibilities of the Compensation Committee

The Compensation Committee of the Board of Directors operates under a written charter and is comprised entirely of directors meeting the independence requirements of Nasdaq and Rule 10C-1(b)(1) under the Exchange Act. The Board established the Compensation Committee to assist it in discharging the Board's responsibilities relating to compensation of the Company's CEO, each of the Company's other executive officers, and the Company's non-employee directors. The Compensation Committee has overall responsibility for decisions relating to all compensation plans, policies and perquisites as they affect the CEO and other executive officers and may form and delegate authority to subcommittees when it deems appropriate.

## Corporate Governance

The Compensation Committee's responsibilities are as follows, among others:

- To oversee the development and implementation of the Company's compensation policies and programs for executive officers, including the Chairman of the Board and the CEO.
- To establish the annual goals and objectives relevant to the compensation of the Chairman of the Board, the CEO and the executive officers and to present such to the Board annually.
- To evaluate the performance of the Chairman of the Board, the CEO and other executive officers in light of the agreed-upon goals and objectives and to determine and approve the compensation level of the Chairman of the Board and the CEO, including the balance of the components of total compensation, based on such evaluation and to present its report to the Board annually.
- To develop guidelines for the compensation and performance of the Company's executive officers and to determine and approve the compensation of the Company's executive officers, including the balance of the components of total compensation.
- To establish appropriate performance targets, participations and levels of awards with respect to the Company's incentive compensation plans.
- To administer the Company's equity-based compensation plans, including the establishment of criteria for the granting of stock-based awards and the review and approval of such grants in accordance with the criteria.
- To establish and periodically review Company policies relating to senior management perquisites and other non-cash benefits.
- To review periodically the operation of the Company's overall compensation program for key employees and evaluate its effectiveness in promoting shareholder value and Company objectives.
- To review the results of any advisory shareholder votes on executive compensation and consider whether to recommend adjustments to the Company's compensation policies and programs as a result of such results.
- To consider, at least annually, whether risks arising from the Company's compensation policies and practices for all employees, including non-executive officers, are reasonably likely to have a material adverse effect on the Company, including whether the Company's incentive compensation arrangements encourage excessive or inappropriate risk-taking.
- To approve any compensation "clawback" policy required by law or otherwise adopted by the Company.
- To oversee regulatory compliance with respect to matters relating to executive officer compensation.
- To approve plans for managerial development and succession within the Company and to present such plans to the Board annually.
- To review, assess and recommend to the Board appropriate compensation for outside directors.
- To produce the report on executive compensation to be included in the Company's proxy statement for the annual meeting of shareholders.
- To review and discuss with management the compensation discussion and analysis, and based on such discussion, make a recommendation to the Board as to whether or not the compensation discussion and analysis should be included in the proxy statement.
- To review and reassess the adequacy of its charter annually and recommend any proposed changes to the Board for approval.
- To conduct an annual performance evaluation of the Compensation Committee.

### Compensation Committee Interlocks and Insider Participation

None of the directors who served on the Compensation Committee at any time during the last fiscal year were officers or employees of the Company or were former officers of the Company. None of the members who served on the Compensation Committee at any time during fiscal 2019 had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. Finally, no executive officer of the Company serves, or in the past fiscal year has served, as a director or member of the compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on the Board of Directors or the Compensation Committee.



## Compensation Risk Assessment

The Compensation Committee performed an assessment of whether risks arising from the Company's compensation policies and practices for all employees during 2019, including non-executive officers, are reasonably likely to have a material adverse effect on the Company. Each policy and plan was evaluated based on certain elements of risk, including, but not limited to, (i) the mix of fixed and variable pay, (ii) types of performance metrics, (iii) performance goals and payout curves, (iv) payment timing and adjustments, (v) equity incentives, and (vi) stock ownership requirements and trading policies. Based on this evaluation, an assessment of each plan was created, along with an overall assessment of compensation risk to the Company. After evaluation and discussion, the Committee determined that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

## Nominating and Governance Committee

The Company's Nominating and Governance Committee operates under a written charter that was amended in 2019, and is responsible for establishing the criteria for and reviewing the effectiveness of the Company's Board of Directors. In addition, the Nominating and Governance Committee provides oversight with regard to the Company's programs for dealing with governance issues.

Pursuant to the Company's Corporate Governance Guidelines and its Policy on Board Composition, the Nominating and Governance Committee determines criteria regarding personal qualifications needed for Board membership and the Committee considers, reviews qualifications and recommends qualified candidates for Board membership. In doing so, the Nominating and Governance Committee reviews the composition of the Board and the Company's strategic plans to determine its needs with regard to Board composition and identify candidates with the appropriate skill sets and qualifications. While the Company does not have a formal policy on diversity for members of the Board of Directors, the Company's Corporate Governance Guidelines and its Policy on Board Composition specifically provide that diversity of race and gender, as well as general diversity of backgrounds and experience represented on the Board of Directors are factors to consider in evaluating potential directors. The Nominating and Governance Committee sometimes employs an outside consultant to identify nominees with the skill sets, experience and backgrounds that suit the Company's needs. Douglas C. Grissom, who is standing for election by shareholders as a Class III director for the first time, was first identified as candidate by a non-management director.

A candidate for the Company's Board of Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the Company's various constituencies. In considering a candidate for nomination as a member of the Board, the Nominating and Governance Committee will consider criteria such as independence; occupational background, including principal occupation (i.e., chief executive officer, attorney, accountant, investment banker, or other pertinent occupation); level and type of business experience (i.e., financial, lending, investment, media, racing industry, technology, etc.); diversity in race and gender; number of boards on which the individual serves; and the general diversity of backgrounds and experience represented on the Board. The Nominating and Governance Committee periodically reviews the Company's Corporate Governance Guidelines and its Policy on Board Composition, which were amended in 2019, and recommends changes to the Board. It also evaluates the performance of the Board as a whole and provides feedback to the Board on how the directors, the committees and the Board are functioning. Finally, it evaluates Board of Director practices at the Company and other well-managed companies on an annual basis and recommends appropriate changes to the Board and/or its practices.

The Nominating and Governance Committee receives and considers issues raised by shareholders or other stakeholders in the Company and recommends appropriate responses to the Board. The Nominating and Governance Committee will consider recommendations for director candidates submitted by shareholders. Such questions, comments or recommendations should be submitted in writing to the Nominating and Governance Committee in care of the Office of the Secretary at 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky 40222. The Nominating and Governance Committee, in having adopted criteria to be considered for membership on its Board, considers such candidates applying such criteria and follows the recommendation process noted above. Recommendations by shareholders that are made in accordance with these procedures will receive the same consideration as recommendations from other sources.

**Proposal to Ratify the Appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2020 (Proposal No. 2)**

# **PROPOSAL TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2020 (Proposal No. 2)**

On February 25, 2020, the Board of Directors, on recommendation from the Audit Committee, selected PricewaterhouseCoopers LLP ("PwC") to serve as the Company's independent registered public accounting firm for the year ending December 31, 2020. PwC has served as the Company's independent registered public accounting firm since the Company's 1990 fiscal year.

Although the Company's Amended and Restated Bylaws do not require that the Company's shareholders ratify the appointment of PwC as the Company's independent registered public accounting firm, the Board of Directors is submitting the appointment of PwC to the Company's shareholders for ratification as a matter of good corporate governance. This proposal will be approved if the votes cast favoring the action exceed the votes cast opposing the action. If the appointment is not ratified, the Company's Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm. Even if the appointment is ratified, the Company's Audit Committee, in its sole discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

Representatives of PwC are expected to be present at the Annual Meeting and will be available to respond to appropriate questions and will have the opportunity to make a statement if they desire to do so.



**The Board of Directors and the Audit Committee recommend that the shareholders vote "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for fiscal year 2020.**

# INDEPENDENT PUBLIC ACCOUNTANTS

## Audit Fees

The audit fees incurred by the Company for services provided by PwC (i) for the year ended December 31, 2019, were \$2,331,950 and (ii) for the year ended December 31, 2018, were \$1,718,200. Audit fees include services related to the audit of the Company's consolidated financial statements, the audit of the effectiveness of internal control over financial reporting, involvement with registration statement filings, statutory audits and consultations related to miscellaneous SEC and financial reporting matters.

## Audit-Related Fees

During each of 2019 and 2018, the Company incurred \$3,800 and \$21,700, respectively, in fees for assurance and related services performed by PwC that were reasonably related to the performance of the audit or review of the Company's financial statements that are not reported in the preceding section.

## Tax Fees

Tax fees incurred by the Company for services provided by PwC (i) in 2019, were \$125,000 and (ii) in 2018, were \$130,100. Tax fees include services related to tax return preparation for a related entity, tax consultation and tax advice.

## All Other Fees

All other fees incurred by the Company for services provided by PwC relate to the use of Inform, PwC's accounting research software, and PwC's disclosure checklist software, which amounted to \$4,500 in each of 2019 and 2018. The Audit Committee has considered whether the provision of non-audit services to the Company is compatible with maintaining PwC's independence.

The Audit Committee has adopted a policy of evaluating and pre-approving all audit and non-audit services provided by the independent auditors. The Audit Committee may delegate pre-approval authority to a member; provided that decisions of such member shall be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee pre-approved all audit and permissible non-audit services provided by the independent auditors in 2019.

Advisory Vote to Approve Executive Compensation (Proposal No. 3)

## ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION (Proposal No. 3)

Pursuant to Section 14A of the Exchange Act, the Company's shareholders are entitled to a vote to approve, on an advisory and non-binding basis, the compensation of the Company's named executive officers ("NEOs") as disclosed in this Proxy Statement in accordance with SEC rules. In accordance with the preference expressed by shareholders, the Company is holding such advisory votes on an annual basis.

The Company has a "pay-for-performance" philosophy that forms the foundation of all decisions regarding compensation of the Company's NEOs. This compensation philosophy, and the program structure approved by the Compensation Committee, is central to the Company's ability to attract, motivate and retain individuals who can achieve superior financial results while also aligning the interests of the executives with the interests of shareholders over the long-term. This approach has resulted in the Company's ability to attract and retain the executive talent necessary to guide the Company successfully during a period of growth and transformation. Please refer to "Compensation Discussion and Analysis—Executive Summary" for an overview of the compensation of the Company's NEOs.

This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the policies and practices described in this Proxy Statement. At the Annual Meeting, shareholders will be asked to approve the compensation of the Company's NEOs by voting FOR the following resolution:

"RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure in this Proxy Statement."

This vote is advisory and therefore not binding on the Company. The Board of Directors and Compensation Committee value the opinions of the Company's shareholders. Should there be a significant vote against the NEO compensation as disclosed in this Proxy Statement, the Board will consider those shareholders' concerns and will evaluate whether any actions are necessary to address those concerns.

This proposal will be approved if the votes cast favoring the action exceed the votes cast opposing the action.



**The Board of Directors recommends a vote "FOR" the approval of the advisory resolution relating to the compensation of the Company's Named Executive Officers as disclosed in this Proxy Statement.**

# COMPENSATION DISCUSSION AND ANALYSIS

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This Compensation Discussion and Analysis (our “CD&A”) provides an overview of our executive compensation program for 2019 and our executive compensation philosophies and objectives.

Our named executive officers consist of our Chief Executive Officer, our President and Chief Operating Officer, our Chief Financial Officer and our Senior Vice President Gaming Operations (“NEOs”). Our NEOs were:

**Name:**

William C. Carstanjen  
William E. Mudd  
Marcia A. Dall  
Austin W. Miller

**Title:**

Chief Executive Officer  
President and Chief Operating Officer  
Chief Financial Officer  
Senior Vice President, Gaming Operations

## Compensation Discussion and Analysis

### Executive Summary

Churchill Downs Incorporated is an industry-leading provider of racing, gaming, and online entertainment and wagering. Our long-term success depends on our ability to attract, engage, motivate and retain highly talented executives and key employees to achieve our strategic plans and deliver financial returns to shareholders over both the short-term and long-term. One of the key objectives of our executive compensation program is to link executives' pay to their performance and their advancement of the Company's long-term performance and business strategies. Other objectives include aligning the executives' interests with those of shareholders and encouraging high-performing executives to remain with the Company over the course of their careers. We believe that the amount of compensation for each NEO reflects each individual's extensive management experience, high performance and exceptional service to the Company and our shareholders. We also believe that the Company's compensation strategies have been effective in attracting executive talent and promoting performance and retention.

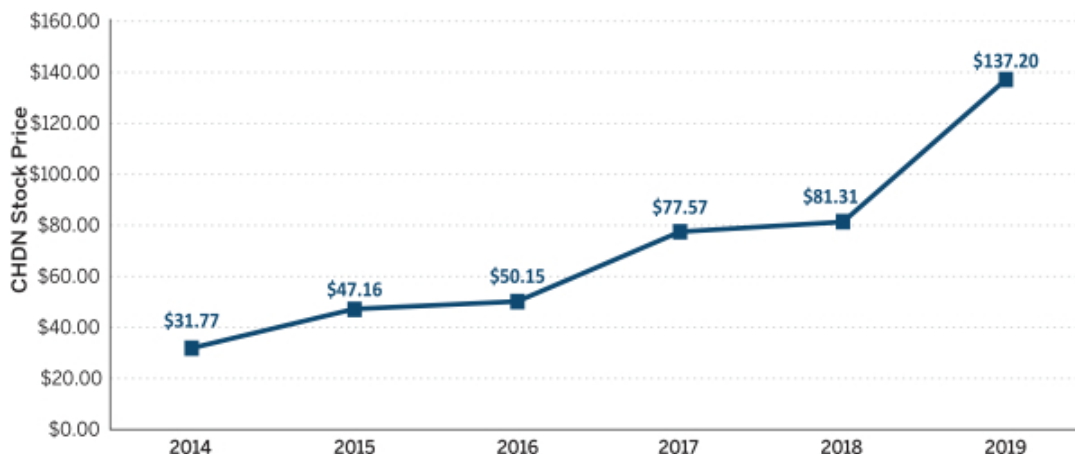
This Compensation Discussion and Analysis describes the Company's executive compensation policies and programs and how they apply to our NEOs. It also describes the actions and decisions of the Compensation Committee of the Board of Directors (the "Compensation Committee" or "Committee"), which oversees the executive compensation program and determines the compensation of the NEOs. A detailed discussion of the Committee's structure, roles and responsibilities, and related matters can be found under "Compensation Committee" on pages 17-19.

Our long-term incentive goals are based on operational results that the Committee believes drive Company and shareholder success over multi-year performance periods. Certain metrics the Company uses for incentive purposes are as follows (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 10-K for Fiscal Year 2019 for reconciliation of these metrics to the most directly comparable GAAP measures, and the discussion of Long-Term Incentives beginning on page 33):

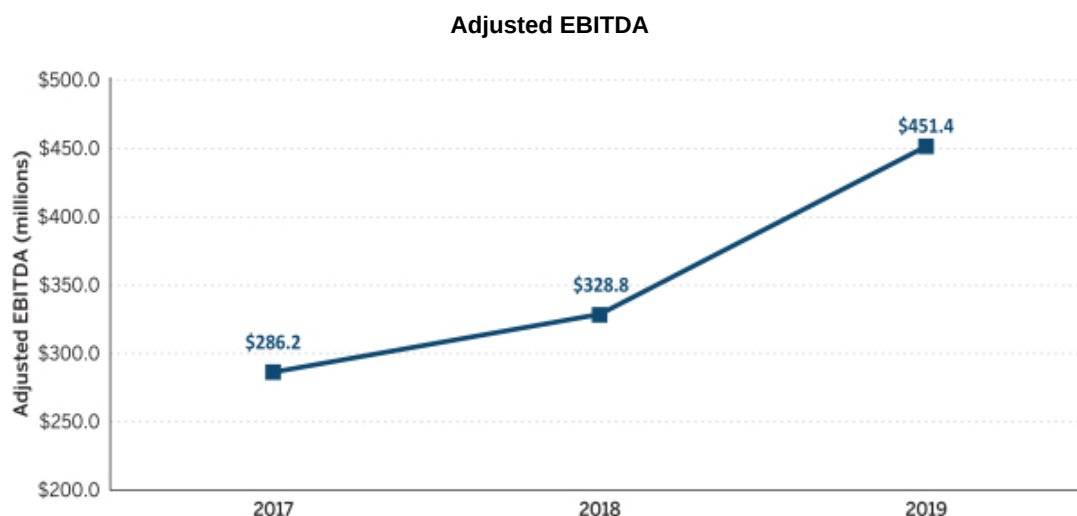
- **Adjusted EBITDA**—Adjusted EBITDA used for compensation purposes in fiscal year 2019 was \$451.4 million, exceeding by 8.2% the Adjusted EBITDA target of \$417.3 under the Executive Annual Incentive Plan;
- **Cash Flow Metric**—Cash Flow Metric for compensation purposes in fiscal year 2019 was \$235.0 million, a 47.4% increase compared to fiscal year 2018 Cash Flow Metric for compensation purposes of \$159.4 million; and
- **Total Shareholder Return**—Total Shareholder Return from January 2, 2019 to December 31, 2019 was 71%.

As illustrated in the following chart, the Company's stock price increased to \$137.20 per share as of December 31, 2019 from \$31.77 per share as of December 31, 2014.

**CHDN Stock Price  
(Year-End)**



Similarly, as illustrated in the following chart, a key component of our incentive program, Adjusted EBITDA has grown steadily, increasing from \$286.2 million in 2017 to \$451.4 million in 2019 (representing a compound annual growth rate of 26%).



\* Please refer to “Item 7 Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC on February 26, 2020 for a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP measure. The Company is only providing Adjusted EBITDA data for the past three years to correspond to the reconciliation provided in the Company’s Form 10-K for the fiscal year ended December 31, 2019.

The Company’s outstanding performance is further reflected in the key business metrics summarized in the table below.

	Fiscal Year 2014	Fiscal Year 2019	% Increase	5-Year Compound Annual Growth Rate (CAGR)
CHDN Stock Price	\$31.77	\$137.20	332%	34%
Net Income attributable to CDI (millions)	\$ 46.4	\$ 137.5	196%	24%
Earnings Per Share (from continuing operations, diluted)	\$ 1.08	\$ 3.44	219%	26%
Dividends Per Share	\$0.333	\$ 0.581	74%	12%

## Compensation Discussion and Analysis

### Key 2019 Compensation Actions

The primary elements of our total direct compensation program for the NEOs and a summary of the actions taken by the Compensation Committee during 2019 are set forth below.

Compensation Component	Link to Business and Talent Strategies	2019 Compensation Actions
Base Salary (Page 30)	<ul style="list-style-type: none"> <li>Competitive base salaries help attract and retain executive talent.</li> </ul>	<ul style="list-style-type: none"> <li>Merit and market-based increases for 2019.</li> </ul>
Annual Cash Incentive Compensation (Page 31)	<ul style="list-style-type: none"> <li>Focus executives on achieving annual financial and non-financial results that are considered key indicators of annual financial and operational performance.</li> <li>Annual cash incentives are earned based on achievement of Adjusted EBITDA and other strategic, operational and financial measures.</li> </ul>	<ul style="list-style-type: none"> <li>Merit and market-based increases to annual cash incentive target opportunities for 2019.</li> <li>Annual cash incentive awards were earned above target at an average of 143% (ranging from 133% to 156%) due to strong Company and executive performance.</li> <li>Implemented newly designed annual cash incentive plan for NEOs, whereby the majority of the annual incentive is formulaically determined based on the achievement of a pre-established financial goal.</li> </ul>
Long-Term Equity Incentive Compensation (Page 33)	<ul style="list-style-type: none"> <li>2019 annual equity-based awards consist of PSUs and RSUs.</li> <li>PSUs vest based on achievement of Adjusted EBITDA and Cash Flow metrics that are considered key indicators of long-term performance, with vesting adjusted based on a relative total shareholder return ("TSR") performance to additionally incorporate creation of stockholder value over the performance period.</li> <li>RSUs provide focus on stock price growth and serve our talent retention objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Merit and market-based increases to target value of equity awards for 2019.</li> <li>The target value of the equity award mix is generally balanced between PSUs (50%) and RSUs (50%).</li> <li>PSUs are subject to a 3-year performance period (2019 -2021) and will be earned based on Adjusted EBITDA (weighted 50%) and Cash Flow (weighted 50%) goals, with a relative TSR modifier of +/-25%.</li> <li>RSUs vest over three years in equal annual installments on December 31, 2019, December 31, 2020 and December 31, 2021.</li> </ul>



## Compensation Discussion and Analysis

### Executive Compensation Philosophy and Core Principles

What We Do	What We Don't Do
<ul style="list-style-type: none"> <li>✓ Target Median Compensation Among Peer Group</li> <li>✓ Executive Stock Ownership Guidelines</li> <li>✓ Clawback Policy on Cash Bonus and Equity Incentives</li> <li>✓ PSUs Vesting over Multi-year Performance Period</li> <li>✓ Capped Bonus Payments under Annual Incentive Plan</li> <li>✓ Capped PSU Vesting Levels</li> <li>✓ Payouts Tied to Individual and Company Performance, with Majority of Payout Determined by Pre-Established Formula and Goal</li> <li>✓ Use of an Independent Compensation Consultant</li> <li>✓ Anti-hedging policy, applicable to directors and employees</li> </ul>	<ul style="list-style-type: none"> <li>× No Employment Agreements</li> <li>× No Re-pricing of SARs or Stock Options</li> <li>× No Excise Tax Gross-ups upon Change in Control</li> <li>× No Excessive Perquisites</li> </ul>

The fundamental philosophy of the Compensation Committee is to provide an executive compensation program that links pay to business strategy and performance in a manner that is effective in attracting, motivating and retaining key executives while also aligning the interests of the executives with the interests of shareholders over the long-term. To that end, the Compensation Committee evaluates the pay practices of its peers and targets the median of the peer group. In order to continue to support the Company's high-performance culture, the Company's key principles underlying the executive compensation program are to:

- Attract and retain executives with the skills and experience needed to successfully grow the Company and create value for shareholders;
- Create an entrepreneurial culture and mindset by de-emphasizing fixed pay (primarily salary) and focusing a significant percentage of compensation on at-risk pay elements (annual and long-term incentives); and
- Motivate and reward executives for achieving exceptional performance supportive of creating value for shareholders over the long-term.

The Compensation Committee will continue to adjust its pay practices to support these principles over time.

### 2019 "Say-on-Pay" Advisory Vote on Executive Compensation

The Compensation Committee monitors closely the results of the annual advisory "say-on-pay" vote, and considers such results as one of the many factors considered in connection with the discharge of its responsibilities. In 2019, the Company provided shareholders a "say-on-pay" advisory vote on its executive compensation program, as disclosed in the Company's 2019 proxy statement. At the 2019 annual meeting of shareholders, approximately 78% of the votes cast for the "say-on-pay" proposal were in favor of our executive compensation program. Even though this result shows significant shareholder support for our executive compensation program, it is less than what the Company strives to achieve and represents a decrease in support from the 97% level of shareholder support we received in 2018. Leading up to this vote, the Company actively engaged with shareholders owning approximately 50% of our stock to understand their perspectives regarding our executive compensation program and, in particular, the one-time special performance grants awarded last year. While the special performance grants were granted to drive performance and support the retentive aspect of the Company's executive compensation program, the Compensation Committee does not have any plans to award additional special performance grants, although award recipients will continue to receive equity awards as part of the Company's regular annual program.

The Company utilizes shareholder feedback to help guide changes and adjustments to its executive compensation program. For example, based on shareholder feedback the Company received, the 2019 Executive Annual Incentive Plan implemented a formulaic approach in which 75% of the annual incentive award was determined formulaically by the achievement of a pre-established financial goal. At the 2020 Annual Meeting of Shareholders, we are again holding an advisory vote on executive compensation and will continue to engage with our shareholders as we make further improvements to our executive compensation program.

## Compensation Discussion and Analysis

### Role of Management and Independent Advisors

The Compensation Committee meetings are regularly attended by the CEO, the Senior Vice President of Human Resources (who is responsible for leading some of the discussions regarding the Company's compensation programs as well as being responsible for recording the minutes of the meeting), the Vice President of Human Resources, and the General Counsel. The Compensation Committee may request the participation of management or outside consultants as it deems necessary or appropriate. The Compensation Committee regularly reports to the Board on compensation matters and annually reviews the CEO's compensation with the Board.

The Committee may also meet in executive session without any members of management, for the purpose of discussing and approving compensation for the CEO, as well as other topics. The CEO reviews the performance of, and makes recommendations to, the Compensation Committee regarding total compensation to be paid to the Company's executive officers other than himself, including salary, annual bonus, and long-term incentive awards, as appropriate. Management also develops and presents to the Committee recommendations for the performance measures and targets to be used to evaluate annual performance incentives.

After the end of each fiscal year, the Committee conducts a review of the CEO's performance. As part of this process, the CEO provides a written assessment of the Company's performance. The Committee sets the compensation of the CEO in executive session after considering its assessment of the CEO's performance, including due consideration of the CEO's written assessment of the Company's performance. Neither the CEO nor any other members of management are present during this session.

The Committee has sole discretion, at the Company's expense, to retain and terminate independent advisors, including sole authority to approve the fees and retention terms for such advisors, if it shall determine the services of such advisors to be necessary or appropriate. Such advisors are engaged by, and report directly to, the Committee. Since March 2015, the Committee has retained Frederic W. Cook & Co., Inc. ("FW Cook") as its independent compensation consultant. The scope of the engagement of FW Cook includes:

- Assisting the Chair of the Committee in establishing appropriate agendas for the Committee meetings;
- Reviewing management reports and recommendations to the Committee as related to executive compensation matters;
- Attending Committee meetings and providing the Committee with input and advice based on the advisor's broad experience with market practices, including a perspective with regard to the competitive market;
- Assisting with the review of pay and performance and the evaluation of payouts under the Company's annual and long-term incentive programs;
- Assisting in the review and evaluation of non-employee director compensation;
- Assisting the Committee in identifying similarly-situated peer group companies;
- Providing the Committee and management with data on market practices for executive pay;
- On behalf of the Committee, assisting management with disclosures, including this Compensation Discussion and Analysis;
- Providing updates to the Committee with regard to regulatory developments; and
- Assisting the Committee in evaluating future equity grants and cash compensation for the NEOs, including the CEO.

FW Cook did not provide any services to the Company other than advising the Committee as provided above. The Compensation Committee assessed FW Cook's independence in light of the SEC requirements and NASDAQ listing standards and determined that FW Cook's work did not raise any conflict of interest or independence concerns.

### Factors Used to Evaluate Pay Decisions

The Company seeks to obtain and retain the services of executives who bring the skills, experience, and motivation deemed necessary to significantly expand the scope and scale of the Company's operations. Therefore, compensation decisions for individual executives are made based on a balance of many subjective factors as evaluated by the CEO in the case of his direct reports (with Committee review and approval) and the Committee in the case of the CEO. These factors include:

- The scope and responsibility of the NEO's position and the perceived level of contribution;

## Compensation Discussion and Analysis

- Internal comparisons among the executive's peers at the Company;
- Comparisons among the executive's peers at the peer group companies, with a target of median among peers;
- The recruitment and development of talent in a competitive market;
- Target annual incentive opportunities based on Company's annual goals with regard to NEO's position, as approved by the Committee; and
- Long-term incentive opportunities driven by the perceived level of contribution expected of the executive toward achieving the Company's growth objectives.

Each element of compensation is evaluated independently based on the role of that component in achieving the Company's overall compensation objectives, with an emphasis on long-term incentives and retention.

In making executive pay decisions, the Committee relies substantially on the advice and experience of its independent advisor and the CEO to evaluate the reasonableness of executive pay. While the Committee considers input from its independent advisor, all of the decisions with respect to the Company's executive compensation programs are made by the Committee alone and may reflect factors and considerations other than the information and recommendations provided by management or its outside advisor. In addition, the CEO does not make recommendations with respect to his own compensation. The Committee determines pay levels and practices based on the talent needs of the organization as defined by our strategy of growing and diversifying revenues and with the guidance of the Committee's independent advisor.

The Committee believes that it is important for the Company to stay competitive on compensation and the Committee, with the assistance of the Committee's independent advisor, conducts periodic reviews of compensation relative to similarly situated businesses, which can lead to adjustments in compensation and program offerings. The compensation peer group was selected to represent a reasonable match to the Company in terms of size and business characteristics. The group consists of public, similarly sized gaming companies (including traditional gaming, casinos, and internet/software gaming to reflect the Company's diverse operations), where the median net income and market capitalization approximate the Company's net income and market capitalization. The Company periodically reviews the peer group and makes adjustments, as deemed necessary, for continued appropriateness as a market reference for informing executive compensation levels. In 2019, the Company's peer group was adjusted as follows: (i) removed Pinnacle Entertainment, Inc. (PNK) and Tropicana Entertainment, Inc. (TPCA) from the Company's historical peer group (due to their acquisition by other companies); and (ii) added Flutter Entertainment, PLC. (FLTR) to the Company's 2019 peer group due to the similarities in size, EBITDA and market capitalization between Flutter and the Company, and because Flutter operates in several of the Company's business areas, including sports betting and gaming.

### Fiscal 2019 Peer Group

Aristocrat Leisure Limited (ALL)  
Boyd Gaming Corporation (BYD)  
Caesars Entertainment Corp. (CZR)  
Eldorado Resorts Inc. (ERI)  
Flutter Entertainment PLC (FLTR)  
Gaming and Leisure Properties Inc. (GLPI)  
Madison Square Garden Company (MSG)  
MGM Resorts International (MGM)  
Penn National Gaming, Inc. (PENN)  
Red Rock Resorts Inc. (RRR)  
Scientific Games Corp (SGMS)  
Wynn Resorts, Limited (WYNN)

## Compensation Discussion and Analysis

It is the opinion of the Committee that the pay decisions made by the Committee are reasonable relative to pay provided to executives at other similar public companies, based on the Committee's experience, the performance expectations established for each element of pay, and consultation with the Committee's independent advisor.

### Components of Compensation

During 2019, the Company used multiple components to provide an overall compensation and benefits package designed to attract and retain the needed level of executive talent for the Company and to incentivize their performance. The following table sets forth the principal compensation elements of the Company's 2019 executive compensation program and how each element fits into the Company's overall compensation program and is supportive of the Company's executive compensation objectives.

Element of Compensation	Attraction	Motivation		Alignment with Stockholder Interests	Retention
		Short-Term	Long-Term		
Base Salary	✓	✓			✓
Annual Incentive Compensation	✓	✓		✓	✓
Long-Term Incentive Compensation	✓		✓	✓	✓

### Base Salary

The Committee's philosophy is that base salaries should meet the objectives of attracting and retaining the executive talent needed to grow the business and create shareholder value. Therefore, the Committee establishes base salaries at the time of hire based on the advice of management and its independent advisor regarding reasonable market pay practices, and comparisons with the executive's peers at the Company. Upon promotion or other adjustment of responsibilities, executives receive base pay increases that are intended to be commensurate with their new role or responsibilities and the pay levels for colleagues at similar levels in the organization and market pay practices, with more modest rates of increase thereafter.

In 2019, the following adjustments were made to the base salaries for the Company's NEOs:

Name	Position	2018 Base Salary (\$) <sup>(1)</sup>	2019 Base Salary (\$) <sup>(2)</sup>
William C. Carstanjen	Chief Executive Officer	1,350,000	1,350,000
William E. Mudd	President & COO	750,000	1,000,000
Marcia A. Dall	EVP & CFO	625,000	643,750
Austin W. Miller	SVP, Gaming Operations	403,322	500,000

- (1) Annual rate of base compensation shown as of December 31, 2018.
- (2) Annual rate of base compensation shown as of December 31, 2019. Actual salaries paid in 2019 are shown in the 2019 Summary Compensation Table on page 38.
- (3) Peer group market analyses were performed for each of the NEO positions, and adjustments were made to Mr. Mudd's, Ms. Dall's, and Mr. Miller's salaries in response to those analyses. Consistent with the Company's compensation philosophy, adjustments were made to target the median compensation levels among our peer group. In addition, when evaluating the adjustments for Mr. Mudd and Mr. Miller, the Committee also considered each executive's role in, and responsibility for, expanding the Company's business in new areas, including multiple green field projects related to historical horse racing. Under Mr. Mudd's and Mr. Miller's leadership, the Company has either opened or is in process with respect to four historical horse racing facilities in Kentucky, including Derby City Gaming (opened in Q4 2018), Oak Grove Racing & Gaming (under construction and scheduled to open in 2020), Churchill Downs Racetrack (under construction), and Turfway Park (construction scheduled to begin after completion of Turfway's winter 2020 race meet).

## Compensation Discussion and Analysis

### Executive Annual Incentive Plan

Our Executive Annual Incentive Plan (“EAIP”) is designed to motivate and reward our NEOs for achieving annual performance objectives by tying the majority of the EAIP award to attainment of a pre-established financial goal. We believe this program supports our “pay-for-performance” culture. Beginning in 2019, 75% of the target EAIP award was determined formulaically based on corporate Adjusted EBITDA performance, and the remaining 25% was based on a qualitative assessment of the attainment of other financial, strategic, operational and individual goals established by the Committee.

The Committee utilized Adjusted EBITDA as elements in both the Company’s Executive Annual Incentive Plan and Executive Long-Term Incentive Plan in recognition that Adjusted EBITDA is viewed as a core driver of the Company’s performance and stockholder value creation. In designing the Company’s executive compensation program, the Committee supplemented this measure with additional performance measures in order to strike an appropriate balance with respect to incentivizing top-line growth, profitability, non-financial business imperatives and stockholder returns over both the short-term and long-term horizons.

#### Financial Component (75%)

As noted above, 75% of the target EAIP payout was determined formulaically on achievement of the annual Adjusted EBITDA target (the “Financial Component”). In 2019, the Committee set an Adjusted EBITDA target of \$417.3 million, which was higher than the actual 2018 Adjusted EBITDA performance of \$328.8 million (excluding the Big Fish Games transaction). Potential EAIP payouts for the Financial Component ranged from 0% to 200% (i.e., 0% to 150% of total target EAIP award) based on the achievement of the pre-established financial goal in accordance with the following table:

Percentage of Adjusted EBITDA Goal Achieved*	Percentage of Financial Component Awarded	Percentage of Total Target EAIP Award Awarded
Below 80%	0%	0%
80%	50%	37.5%
100%	100%	75%
110%	150%	112.5%
120%	200%	150%

\* Amounts in between based on interpolation between the points

In 2019, the actual Company performance was \$451.4 million in Adjusted EBITDA, which was 8% higher than the target of \$417.3 million. This performance resulted in a payout for each NEO at 140.9% of target for the Financial Component (i.e. 105.7% of the target EAIP award) as detailed below.

2019 Adjusted EBITDA Target (in millions)	2019 Actual Adjusted EBITDA (in millions)	Actual Performance as a percentage of Adjusted EBITDA Target	Percentage of Financial Component	Percentage of Total Target EAIP Award
\$417.3	\$451.4	108%	140.9%	105.7%

#### Qualitative Component (25%)

Pursuant to the EAIP, the Committee established secondary performance goals for the Company and its executives to be used to determine the vesting of the qualitative component under the EAIP, weighted 25% (the “Qualitative Component”). As it has done historically, the Committee set performance goals for 2019, based upon a comprehensive assessment of the Company against its long-term strategic plan and its ability to achieve said goals with its current leadership team and key employees. Therefore, individual performance by the Company’s NEOs (as measured by various factors, including, but not limited to, continued growth and diversification of the Company’s asset portfolio through acquisitions, customer and employee satisfaction, and the completion of certain specified legislative and regulatory outcomes), and business unit performance led by the Company’s key employees (as measured by, among other things, increase in revenues) also played a significant role in evaluating the Company’s performance, and determining the proper level of compensation deemed necessary to incent and reward the NEOs and key employees to continue to drive growth. These goals relate to the

## Compensation Discussion and Analysis

Company's overall financial goals, strategic goals, and business segment goals, respectively, with no specific weighting attributed to any one goal. In evaluating 2019 performance, some of the accomplishments considered by the Committee included:

- Delivered record net revenues from continuing operations of \$1.32 billion, up \$320.7 million (32%) over 2018;
- Delivered \$451.4 million of Adjusted EBITDA from continuing operations, up \$122.6 million (37%) over 2018;
- Delivered free cash flow for compensation purposes of \$235.0 million, up 47.4% over 2018;
- Achieved 10<sup>th</sup> consecutive year of record-setting financial performance for Derby week and Kentucky Derby;
- First full year of operation for Derby City Gaming delivered strong net revenue and Adjusted EBITDA growth, on pace for ~2-year payback on \$65 million investment;
- Completed the acquisition of Presque Isle Downs & Casino and the management agreement for Lady Luck Nemaquin, and the acquisition of Turfway Park;
- Completed the 61.3% equity investment in Rivers Casino Des Plaines;
- Launched retail sports betting in Pennsylvania and Indiana;
- Launched online sports betting in New Jersey, Pennsylvania and Indiana;
- Began the buildout of the Oak Grove Racing and Gaming facility, ran the first harness race meet in October / November 2019 and are on schedule to open the HRM facility and hotel in 2020;
- Co-founded a cross-organization racing integrity initiative amongst prominent racing organizations to promote the adoption of best practices to improve equine and jockey safety; and,
- Successfully executed a three-for-one stock split.

In determining the EAIP payouts for the Qualitative Component, the Compensation Committee exercises its discretion to determine whether to payout at, above, or below the target opportunities based upon its review of the outcomes evaluated against Company and individual performance. The individual awards for Mr. Carstanjen, Mr. Mudd, Ms. Dall, and Mr. Miller were made pursuant to the EAIP plan and as a reward for the NEOs respective roles in driving performance during the period ending December 31, 2019.

### Summary of 2019 EAIP Awards.

As noted above, the Company exhibited strong overall financial performance in 2019 and the NEOs were viewed by the Committee to be the primary parties responsible for the actual performance relative to the performance goals established with respect to 2019. The Committee, after considering the Company's overall performance, awarded the NEOs the total EAIP awards as shown in the table below and in the 2019 Summary Compensation Table in the column labeled "Non-Equity Incentive Plan Compensation."

Name	Target Incentive Award as a Percentage of Salary <sup>(1)</sup>	Target Incentive Award in (\$)	Maximum Target Incentive Award as a Percentage of Salary	Maximum Target Incentive Award in (\$)	Actual 2019 Incentive Award in (\$)
William C. Carstanjen	150%	2,025,000	300%	4,050,000	\$3,151,779
William E. Mudd	125%	1,250,000	250%	2,500,000	\$1,700,000
Marcia A. Dall	85%	547,188	170%	1,094,376	\$ 800,000
Austin W. Miller	75%	375,000	150%	750,000	\$ 500,000

- (1) Mr. Mudd's and Mr. Miller's target incentive award as a percentage of salary was adjusted in 2019 in response to the peer group compensation analysis performed by FW Cook. Consistent with the Company's compensation philosophy, adjustments were made to target the median compensation levels among our peer group. In addition, when evaluating the adjustments for Mr. Mudd and Mr. Miller, the Committee also considered each executive's role in, and responsibility for, expanding the Company's business in new areas.



## Compensation Discussion and Analysis

### Long-Term Incentives

The objective of the Company's long-term incentive compensation program is to support the entrepreneurial mindset desired of management by the Board of Directors by providing an opportunity to earn significant equity in the Company for achieving significant performance improvements.

In 2015, the Compensation Committee approved the adoption of the Executive Long-Term Incentive Plan (the "ELTI Plan"), pursuant to which the NEOs may earn variable equity payouts based upon the Company achieving certain key performance metrics. The purpose of the ELTI Plan is to provide participants with a long-term incentive program that is market-competitive and provides long-term incentives on a regular, predictable, and annual basis. Eligible participants (as determined by the Committee) may be members of the Company's senior executive team and/or such other executives and key contributors as the Committee may designate from time to time. As and to the extent determined by the Committee as part of the annual compensation planning process for participants, the CEO will participate in the ELTI Plan at a rate determined by the Committee. No individual will have an automatic right to participate in the ELTI Plan. A summary of the 2019 terms and applicable award opportunities, granted by the Committee to the NEOs, is provided below.

During the beginning of 2019, the CEO recommended employees (other than with respect to himself) to the Committee for participation in the ELTI Plan for 2019 and their respective specific levels of proposed participation. Awards granted to eligible employees under the ELTI Plan may be in the form of RSUs, PSUs, or both. To pursue the key objective of linking executive compensation with Company performance, the Committee generally aims to deliver at least 50% of the grant value of the 2019 awards as PSUs.

The Committee approved the 2019 RSU awards on February 13, 2019, and the PSU awards (for the 36-month performance period of January 1, 2019 through December 31, 2021) on March 12, 2019. The 2019 awards are as follows:

Executive Officer	RSUs		PSUs		Total	
	#	\$(1)	#	\$(2)	#	\$(3)
William C. Carstanjen	31,074	\$ 2,950,166	33,719	\$ 3,132,495	64,793	\$ 6,082,661
William E. Mudd	13,167	\$ 1,250,075	14,288	\$ 1,327,355	27,455	\$ 2,577,430
Marcia A. Dall	5,796	\$ 550,272	6,287	\$ 584,062	12,083	\$ 1,134,334
Austin W. Miller	5,004	\$ 475,080	3,429	\$ 318,554	8,433	\$ 793,634

- (1) The market value of the time-vesting RSUs, in the above table, was calculated utilizing the closing price of the Company's common stock as of February 13, 2019 multiplied by the total number of time-vesting RSUs granted.
- (2) The grant date fair value for the PSUs in the above table was calculated based on the probable achievement of the performance goals and a Monte-Carlo simulation model, which factors in the value of the relative TSR modifier (defined below) that is applied to the award before the share-based payment vests. The PSUs, in the above table, represent the target opportunity, and corresponding fair value, available to the grantees should the Company achieve the pre-determined performance metrics. Actual shares that vest pursuant to the PSUs may be more or less given the performance on the selected metrics discussed below.
- (3) Mr. Carstanjen's and Mr. Mudd's long-term equity awards were adjusted in 2019 in response to the peer group compensation analysis performed by FW Cook. Consistent with the Company's compensation philosophy, adjustments were made to target the median compensation levels among our peer group. In addition, when evaluating the adjustments for Mr. Carstanjen and Mr. Mudd, the Committee also considered each executive's role in, and responsibility for, expanding the Company's business in new areas, including historical horse racing and sports wagering. Finally, in approving Mr. Carstanjen's and Mr. Mudd's long-term equity award levels, the Committee allocated a significant portion of their total target direct compensation increases to their target long-term equity award levels to be consistent with the Company's long-standing compensation philosophy of aligning executive officers' interests with stockholders through the risks and rewards of equity ownership.

With respect to the PSU awards in the table above, performance will be based on the following three Performance Measures during the 36-month period from January 1, 2019 through December 31, 2021 (the "Performance Period"):

- 1) Adjusted Earnings before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA") (50% weight). Adjusted EBITDA during the Performance Period relative to the pre-established goals set for such measurement period, will be

## Compensation Discussion and Analysis

derived from the Company's consolidated financial statements with any necessary adjustments similar to those described further below;

- 2) **Cash Flow Metric ("Cash Flow Metric") (50% weight).** Cumulative Cash Flow (i.e. the sum of the free cash flows from the annual periods ending December 31 of each of 2019, 2020, and 2021, respectively, where the Cash Flow Metric goals are set at the beginning of each of those three periods) will also be derived from the Company's consolidated financial statements with any necessary adjustments similar to those described further below; and
- 3) **Relative Total Shareholder Return Modifier ("TSR").** The Company's TSR modifier will be determined by ranking the return on the Company's shares against those of the companies in the Russell 2000 index, in each case, over the Performance Period. The Company's TSR will be calculated based upon the Company's relative placement against the Russell 2000 over the Performance Period. The PSU awards determined by the Adjusted EBITDA and Cash Flow Metric performance goals described above will then be adjusted based on the Company's TSR, by increasing the PSU awards by 25% if the Company's TSR is in the top quartile, decreasing the PSU awards by 25% if the Company's TSR is in the bottom quartile, and providing no change to the PSU awards if the Company's TSR is in the middle two quartiles.

The maximum number of PSUs that can be earned for the Performance Period is 250% of target. At the end of the Performance Period, the Committee will review performance achieved on each pre-established Performance Measure. The goals are intended to be challenging, but achievable with strong management performance. The payout for each Performance Measure will be determined by a payout curve, as achievement that lies in between two goals will be interpolated.

With respect to the RSU awards, the RSUs vest in one third (1/3) increments on each of December 31, 2019, December 31, 2020 and December 31, 2021, respectively, generally subject to the executive's continued employment through the applicable vesting date.

With respect to the performance period and related PSU awards under the ELTI Plan for January 1, 2017 through December 31, 2019, the actual performance was certified by the Compensation Committee in its February 2020 meeting (with a TSR at 181.5%, in the top 5% of the Russell 2000 over the performance period) as set forth below:

	Target	Maximum	Actual	% of Target	Projected Payout	Weighted Payout
Adjusted EBITDA:	\$1,069 million	\$1,282.8 million	\$1,373.4 million	128.5%	200% (when >120%)	100%
Cash Flow Metric:	\$ 494 million	\$ 592.8 million	\$ 579.2 million	117.2%	172.5%	86.2%
Total Weighted Payout:		186.2%				
x TSR Modifier:		125%				
<b>Target Multiplier:</b>		<b>232.8%</b>				

Name <sup>(1)</sup>	Target PSU Award	Target Multiplier	PSUs Awarded <sup>(2)</sup>
William C. Carstanjen	38,685	232.8%	90,056
William E. Mudd	16,443	232.8%	38,278
Marcia A. Dall	10,155	232.8%	23,640

- (1) Mr. Miller became an NEO after the 2017 ELTI awards were granted and, accordingly, did not receive a 2017 ELTI award.
  - (2) In 2020, the Committee offered the cash-settlement of the 2017 PSU awards and each NEO accepted the Committee's offer to settle the awards in cash. Accordingly, in February 2020, the 2017 PSU awards were settled in cash after certification by the Committee that the Company achieved the required level of performance. The 2017 PSU awards were settled based upon the closing price of the Company's common stock on February 12, 2020 (\$160.26 per share).
- Adjusted EBITDA—as defined in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Form 10-K for the year ended December 31, 2019.



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	2017	2018	2019
As reported in the 2019 Form 10-K	\$286.2	\$328.8	\$451.4
Pre-tax gain on Big Fish Transaction	N/A	\$219.5	N/A
Big Fish Adjusted EBITDA (discontinued operation)	\$ 80.3	\$ 3.4 <sup>(1)</sup>	N/A
Changes in Big Fish Deferred Revenue	\$ 3.8	N/A	N/A
Adj. EBITDA for Compensation Purposes	\$370.3	\$551.7	\$451.4

(1) Represents Adjusted EBITDA through January 9, 2018, on which date the Company completed the sale of Big Fish Games, Inc.

- **Cash Flow Metric**—Our cash flow metric is defined as Cash Flows from Operating Activities in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Form 10-K for the year ended December 31, 2019, not including the impact from the change in restricted cash, plus distributions of capital from equity investments less capital maintenance expenditures.

	2017	2018	2019
Cash Flow from Operating Activities	\$215.1	\$197.8	\$289.6
Distributions of Capital from Equity Investments	\$ 0	\$ 0	\$ 0
Capital Maintenance Expenditures	\$ (33.3)	\$ (29.6)	\$ (48.3)
Change in Restricted Cash	\$ (3.1)	\$ 8.8	\$ 6.3
Cash Flow Metric	\$184.9	\$159.4	\$235.0

- **Total Shareholder Return**—defined as the Company's stock price as of the end of the measurement period, assuming reinvestment of dividends, divided by the Company's stock price as of the beginning of the measurement period. The Company's Total Shareholder Return for the period January 1, 2017 through December 31, 2019 was 181.5%.

### Executive Stock Ownership Guidelines

Our Board of Directors has adopted minimum stock ownership guidelines for our executive officers. The principal objective of the guidelines is to enhance the linkage between the interests of shareholders and our executive officers by requiring a meaningful, minimum level of stock ownership. The current guidelines provide that, within five (5) years of becoming subject to the stock ownership guidelines, our CEO should own shares valued at an amount equal to six times (6x) his base salary, our COO should own shares valued at an amount equal to four times (4x) his base salary, and our CFO and other executive officers should own shares valued at an amount equal to three times (3x) the executive's base salary.

In 2019, each NEO met or exceeded the guidelines:

Executive Officer	Ownership Guidelines	Shares Owned <sup>(1)</sup>	Value of Shares <sup>(2)</sup>	Multiple of Salary <sup>(3)</sup>
William C. Carstanjen	6x	534,433	\$73,324,208	54
William E. Mudd	4x	291,692	\$40,020,142	40
Marcia A. Dall	3x	38,990	\$5,349,428	8
Austin W. Miller	3x	44,842	\$6,152,322	12

(1) Calculated as of December 31, 2019 and represents shares of Common Stock owned outright.

(2) Based on the closing Company stock price of \$137.20 as of December 31, 2019.

(3) Calculated using the base salary information illustrated on page 30.

### Anti-Hedging Policy

Under the terms of the Company's Statement of Company Insider Trading Policy, our directors, officers and other employees are prohibited from engaging in hedging and monetization transactions and transactions that involve exchange-traded options

## Compensation Discussion and Analysis

or short sales of the Company's securities. Because hedging transactions might permit a director, officer or other employee to continue to own our securities without the full rewards and risks of ownership, such hedging transactions are prohibited.

### Clawback Policy

Under the terms of the Company's Executive Incentive Compensation Recoupment Policy, the NEOs' incentive compensation is subject to "clawback" in the event of a material restatement of the Company's financial statements due to material noncompliance with any financial reporting requirement under securities laws that would have resulted in less incentive compensation awarded or paid to the executive had the financial results been properly reported during the three fiscal years prior to a material restatement. The Committee may require the NEO to repay all or a portion of compensation paid and cancel unvested or vested incentive compensation awarded during the applicable time-period.

### Deferred Compensation and Other Benefits

The Company's philosophy is to provide retirement and savings benefits to executives which are commonly provided by other public companies. The benefits available to executives include:

**401(k).** The Company maintains a 401(k) Retirement Plan, which is a profit sharing plan that is intended to be a qualified retirement plan under Section 401(a) of the Internal Revenue Code (the "Code"). The 401(k) Retirement Plan allows all employees who meet the eligibility requirements to become participants. Participants may make salary deferral contributions pursuant to Section 401(k) of the Code up to limits prescribed by the plan and the Code. The Company makes matching contributions with respect to such salary deferrals at a rate of 100% on the first 3% of compensation deferred and 50% on deferrals in excess of 3% of compensation deferred but no more than 5% of compensation deferred. Salary deferral contributions and matching contributions are fully vested at all times. Participants are allowed to direct investment of their accounts under the 401(k) Retirement Plan into as many as 29 investment options. All assets of the 401(k) Retirement Plan are held in a trust that is intended to be qualified under Section 501 of the Code.

**Deferred Compensation Plan.** For 2019, the Company maintained a Deferred Compensation Plan for select executives. The purpose of the plan was to provide eligible executives of the Company an opportunity to defer to a future date the receipt of base salary and bonus compensation for services and to receive matching contributions in similar fashion as provided by the Company's 401(k) Retirement Plan for any base salary and bonus deferred beyond the limits imposed by the IRS for that plan.

For purposes of determining earnings under the Deferred Compensation Plan, various hypothetical investment alternatives consistent with those offered under the Company's 401(k) Retirement Plan are available. The current hypothetical investments available under the Deferred Compensation Plan consist of 37 investment return options for determining the rate of return to be credited on participant deferrals. Participants are allowed to choose among these investment return options in order to direct the hypothetical investments used to determine earnings under the plan.

On December 13, 2019, the Compensation Committee elected to "freeze" the Deferred Compensation Plan with respect to employee participant deferrals after the 2019 plan year. Life insurance contracts have been purchased by the Company to provide some or all of the benefits under the Deferred Compensation Plan. Other details regarding the Deferred Compensation Plan can be found in the 2019 Nonqualified Deferred Compensation Table, on page 43, and the accompanying narrative below.

**New Restricted Stock Unit Deferral Plan.** On December 13, 2019, the Compensation Committee, adopted the Churchill Downs Incorporated Restricted Stock Unit Deferral Plan (the "Deferral Plan"), effective January 1, 2020. Under the Deferral Plan, certain individual employees who are management or highly compensated employees of the Company may elect to defer settlement of RSUs granted to them pursuant to the 2016 Omnibus Stock Incentive Plan that are due to be earned and that would otherwise be settled with respect to a given year pursuant to the terms of an RSU agreement between the Company and such employees. An account will be established and maintained for each participant, and each participant's account shall be credited with all RSUs and any applicable dividend equivalents allocated to such participant. A participant's account under the Deferral Plan will be settled on the earlier of: (i) the participant's separation from service with the Company or (ii) the date fixed in such participant's plan participation agreement. The Company believes that the new Deferral Plan further aligns with its overall compensation program objectives by aligning the long-term interests of participants and shareholders through the deferral of RSUs.

## Compensation Discussion and Analysis

**Allowances and Other Benefits.** The Company's standard, non-cash executive benefits are Company-paid premiums on executive term life insurance and an optional supplemental long-term disability income plan for each NEO. These plans provide benefits which are similar to those provided to eligible employees, but extend the benefit levels to be appropriate to the income of the executive officers. For Company executives, the Company may reimburse spouse's travel expenses for travel with the executive on Company business on a case-by-case basis.

**Severance Benefits.** The Compensation Committee believes that arrangements that provide benefits upon termination or a change in control of the Company support the goals of attracting and retaining qualified executives. Such benefits include clarifying the terms of employment and reducing the risks to the executive where the executive believes that either the Company may undergo a merger or be acquired. In addition, the Compensation Committee believes that such agreements align the interests of executives with the interests of shareholders if a qualified offer to acquire the Company is made, in that each of the executives would likely be aware of or involved in any such negotiation and it is to the benefit of shareholders to have the executives negotiating in the best interests of the Company without regard to their personal financial interests. The Compensation Committee has adopted forms of Executive Change in Control, Severance and Indemnity Agreements (the "Change in Control Agreements") applicable to the NEOs. Prior to 2019, Mr. Miller was not a party to a Change in Control Agreement. The terms of the Change in Control Agreements were determined after considering market data and the input of the Committee's independent compensation consultant at the time. The Change in Control Agreements provide, subject to the Company receiving a general release of claims from the executive, severance benefits in the event the executive's employment is terminated (i) by the Company other than for "Cause" (as defined in the Change in Control Agreement), "Disability" (as defined in the Change in Control Agreement) or death or (ii) by the executive for "Good Reason" (as defined in the Change in Control Agreement), with enhanced benefits for a termination in connection with a "Change in Control" (as defined in the Change in Control Agreement). All equity-based awards in effect at the time of termination for the aforementioned reasons shall remain governed by the applicable plan or award agreement. The Change in Control Agreements do not provide for any tax gross-ups for excise taxes payable following a Change in Control.

Please see the "Potential Payments Upon Termination or Change of Control" section for a summary of the severance benefits payable to the NEOs under their applicable Change in Control Agreements.

### Compensation Committee Report

The Compensation Committee has reviewed and discussed the information appearing above under the heading "Compensation Discussion and Analysis" with management and, based on that review and discussion, has recommended to the Board of Directors that the "Compensation Discussion and Analysis" section be included in this Proxy Statement and the Company's Annual Report on Form 10-K for the year ending December 31, 2019.

Compensation Committee of the Board of Directors:

**Daniel P. Harrington, Chair**  
**Robert L. Fealy**  
**Douglas C. Grissom**  
**R. Alex Rankin, ex officio**

## 2019 Summary Compensation Table

## 2019 SUMMARY COMPENSATION TABLE

The following table provides information regarding compensation earned by our Chief Executive Officer, President & Chief Operating Officer, Executive Vice President & Chief Financial Officer, and Senior Vice President, Gaming Operations (sometimes referred to in this proxy statement as the “Named Executive Officers” or “NEOs”).

Name and Principal Position	Year	Base Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(2)</sup>	All Other Compensation (\$) <sup>(3)</sup>	Total (\$) <sup>(5)</sup>
<b>William C. Carstanjen</b> Chief Executive Officer	2019	1,350,000	-0-	6,082,661	3,151,779	16,854	10,601,294
	2018	1,276,154	-0-	16,827,946	3,000,000	16,269	21,120,369
	2017	1,023,077	-0-	4,157,013	2,250,000	17,102	7,447,192
<b>William E. Mudd</b> President and Chief Operating Officer	2019	942,307	-0-	2,577,430	1,700,000	48,662	5,268,399
	2018	726,923	-0-	9,389,550	1,250,000	47,126	11,413,599
	2017	642,269	-0-	1,766,800	900,000	38,049	3,347,118
<b>Marcia A. Dall</b> Executive Vice President and Chief Financial Officer	2019	639,423	-0-	1,134,334	800,000	17,077	2,590,834
	2018	607,692	-0-	1,155,060	775,000	16,268	2,554,020
	2017	544,231	-0-	1,091,465	675,000	15,535	2,326,231
<b>Austin W. Miller<sup>(4)</sup></b> Senior Vice President, Gaming Operations	2019	477,690	-0-	793,634	500,000	33,930	1,805,254
	2018	399,743	-0-	804,983	325,700	29,437	1,559,863

- (1) In accordance with the SEC executive compensation disclosure rules, the amounts shown in 2019 for stock awards represent the grant date fair value of such awards determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation (“FASB ASC Topic 718”), but disregarding the estimate of forfeitures, in connection with service-based RSUs and PSUs granted pursuant to the ELTI Plan to each of our participating NEOs in 2019. The amounts included in the Stock Awards column for the PSUs granted during 2019 are calculated based on the probable satisfaction of the performance conditions for such awards as of the date of grant. Assuming the highest level of performance is achieved for the 2019 PSUs subject to the Adjusted EBITDA, Cash Flow metrics as well as the TSR modifier, the maximum value of such PSUs at the grant date would be as follows: Mr. Carstanjen—\$7,375,188; Mr. Mudd—\$3,125,143; Ms. Dall—\$1,375,124; and Mr. Miller—\$750,008. See Note 10 to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the relevant assumptions used in calculating the amounts reported for 2019.
- (2) Amounts in this column represent payments for performance under the Executive Annual Incentive Plan (“EAIP”). Mr. Carstanjen, Mr. Mudd, Ms. Dall, and Mr. Miller received their 2019 EAIP awards in February 2020. Typically, payments for each year shown are made by March 15 of the following year.
- (3) The table below shows the components of this column for 2019, which include the Company match for each individual’s defined contribution plan contributions, life insurance premiums, and supplemental long-term disability insurance premiums.
- (4) Mr. Miller became an NEO in 2018.
- (5) In 2018, the Company approved a special, meaningful, equity award (the “7-Year Grant”) to Mr. Carstanjen and Mr. Mudd. The 7-Year Grant was in addition to participation in the Company’s regular annual long-term incentive program for 2018 and was sized such that it will serve as substantial incentive to retain both executives over the seven-year vesting period and keep both executives focused on the long-term financial and stock price success of the Company. The stock units awarded in the 7-Year Grants were primarily in the form of PSUs (127,587 and 79,743 for Mr. Carstanjen and Mr. Mudd, respectively), with vesting based on the Company’s relative TSR performance versus the Russell 2000 over a three-year performance period (October 30, 2018 through October 29, 2021), with vesting occurring thereafter in 25% annual increments over four years beginning on the fourth anniversary of the grant date, totaling seven years to be fully vested. The remaining stock units awarded were in the form of service-based RSUs (48,711 and 30,444 for Mr. Carstanjen and Mr. Mudd, respectively), which vest in 25% annual increments over four years beginning on the fourth anniversary of the grant date, totaling seven years to be fully vested.

## All Other Compensation for Fiscal Year Ended December 31, 2019

## ALL OTHER COMPENSATION FOR FISCAL YEAR ENDED DECEMBER 31, 2019

Name	Company Contributions Under Defined Contribution Plans <sup>(1)</sup> (\$)	Life Insurance Premiums <sup>(2)</sup> (\$)	Supplemental Long-Term Disability Insurance Premiums <sup>(3)</sup> (\$)	Total All Other Compensation (\$)
William C. Carstanjen	11,200	3,854	1,800	16,854
William E. Mudd	44,507	2,654	1,501	48,662
Marcia A. Dall	11,200	3,189	2,688	17,077
Austin W. Miller	28,446	3,208	2,276	33,930

- (1) This amount includes Company contributions to both 401(k) and deferred compensation plans.
- (2) Mr. Carstanjen, Mr. Mudd, Ms. Dall and Mr. Miller receive group life coverage equal to two times base salary with a \$3 million maximum. The amounts in this column are the premiums for the NEOs' coverage.
- (3) Mr. Carstanjen, Mr. Mudd, Ms. Dall and Mr. Miller receive long-term disability coverage equal to sixty percent (60%) of their base salary with a \$10,000 per month maximum in the event of a long-term disability. The Company offers supplemental long-term disability income insurance to help fill the gap between the executive's regular monthly net income and the amount that would be paid under the Company's standard long-term disability insurance policy that is available to other salaried employees. The amounts in this column are the premiums for the NEOs' supplemental coverage paid by the Company.

Grants of Plan-Based Awards for Fiscal Year Ended December 31, 2019

# GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR ENDED DECEMBER 31, 2019

The grants in the following table are generally described in the Compensation Discussion and Analysis, beginning on page 23.

Name	Grant Date	Estimated Future Payout under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payout under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(3)</sup>	Grant Date Fair Value of Stock Awards (\$)
		Threshold (\$) <sup>(4)</sup>	Target (\$)	Max (\$)	Threshold (#)	Target (#)	Max (#)		
William C. Carstanjen		759,375	2,025,000	4,050,000					
	02/13/2019							31,074	2,950,166
	03/12/2019				16,860	33,719	84,298		3,132,495
William E. Mudd		468,750	1,250,000	2,500,000					
	02/13/2019							13,167	1,250,075
	03/12/2019				7,144	14,288	35,720		1,327,355
Marcia A. Dall		205,196	547,188	1,094,376					
	02/13/2019							5,796	550,272
	03/12/2019				3,144	6,287	15,718		584,062
Austin W. Miller		140,625	375,000	750,000					
	02/13/2019							5,004	475,080
	03/12/2019				1,715	3,429	8,573		318,554

- (1) Represents annual incentive bonus opportunities under the EAIP for each of the NEOs. See "Executive Annual Incentive Plan" beginning on page 31. Actual bonus payments for 2019 are listed under Non-Equity Incentive Plan Compensation in the 2019 Summary Compensation Table on page 38.
- (2) Represents the PSUs granted under the ELTI Plan to each of the NEOs, which vest based on the Company's performance with respect to Adjusted EBITDA for compensation purposes and the cash flow metric over the 2019-2021 performance period. The vesting of these awards is also subject to a TSR modifier which could increase or decrease the number of shares earned under an award by 25%, as more fully explained on pages 33-34.
- (3) Represents RSUs granted under the ELTI Plan to each of the NEOs, which are scheduled to vest in 1/3 increments on each of December 31, 2019, 2020 and 2021, subject generally to the NEO's continued employment through the applicable vesting date.
- (4) The EAIP threshold represents a 50% payout of the pre-established financial performance goal, which constitutes 75% of the target EAIP payout, based upon achievement of the minimum annual Adjusted EBITDA target. The individual performance goal has a range 0% to 200% payout depending on achievement of goals, which constitutes the remaining 25% of the total EAIP payout and is not included in the threshold.

## Outstanding Equity Awards at Fiscal Year-End for Fiscal Year Ended December 31, 2019

# OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END FOR FISCAL YEAR ENDED DECEMBER 31, 2019

The following table provides information regarding unvested stock awards held by each of the Named Executive Officers on December 31, 2019. As of such date, none of our Named Executive Officers held any outstanding option awards.

Name	Stock Awards			
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards; Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup>
William C. Carstanjen	78,211 <sup>(2)</sup>	10,730,549	189,158 <sup>(4)</sup>	25,952,478
William E. Mudd	42,660 <sup>(2)</sup>	5,852,952	104,930 <sup>(4)</sup>	14,396,396
Marcia A. Dall	5,967 <sup>(2)</sup>	818,672	12,947 <sup>(4)</sup>	1,776,328
Austin W. Miller	5,151 <sup>(2)</sup>	706,717	7,062 <sup>(4)</sup>	968,906
	3,063 <sup>(3)</sup>	420,244	-0-	-0-

(1) Based on the December 31, 2019 closing price of CHDN of \$137.20 per share.

(2) Represent awards under the ELTI Plan consisting of RSUs for continued employment periods from January 1, 2018—October 30, 2025. The 78,211 RSUs for Mr. Carstanjen vest as follows: 19,142 units on December 31, 2020; 10,358 on December 31, 2021; 12,177 on October 30, 2022; 12,177 on October 30, 2023; 12,177 on October 30, 2024 and 12,180 on October 30, 2025. The 42,660 RSUs for Mr. Mudd vest as follows: 7,827 units on December 31, 2020; 4,389 units on December 31, 2021; 7,611 on October 30, 2022; 7,611 on October 30, 2023; 7,611 on October 30, 2024 and 7,611 on October 30, 2025. The 5,967 RSUs for Ms. Dall vest as follows: 4,035 units on December 31, 2020 and 1,932 units on December 31, 2021. The 5,151 RSUs for Mr. Miller vest as follows: 3,486 units on December 31, 2020 and 1,668 units on December 31, 2021.

(3) Represents restricted shares awarded to Mr. Miller under the 2016 Omnibus Stock Incentive Plan in connection with Mr. Miller's continued employment. The 3,063 restricted shares vest as follows: 3,063 on February 17, 2020.

(4) Represent awards under the ELTI Plan consisting of PSUs for certain performance periods from January 1, 2018 through December 31, 2021. The 189,158 PSUs for Mr. Carstanjen are subject to vesting on the following dates, subject to meeting the performance criteria at the end of each applicable performance period: 27,852 units on December 31, 2020; 33,719 units on December 31, 2021; 31,897 units on October 30, 2022; 31,897 units on October 30, 2023; 31,897 units on October 30, 2024 and 31,896 units on October 30, 2025. The 104,930 PSUs for Mr. Mudd are subject to vesting on the following dates, subject to meeting the performance criteria at the end of each applicable performance period: 10,899 units on December 31, 2020; 14,288 units on December 31, 2021; 19,936 units on October 30, 2022; 19,936 units on October 30, 2023; 19,936 units on October 30, 2024 and 19,935 units on October 30, 2025. The 12,947 PSUs for Ms. Dall are subject to vesting upon meeting the performance criteria at the end of the following performance periods: 6,660 units on December 31, 2020 and 6,287 on December 31, 2020. The 7,062 PSUs for Mr. Miller are subject to vesting upon meeting the performance criteria at the end of the following performance periods: 3,633 on December 31, 2020 and 3,429 on December 31, 2021. For purposes of this table, the PSUs are reported assuming target performance.

## Stock Vested for Fiscal Year Ended December 31, 2019

## STOCK VESTED FOR FISCAL YEAR ENDED DECEMBER 31, 2019

The following table provides information concerning vesting of stock awards during 2019 for each of the Named Executive Officers. None of our Named Executive Officers held any stock options during 2019.

	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
William C. Carstanjen	122,095(1)	\$ 18,828,125
William E. Mudd	51,586(1)	\$ 7,960,290
Marcia A. Dall	31,062(1)	\$ 4,806,845
Austin W. Miller	9,903	\$ 1,229,770

- (1) Shares include PSU vesting for Mr. Carstanjen (90,056), Mr. Mudd (38,278), and Ms. Dall (23,640) for the performance period January 1, 2017 through December 31, 2019, as more fully explained under *Long Term Incentives* on page 33. In 2020, the Committee offered the cash-settlement of the 2017 PSU awards and each NEO accepted the Committee's offer to settle the awards in cash. Accordingly, in February 2020, the 2017 PSU awards were settled in cash after certification by the Committee that the Company achieved the required level of performance.
- (2) The RSUs vested reflect the market value of the stock on the day the stock vested. The 2017 PSU awards were settled based upon the closing price of the Company's common stock on February 12, 2020 (\$160.26 per share) after certification by the Compensation Committee.



Nonqualified Deferred Compensation for Fiscal Year Ended December 31, 2019

## NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL YEAR ENDED DECEMBER 31, 2019

The following table provides information regarding compensation that has been deferred by the Named Executive Officers pursuant to the terms of the Company's nonqualified deferred compensation plan.

Name	Executive Contributions in Last Fiscal Year (\$) <sup>(1)</sup>	Registrant Contributions in Last Fiscal Year (\$) <sup>(2)</sup>	Aggregate Earnings (Losses) in Last Fiscal Year (\$)	Aggregate Withdrawals Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$) <sup>(3)</sup>
William C. Carstanjen	-0-	-0-	-0-	-0-	-0-
William E. Mudd	47,115	33,308	155,629	-0-	802,684
Marcia A. Dall	-0-	-0-	52,791	-0-	250,997
Austin W. Miller	119,422	17,246	180,926	-0-	1,745,528

- (1) The amounts in this column are also included in the 2019 Summary Compensation Table on page 38 in the salary column or the non-equity incentive plan compensation column.
- (2) The amounts in this column are also included in the 2019 Summary Compensation Table on page 38 in the all other compensation column as a part of the Company contributions under defined contribution plans.
- (3) Of the totals in this column, the following totals have previously been reported in the Summary Compensation Table for this year and for previous years:

Name	2019 (\$)	Previous Years (\$)
William C. Carstanjen	-0-	-0-
William E. Mudd	80,423	407,936
Marcia A. Dall	-0-	175,900
Austin W. Miller	136,668	73,922 <sup>(1)</sup>

- (1) Mr. Miller became an NEO in 2018. Because Mr. Miller's compensation has not previously been reported in the Company's summary compensation tables, deferrals from years prior to 2018 are not reported here.

The Nonqualified Deferred Compensation table above shows information about the Company's nonqualified deferred compensation plan. In 2019, executive officers and other executives could defer receipt of all or part of their cash compensation under this plan. The plan operates in a similar manner as the Company's 401(k) plan, whereby participants can manage their self-directed accounts to allocate balances among various investment alternatives, which determine gains or losses under the plan. A company match was provided for amounts deferred above the qualified plan limits. The plan is unfunded for ERISA purposes and subject to forfeiture in the event of insolvency or bankruptcy by the Company. Participants can elect to receive their deferred compensation balance (i) upon termination of employment through a lump sum payment or (ii) while employed by the Company provided that the initial distribution date is at least five (5) years from the initial participation date, in which case distributions may be made on a monthly basis or in a lump sum.

## Potential Payments Upon Termination or Change of Control

# POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The Company has entered into certain agreements and maintains certain plans that will require the Company to provide compensation to the NEOs in the event of a termination of employment. None of our compensation arrangements with our NEOs provide for single trigger vesting or severance benefit upon a change in control ("CIC") of the Company without a related or subsequent qualifying termination of employment. The amount of compensation payable to each NEO in each situation as of December 31, 2019 is listed in the table below.

Name	Cash Severance Payment (\$)	Acceleration & Continuation of Equity Awards (\$) <sup>(1)</sup>	Total Benefits (\$)
<b>William C. Carstanjen</b>			
Involuntary or good reason termination	8,783,031	21,627,636 <sup>(4)</sup>	30,410,667
Change in control without termination	-0-	-0-	-0-
Death or Disability	2,025,000 <sup>(2)</sup>	21,627,636 <sup>(5)</sup>	23,652,636
Involuntary or good reason termination within 2 years CIC	8,783,031	36,683,027 <sup>(3)</sup>	45,466,058
<b>William E. Mudd</b>			
Involuntary or good reason termination	4,633,367	11,758,017 <sup>(4)</sup>	16,391,384
Change in control without termination	-0-	-0-	-0-
Death or Disability	1,250,000 <sup>(2)</sup>	11,758,017 <sup>(5)</sup>	13,008,017
Involuntary or good reason termination within 2 years CIC	5,758,367	20,249,348 <sup>(3)</sup>	26,007,715
<b>Marcia A. Dall</b>			
Involuntary or good reason termination	1,794,801	1,715,366 <sup>(4)</sup>	3,510,167
Change in control without termination	-0-	-0-	-0-
Death or Disability	547,188 <sup>(2)</sup>	1,715,366 <sup>(5)</sup>	2,262,554
Involuntary or good reason termination within 2 years CIC	2,390,270	2,595,001 <sup>(3)</sup>	4,985,271
<b>Austin W. Miller</b>			
Involuntary or good reason termination	1,317,756	1,616,079 <sup>(4)</sup>	2,933,835
Change in control without termination	-0-	-0-	-0-
Death or Disability	375,000 <sup>(2)</sup>	1,616,079 <sup>(5)</sup>	1,991,079
Involuntary or good reason termination within 2 years CIC	1,755,256	2,095,867 <sup>(3)</sup>	3,851,123

(1) Represents the market value as of December 31, 2019 of stock awards accelerated or continued in each scenario. For purposes of this disclosure, market value is determined using the December 31, 2019 closing price of CHDN of \$137.20 per share.

(2) Represents the pro rata bonus for the year of death or disability based on the target bonus the executive was eligible to receive for that year.

(3) Represents one hundred percent (100%) of all unvested restricted stock awards, RSU and PSU awards (based on to-date performance as of the termination date) granted under the 2016 Omnibus Stock Incentive Plan and the ELTI Plan.

(4) Represents (i) continued vesting of all unvested RSUs as of the termination date, plus (ii) continued vesting of all PSUs based on performance through the entire performance period, pro-rated for the time the NEO was employed during that performance period. For purposes of this table, all PSUs values are based on target performance.

(5) Represents (i) accelerated vesting of all unvested RSUs as of the termination date, plus (ii) continued vesting of all PSUs based on performance through the entire performance period, pro-rated for the time the NEO was employed during that performance period. For purposes of this table, all PSUs values are based on target performance.

## Potential Payments Upon Termination or Change of Control

### Non-Solicit Provisions

Mr. Carstanjen, Mr. Mudd, Ms. Dall and Mr. Miller (the “NEOs”) each entered into an Executive Change in Control, Severance and Indemnity Agreement (the “Change in Control Agreements”) with the Company, replacing all previously executed employment agreements, if any, which were mutually terminated by the Company and each NEO. Pursuant to each of these agreements, each NEO is subject to a two-year non-solicitation period after the termination of their employment with the Company for any reason, during which they may not solicit any employee of the Company to leave employment with the Company or solicit any customer of the Company for the purpose of engaging in business with them that competes with the business engaged in by the Company.

### Severance Benefits

The Change in Control Agreements, executed by the NEOs, provide for the following principal severance provisions upon termination by the Company without cause or by the executive upon constructive termination or for good reason (as defined in each agreement):

*Mr. Carstanjen and Mr. Mudd.* The Change in Control Agreement executed by Mr. Carstanjen and Mr. Mudd in 2018 provides that, upon termination by the Company without cause or by the executive upon constructive termination or for good reason, the executive will be entitled to receive (a) an amount in cash equal to, in the case of Mr. Carstanjen, 2 times and, in the case of Mr. Mudd, 1.5 times the sum of (x) the executive's annual base salary and (y) the amount of the executive's annual target bonus for the year in which the Executive was terminated, (b) a lump sum amount equal to the prorated in-cycle bonus of executive's target bonus for the year in which the executive's termination of employment occurs; (c) treatment of all equity-based awards per the terms of the applicable plan, award or agreement; and (d) a lump sum cash payment equal to the total premiums for medical, dental and vision benefits for a three-month period.

*Ms. Dall and Mr. Miller.* The Change in Control Agreement executed by Ms. Dall and Mr. Miller provides that, upon termination by the Company without cause or by the executive upon constructive termination or for good reason, the executive will be entitled to receive (a) an amount in cash equal to 1.5 times the sum of (x) the executive's annual base salary and (y) the amount of the executive's annual target bonus for the year in which the executive was terminated; (b) treatment of all equity-based awards per the terms of the applicable plan, award or agreement; and (c) a lump sum cash payment equal to the total premiums for medical, dental and vision benefits for a three-month period.

*Change in Control Benefits.* The current agreements for the NEOs also provide for the following change in control provisions: if the executive is terminated within two years following a change in control, the NEO will receive severance as provided above, except that the salary and bonus severance multiple shall in each case be 2x.

In the event that any or all payments to any of the NEOs are subject to the excise tax imposed by Section 4999 of the Code, such payments shall be reduced to one dollar (\$1) below the maximum amount of payments that will not be subject to such tax; provided, however, that the foregoing limitation shall not apply in the event the total payments to the NEO, on an after-tax basis, would exceed the after-tax benefits to the NEO if such limitation applied. The NEO shall bear the expense of any and all excise taxes due on any payments that are deemed to be “excess parachute payments” under Section 280G of the Code.

## Pay Ratio

# PAY RATIO

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are providing the following disclosure about the relationship of the annual total compensation of our employees to the annual total compensation of Mr. Carstanjen, our Chief Executive Officer. To understand this disclosure, we think it is important to give context to our operations. Our business is seasonal and relies heavily on seasonal, part-time and hourly workers. In addition, our gaming business operation also employs many part time hourly employees. In total, approximately 76.6% of our workforce consists of hourly employees.

We strive to create a compensation program that is competitive in terms of both the position and the geographic location in which the employee is located. Accordingly, our pay structures vary among employees based on position and geographic location.

### Identification of Median Employee

For 2019, we elected to use December 22, 2019 (instead of December 15<sup>th</sup>) as the date on which to determine our median employee. This date was chosen because it followed the closing and administrative processing of the 2019 fall race meets at Churchill Downs Racetrack so seasonal employees utilized only during the race meets (i.e., not during the majority of the year) and not viewed as representative of our general employee base were no longer on the payroll. As of December 22, 2019, we had approximately 5,241 employees. For purposes of identifying the median employee, we ran a report for all year-to-date taxable compensation for employees as of the selection date, and sorted by the total compensation.

Using this methodology, we determined our median employee was a full-time, hourly employee with an annual total compensation of \$23,670. In determining the annual total compensation of the median employee, we calculated such employee's compensation in accordance with Item 402(c)(2)(x) of Regulation S-K as required pursuant to SEC executive compensation disclosure rules. This calculation is the same calculation used to determine total compensation for purposes of the 2019 Summary Compensation Table with respect to each of the NEOs.

### Ratio (2019)

Median Annual Total Compensation (excluding CEO)	\$ 23,670
CEO Annual Total Compensation	\$10,601,294
Pay Ratio	447 to 1

SEC rules for identifying the median employee and calculating the pay ratio allow companies to apply various methodologies and assumptions and, as a result, the pay ratio reported by us may not be comparable to the pay ratio reported by other companies.

## EQUITY COMPENSATION PLAN INFORMATION(1)

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders <sup>(2)</sup>	725,615 <sup>(3)(4)</sup>	-0-	1,904,539 <sup>(5)(6)</sup>
Equity compensation plans not approved by security holders	-0-	-0-	-0-
<b>Total</b>	<b>725,615</b>	<b>-0-</b>	<b>1,904,539</b>

- (1) This table provides information, as of December 31, 2019, about CHDN Common Stock that may be issued upon the exercise of options and settlement of other equity awards under all compensation plans under which equity securities are reserved for issuance.
- (2) The equity compensation plans of the Company which have been approved by the shareholders of the Company and pursuant to which equity securities are authorized for issuance are the Churchill Downs Incorporated 2000 Employee Stock Purchase Plan ("Stock Purchase Plan") and the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan ("2016 Plan").
- (3) Includes 314,097 PSUs and 211,605 RSUs that were outstanding on December 31, 2019 under the 2016 Plan. For purposes of this table, we have included the number of shares issuable under outstanding PSUs assuming performance targets are achieved. Please see the "Compensation Discussion and Analysis" section of this Proxy Statement for further information regarding the 2019 PSUs, including performance metrics applicable to such awards.
- (4) Because each participant in the Stock Purchase Plan has one option each plan year and that option consists of the number of shares which can be purchased, through exercise, at the end of the plan year using compensation deductions made throughout the plan year, no outstanding options, warrants or rights for a specific number of the Company's securities to be issued upon exercise existed at December 31, 2019 and, therefore, none are included in this total for the Stock Purchase Plan.
- (5) Of this total, as of December 31, 2019, 597,050 shares of Common Stock of the Company remained available for future issuance under the Stock Purchase Plan and 1,307,489 shares of Common Stock of the Company remained available for future issuance under the 2016 Plan. Stock awards under the 2016 Plan will be counted against the maximum number of shares as to which stock awards may be granted on a ratio of 1-to-1.
- (6) Excludes 151,974 PSUs that vested on December 31, 2019 with respect to Mr. Carstanjen, Mr. Mudd, and Ms. Dall, but were settled in cash in the first quarter of 2020 upon acceptance by the NEOs of the Committees offer to settle in cash and after certification by the Compensation Committee that the Company achieved the required level of performance. Shares subject to these PSUs became available for future grant under the 2016 Plan upon cash settlement in February 2020.

Certain Relationships and Related Transactions

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has adopted written policies and procedures for identifying and approving or ratifying related person transactions. The policies and procedures cover all related person transactions required to be disclosed under Item 404 (a) of Regulation S-K. The Audit Committee is responsible for applying the policies and procedures. In evaluating related person transactions, the Audit Committee considers all factors it deems appropriate, including without limitation, whether the related person transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the related person's interest in the transaction, and whether products or services of a similar nature, quantity, or quality are readily available from alternative sources.

Directors of the Company may from time to time own or have interests in horses racing at the Company's tracks. All such races are conducted, as applicable, under the regulations of the Kentucky Horse Racing Commission, the Illinois Racing Board, the Florida Department of Business and Professional Regulation Division of Pari-Mutuel Wagering, the Louisiana State Racing Commission, the Ohio State Racing Commission, the Maryland Racing Commission, and the Pennsylvania State Horse Racing Commission, and no director receives any extra or special benefit with regard to having his or her horses selected to run in races or in connection with the actual running of races.

In its ordinary course of business, the Company may enter into transactions with certain of its officers and directors for the sale of personal seat licenses and suite accommodations at its racetracks, and tickets for its live racing events. The Company believes that each such transaction has been on terms no less favorable for the Company than could have been obtained in a transaction with a third party and no such person received any extra or special benefit in connection with such transactions.

On March 6, 2019, The Duchossois Group ("TDG"), through one of its affiliate companies participated in a mezzanine debt financing transaction entered into by Midwest Gaming Holdings, LLC ("MGH"), a majority-owned subsidiary of the Company and the parent company of the entity that owns and operates Rivers Casino in Des Plaines, Illinois (the "Mezzanine Transaction"). The Mezzanine Transaction involved a \$200 million term loan facility for MGH as the borrower and bears interest at LIBOR plus 6.50%, subject to certain exceptions. TDG acquired \$20 million of the term loan via a syndication from the Mezzanine Lender, Canyon Partners. The Company has been advised that TDG's participation in the Mezzanine Transaction was on the same terms and conditions as the other participants in the facility. Our former directors, Richard Duchossois (who retired from the Board effective April 23, 2019), and Craig Duchossois (who retired from the Board effective April 24, 2018), are equity owners in TDG.

Other than as described above, since January 1, 2019, no transaction was identified as a related party transaction.

# CHURCHILL DOWNS INCORPORATED AUDIT COMMITTEE REPORT

The following is the report of the Company's Audit Committee (the "Committee"), which consisted of four directors in 2019, each of whom has been determined by the Board of Directors (the "Board") to meet the current standards of the SEC and the Nasdaq exchange to be considered an "independent director." The Board has also determined that two members, Daniel P. Harrington and Karole F. Lloyd, are "audit committee financial experts" as defined by the SEC.

The Committee has an Audit Committee Charter (the "Charter"), which was amended, restated and approved by the Board on February 25, 2020. The Charter sets forth certain responsibilities of the Committee, which include oversight of the integrity of the financial statements of the Company, the systems of internal controls over financial reporting which management has established, the independence and performance of the Company's internal and independent auditors, the Company's compliance with financial, accounting, legal and regulatory requirements, and the effectiveness of the Enterprise Risk Management ("ERM") function. The Committee reviews the work of the Company's management, the internal audit staff and the independent auditors on behalf of the Board.

Specifically, the Committee:

- Met four (4) times during the year, during which the Committee reviewed and discussed with management and the independent auditors the Company's interim and annual financial statements for 2019; at each of such meetings, the Committee met in executive session with the Company's Vice President of Internal Audit, independent auditors, General Counsel, CFO, and CEO.
- Discussed with the independent auditors all matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC.
- Received the written disclosures and letters from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board, regarding the independent auditors' communications with the Audit Committee concerning independence, and discussed with the independent auditors the independent auditors' independence.
- Based on the review and discussions referred to in the first three bullets above, the Committee recommended to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.
- Reviewed and discussed reports from the Company's internal audit department and reports from the Company's legal department.
- Discussed with management and the independent auditors the quality of the Company's internal controls.
- Reviewed and approved all related person transactions, if any.
- Self-evaluated the effectiveness of the Committee.
- Evaluated the effectiveness of the Company's internal audit function.
- Inquired of management, including its internal auditor, and the Company's independent auditors regarding significant risks or exposures, including those related to fraudulent activities, facing the Company; assessed the steps management has taken or proposes to take to minimize such risks to the Company; and reviewed compliance with such steps.
- Reviewed and approved the 2019 audit and non-audit services and related fees provided by the independent auditors, PricewaterhouseCoopers LLP ("PwC"). The non-audit services approved by the Audit Committee were also reviewed to ensure compatibility with maintaining the auditor's independence.
- In February 2019, the Committee selected PwC to be reappointed as independent auditors for the calendar year 2019. The Committee also reviewed and approved the estimated 2019 audit fees for services related to the first quarter of 2019 review.

## Churchill Downs Incorporated Audit Committee Report

No portion of this Audit Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed to be filed under either the Securities Act or the Exchange Act.

Members of the Audit Committee

**Karole F. Lloyd**, *Chair*  
**Ulysses L. Bridgeman, Jr.**  
**Daniel P. Harrington**  
**R. Alex Rankin**, *ex officio*



## DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Exchange Act requires that the Company's directors, executive officers and persons who beneficially own more than ten percent (10%) of the Company's Common Stock file certain reports with the SEC with regard to their beneficial ownership of the Common Stock. The Company is required to disclose in this Proxy Statement any failure to file or late filings of such reports. Based solely on our review of the forms filed with the SEC or written representations from certain reporting persons received by us, we believe that our directors, officers and persons who own more than ten percent (10%) of the Company's Common Stock have complied with all applicable filing requirements, other than with respect to the following late filings of Forms 4: (i) on behalf of William C. Carstanjen reporting one instance of a restricted stock unit award; (ii) on behalf of William E. Mudd reporting one instance of a restricted stock unit award; (iii) on behalf of Marcia A. Dall reporting one instance of a restricted stock unit award; and (iv) on behalf of Austin W. Miller reporting one instance of a restricted stock unit award..

Multiple Shareholders Sharing the Same Address

## MULTIPLE SHAREHOLDERS SHARING THE SAME ADDRESS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single Proxy Statement or Notice addressed to those shareholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for shareholders and cost savings for companies.

At this time, one or more brokers with accountholders who are Company shareholders will be “householding” our proxy materials. A single Proxy Statement or Notice will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholder. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate Proxy Statement or Notice, please notify your broker. You may direct your written request for a copy of the Proxy Statement or Notice to Churchill Downs Incorporated, Attn: Paula Chumbley, 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky 40222, or at (502) 636-4400. If your broker is not currently “householding” (i.e., you received multiple copies of the Company’s Proxy Statement or Notice), and you would like to request delivery of a single copy, you should contact your broker.

## PROPOSALS BY SHAREHOLDERS

Any shareholder proposal that may be included in the Board of Directors' Proxy Statement and proxy for presentation at the annual meeting of shareholders to be held in 2021 must be received by the Company at the principal executive office at 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky 40222, Attention of the Secretary, no later than November 11, 2020. Pursuant to the Company's Amended and Restated Bylaws, proposals of shareholders intended to be presented at the Company's 2021 annual meeting of shareholders, but not included in the Proxy Statement, must be received by the Company at the principal executive offices of the Company not less than 90 nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders. Accordingly, any shareholder proposals intended to be presented at the 2021 annual meeting of shareholders of the Company must be received in writing by the Company at its principal executive offices no later than January 22, 2021, and no sooner than December 23, 2020. Any proposal submitted before or after those dates will be considered untimely, and the Chairman shall declare that the business is not properly brought before the meeting and such business shall not be transacted at the annual meeting.

By Order of the Board of Directors

**R. ALEX RANKIN**

*Chairman*

**BRADLEY K. BLACKWELL**

*Senior Vice President,*

*General Counsel and Secretary*

Louisville, Kentucky  
March 10, 2020

PLEASE VOTE BY TELEPHONE OR OVER THE INTERNET  
IF YOU CANNOT BE PRESENT IN PERSON

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**ANNUAL MEETING OF CHURCHILL DOWNS INCORPORATED**

**Date:** April 21, 2020  
**Time:** 9:00 a.m. Eastern Time  
**Place:** Nemaocolin Woodlands Resort  
 1001 Lafayette Drive  
 Farmington, Pennsylvania 15437

Please make your marks like this:  Use dark black pencil or pen only

Board of Directors Recommends a Vote **FOR** proposals 1, 2, and 3.

1: Election of Class III Directors				Directors Recommend ↓
	<b>For</b>	<b>Withhold</b>		<b>For</b>
01 Robert L. Fealy	<input type="checkbox"/>	<input type="checkbox"/>		<b>For</b>
02 Douglas C. Grissom	<input type="checkbox"/>	<input type="checkbox"/>		<b>For</b>
03 Daniel P. Harrington	<input type="checkbox"/>	<input type="checkbox"/>		<b>For</b>
	<b>For</b>	<b>Against</b>	<b>Abstain</b>	
2: To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2020.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>For</b>
3: To approve, on a non-binding advisory basis, the Company's executive compensation as disclosed in the proxy statement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>For</b>

**Authorized Signatures - This section must be completed for your Instructions to be executed.**

_____	_____
Please Sign Here	Please Date Above
_____	_____
Please Sign Here	Please Date Above

Please sign exactly as your name(s) appears on your stock certificate. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.

**Annual Meeting of Churchill Downs Incorporated  
 to be held on Tuesday, April 21, 2020  
 for Holders as of March 2, 2020  
 This proxy is being solicited on behalf of the Board of Directors**

**VOTE BY:**



**INTERNET**



**TELEPHONE**

**866 284-6863**

Go To

[www.proxypush.com/CHDN](http://www.proxypush.com/CHDN)

- Cast your vote online.
- View Meeting Documents.

**OR**

- Use any touch-tone telephone.
- **Have your Proxy Card/Voting Instruction Form ready.**
- Follow the simple recorded instructions.



**MAIL**

**OR**

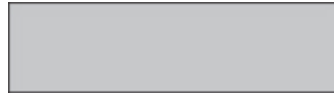
- Mark, sign and date your Proxy Card/Voting Instruction Form.
- Detach your Proxy Card/Voting Instruction Form.
- Return your Proxy Card/Voting Instruction Form in the postage-paid envelope provided.

The undersigned hereby appoints Karole F. Lloyd and Ulysses L. Bridgeman, Jr., and each or either of them, as the true and lawful attorneys of the undersigned, with full power of substitution and revocation, and authorizes them, and each of them, to vote all the shares of capital stock of Churchill Downs Incorporated which the undersigned is entitled to vote at said meeting and any adjournment thereof upon the matters specified and upon such other matters as may be properly brought before the meeting or any adjournment thereof, conferring authority upon such true and lawful attorneys to vote in their discretion on such other matters as may properly come before the meeting and revoking any proxy heretofore given.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, SHARES WILL BE VOTED FOR THE ELECTION OF THE DIRECTORS IN ITEM 1 AND FOR THE PROPOSALS IN ITEMS 2 AND 3.

↑ Please separate carefully at the perforation and return just this portion in the envelope provided. ↑

**PROXY TABULATOR FOR  
 CHURCHILL DOWNS INCORPORATED  
 P.O. BOX 8016  
 CARY, NC 27512-9903**



**EVENT #**

**CLIENT #**

**OFFICE #**



**Proxy — Churchill Downs Incorporated  
Annual Meeting of Shareholders  
April 21, 2020, 9:00 a.m. (Eastern Time)  
This Proxy is Solicited on Behalf of the Board of Directors**

The undersigned appoints Karole F. Lloyd and Ulysses L. Bridgeman, Jr. (the "Named Proxies") and each of them as proxies for the undersigned, with full power of substitution, to vote the shares of common stock of Churchill Downs Incorporated, a Kentucky corporation ("the Company"), the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Company to be held at Nemacolin Woodlands Resort, 1001 Lafayette Drive, Farmington, Pennsylvania 15437, on Tuesday, April 21, 2020 at 9:00 a.m. (Eastern Time) and all adjournments thereof.

The purpose of the Annual Meeting is to take action on the following:

1. Election of Class III Directors
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2020.
3. To approve, on a non-binding advisory basis, the Company's executive compensation as disclosed in the proxy statement.
4. Transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

The three directors up for election are: Robert L. Fealy, Douglas C. Grissom and Daniel P. Harrington.

The Board of Directors of the Company recommends a vote "FOR" all nominees for director and "FOR" each proposal.

**This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, this proxy will be voted "FOR" all nominees for director, and "FOR" each proposal. In their discretion, the Named Proxies are authorized to vote upon such other matters that may properly come before the Annual Meeting or any adjournment or postponement thereof.**

**You are encouraged to specify your choice by marking the appropriate box (SEE REVERSE SIDE) but you need not mark any box if you wish to vote in accordance with the Board of Directors' recommendation. The Named Proxies cannot vote your shares unless you sign and return this card.**

↑ Please separate carefully at the perforation and return just this portion in the envelope provided. ↓

To attend the meeting and vote your shares in person, please mark this box.