



## **Item 1.01. Entry into a Material Definitive Agreement.**

### *Stock Repurchase Agreement*

On June 9, 2017, Churchill Downs Incorporated (the “Company”) entered into an agreement (the “Stock Repurchase Agreement”) with an affiliate of The Duchossois Group, Inc. (“TDG”) to repurchase 1,000,000 shares of the Company’s common stock for \$158.78 per share in a private transaction. The aggregate purchase price was \$158.8 million. The repurchase of the shares from TDG pursuant to the Stock Repurchase Agreement will be consummated on June 13, 2017. The Stock Repurchase Agreement contains customary representations, warranties and covenants of the parties.

The foregoing description of the Stock Repurchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Stock Repurchase Agreement, a copy of which is filed herewith as Exhibit 10.1 and is incorporated by reference herein.

### *Amended and Restated Stockholder’s Agreement*

On June 9, 2017, in connection with the Stock Repurchase Agreement, TDG and the Company entered into an Amended and Restated Stockholder’s Agreement (the “Amended and Restated Agreement”) that amends and restates that certain Stockholder’s Agreement, dated September 8, 2000, between TDG and the Company (the “Stockholder’s Agreement”), as amended by the First Amendment to Stockholder’s Agreement, dated as of November 19, 2015 (the “Amendment”). The Amended and Restated Agreement provides for (i) limited registration rights for TDG; (ii) a restricted legend removal process; and (iii) Mr. Richard L. Duchossois and Mr. Craig J. Duchossois to continue to serve as members of the Board of the Directors of the Company until the expiration of their respective current terms.

The foregoing description of the Amended and Restated Agreement does not purport to be complete and is qualified in its entirety by reference to the Amended and Restated Agreement, a copy of which is filed herewith as Exhibit 10.2 and is incorporated by reference herein. The foregoing description of the Stockholder’s Agreement does not purport to be complete and is qualified in its entirety by reference to the Stockholder’s Agreement, a copy of which was previously filed as Annex C to the Proxy Statement for a Special Meeting of the Shareholders of Churchill Downs Incorporated, held September 8, 2000, and which is incorporated by reference herein. The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment, a copy of which was previously filed as Exhibit 10.2 to the Form 8-K on November 19, 2015, and which is incorporated by reference herein.

## **Item 7.01. Regulation FD Disclosure.**

On June 9, 2017, the Company issued a press release announcing that the Company’s Board of Directors authorized the repurchase of 1,000,000 shares of the Company’s common stock from TDG for \$158.78 per share in a private transaction. The aggregate purchase price was \$158.8 million. A copy of the press release is furnished with this Current Report on Form 8-K and attached hereto as Exhibit 99.1.

The foregoing information in this Item 7.01 (including the exhibit hereto) is being furnished under “Item 7.01. Regulation FD Disclosure.” Such information (including the exhibit hereto) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

## **Item 9.01. Financial Statements and Exhibits.**

(d)	
10.1	Stock Repurchase Agreement, dated June 9, 2017, between Churchill Downs Incorporated and CDI Holdings, LLC
10.2	Amended and Restated Stockholder’s Agreement, dated June 9, 2017, between Churchill Downs Incorporated and CDI Holdings, LLC
99.1	Press Release, dated June 9, 2017, issued by Churchill Downs Incorporated.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto, duly authorized.

**CHURCHILL DOWNS INCORPORATED**

June 9, 2017

/s/ Bradley K. Blackwell  
By: Bradley K. Blackwell  
Title: Senior Vice President, General Counsel and Secretary

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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10.2	Amended and Restated Stockholder's Agreement, dated June 9, 2017, between Churchill Downs Incorporated and CDI Holdings, LLC
99.1	Press Release, dated June 9, 2017, issued by Churchill Downs Incorporated

## **STOCK REPURCHASE AGREEMENT**

THIS STOCK REPURCHASE AGREEMENT (this "Agreement") is entered into as of June 9, 2017 by and between Churchill Downs Incorporated, a Kentucky corporation (the "Company"), and CDI Holdings, LLC, an Illinois limited liability company (the "Selling Stockholder").

### **Recitals**

WHEREAS, the Selling Stockholder beneficially owns an aggregate of 2,000,000 shares of the Company's common stock, no par value per share ("Common Stock");

WHEREAS, the Selling Stockholder desires to sell to the Company, and the Company desires to repurchase from the Selling Stockholder, an aggregate of 1,000,000 shares of Common Stock (the "Shares") at a price of \$158.782444 per Share, for an aggregate price of \$158,782,444.00 for the Shares (such aggregate purchase price, the "Purchase Price"), upon the terms and subject to the conditions set forth in this Agreement (the "Repurchase"); and

WHEREAS, in connection with the Repurchase, the Selling Stockholder and the Company have amended and restated that certain Stockholder's Agreement, dated as of September 8, 2000, as amended, by and between the Company and the Selling Stockholder (as so amended and restated, the "Stockholder's Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agree as follows:

### **Agreement**

1. Repurchase.

(a) Purchase and Sale. At the Closing (as defined below), the Company hereby agrees to repurchase from the Selling Stockholder, and the Selling Stockholder hereby agrees to sell and deliver, or cause to be delivered, to the Company the Shares.

(b) Closing. Subject to the terms and conditions of this Agreement and the delivery of the deliverables contemplated by Section 1(c) of this Agreement, the closing of the sale of the Shares (the "Closing") will take place on June 13, 2017 at approximately 10:00 a.m., Eastern time, via the exchange of deliverables, or such other time, date or place as shall be agreed upon by the parties.

(c) Closing Deliveries and Actions. At the Closing, the Selling Stockholder shall deliver, or cause to be delivered, to the Company or as instructed by the Company the stock certificate(s) representing the Shares being sold by the Selling Stockholder, accompanied by duly executed stock powers relating to such Shares, and the Company shall deliver to the Selling Stockholder by wire transfer, in accordance with written instructions to be provided by the Selling Stockholder no later than two business days prior to the Closing, immediately available funds in an amount equal to the Purchase Price.

(d) Other Payments. The Selling Stockholder agrees to pay all stamp, stock transfer and similar duties, if any, in connection with the Repurchase.

2. Representations of the Company. The Company represents and warrants to the Selling Stockholder that, as of the date hereof and at the Closing:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky.

(b) The Company has the full power and authority to execute, deliver and carry out the terms and provisions of this Agreement and to consummate the transactions contemplated hereby, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(c) This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that (i) such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect affecting creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceedings thereof may be brought. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been approved by the Audit Committee of the Company's Board of Directors in accordance with the Company's policies and procedures for identifying and approving related person transactions.

(d) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with, result in the breach of any of the terms or conditions of, constitute a default under or violate, accelerate or permit the acceleration of any other similar right of any other party under, the Amended and Restated Articles of Incorporation or Amended and Restated Bylaws of the Company, any law, rule or regulation or any agreement, lease, mortgage, note, bond, indenture, license or other document or undertaking, to which the Company is a party or by which the Company or its properties may be bound, nor will such execution, delivery and consummation violate any order, writ, injunction or decree of any federal, state, local or foreign court, administrative agency or governmental or regulatory authority or body (each, an "Authority") to which the Company or any of its properties is subject, the effect of any of which, either individually or in the aggregate, would have, or reasonably be expected to have, a material adverse effect on the consolidated financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole or materially impact the Company's ability to consummate the transactions contemplated by this Agreement (a "Material Adverse Effect"); and no consent, approval, authorization, order, registration or qualification of or with any such Authority is required for the consummation by the Company of the transactions contemplated by this Agreement, except such consents, approvals, authorizations and orders as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(e) The Company acknowledges that it has not relied upon any express or implied representations or warranties of any nature made by or on behalf of the Selling Stockholder, whether or not any such representations, warranties or statements were made in writing or orally, except as expressly set forth for the benefit of the Company in this Agreement.

3. Representations of the Selling Stockholder. The Selling Stockholder represents and warrants to the Company that, as of the date hereof and at the Closing:

(a) The Selling Stockholder is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois.

(b) The Selling Stockholder has the full power and authority to execute, deliver and carry out the terms and provisions of this Agreement and consummate the transactions contemplated hereby, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(c) This Agreement has been duly and validly authorized, executed and delivered by the Selling Stockholder, and constitutes a legal, valid and binding agreement of the Selling Stockholder, enforceable against the Selling Stockholder in accordance with its terms, except to the extent that (i) such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect affecting creditors' rights generally and (ii) the remedy of specific performance

and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceedings therefor may be brought.

(d) The sale of the Shares to be sold by the Selling Stockholder hereunder and the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with, result in the breach of any of the terms or conditions of, constitute a default under or violate, accelerate or permit the acceleration of any other similar right of any other party under, the articles of incorporation, bylaws or any other governing organizational document of the Selling Stockholder, any law, rule or regulation, or any agreement, lease, mortgage, note, bond, indenture, license or other document or undertaking, to which the Selling Stockholder is a party or by which the Selling Stockholder or its properties may be bound, nor will such execution, delivery and consummation violate any order, writ, injunction or decree of any Authority to which the Selling Stockholder or any of its properties is subject, the effect of any of which, either individually or in the aggregate, would affect the validity of the Shares to be sold by the Selling Stockholder or reasonably be expected to materially impact the Selling Stockholder's ability to perform its obligations under this Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such Authority is required for the performance by the Selling Stockholder of its obligations under this Agreement and the consummation by the Selling Stockholder of the transactions contemplated by this Agreement in connection with the Shares to be sold by the Selling Stockholder hereunder, except such consents, approvals, authorizations and orders as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Selling Stockholder's ability to consummate the transactions contemplated by this Agreement.

(e) The Selling Stockholder has, and immediately prior to the delivery of the Shares to the Company at the Closing, the Selling Stockholder will have, valid and unencumbered title to the Shares to be sold by the Selling Stockholder hereunder at such time of delivery.

(f) The Selling Stockholder has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the proposed sale of the Shares to the Company and that it has made an independent decision to sell the Shares to the Company based on the Selling Stockholder's knowledge about the Company and its business and other information available to the Selling Stockholder, which it has determined is adequate for that purpose. The Selling Stockholder acknowledges that it has not relied upon any express or implied representations or warranties of any nature made by or on behalf of the Company, whether or not any such representations, warranties or statements were made in writing or orally, except as expressly set forth for the benefit of the Selling Stockholder in this Agreement. The Selling Stockholder has received all of the information that it considers necessary or appropriate for deciding whether to sell the Shares and has had the opportunity to ask questions and receive answers from the Company. The Selling Stockholder acknowledges that the Company and its affiliates, officers and directors may possess material non-public information not known to the Selling Stockholder regarding or relating to the Company, including, but not limited to, information concerning the business, financial condition, results of operations or prospects of the Company. The Selling Stockholder acknowledges and confirms that it is aware that future changes and developments in (i) the Company's business and financial condition and operating results, (ii) the industries in which the Company competes and (iii) overall market and economic conditions, may have a favorable impact on the value of the Common Stock after the sale by the Selling Stockholder of the Shares to the Company pursuant to terms of this Agreement. Without limiting the generality of the foregoing, except as set forth in this Agreement, the Company makes no representations with respect to the information provided to the Selling Stockholder in connection with this Agreement, the Stockholder's Agreement, or the transactions contemplated herein or therein, including any current or projected financial information.

4. **Publicity.** Each of the Selling Stockholder and the Company agrees that it shall not, and that it shall cause its affiliates and representatives not to, (a) publish, release or file any initial press release or other public statement or announcement relating to the transactions contemplated by this Agreement (an "Initial Press Release") before providing a copy of such release, statement or announcement to the other,

and (b) after the date hereof, publish, release or file any future press release or other public statement or announcement relating to the transactions contemplated by this Agreement that is materially inconsistent with any such Initial Press Release.

5. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when delivered personally, mailed by certified or registered mail, return receipt requested and postage prepaid, or sent via a nationally recognized overnight courier, or sent via email (receipt of which is confirmed) to the recipient. Such notices, demands and other communications shall be sent as follows:

To the Selling Stockholder:

CDI Holdings, LLC  
444 W. Lake, Suite 2000  
Chicago, Illinois 60606  
Attention: General Counsel  
Email: ereeves@duch.com

With a copy to (which shall not constitute notice):

Mayer Brown LLP  
71 S. Wacker Drive  
Chicago, Illinois 60606  
Attention: Jodi A. Simala  
Email: jsimala@mayerbrown.com

To the Company:

Churchill Downs Incorporated  
600 N. Hurstbourne Parkway, Ste. 400  
Louisville, Kentucky 40222  
Attention: General Counsel  
Email: brad.blackwell@kyderby.com

With a copy to (which shall not constitute notice):

Sidley Austin LLP  
One South Dearborn Street  
Chicago, Illinois 60603  
Attention: Brian J. Fahrney  
Email: bfahrney@sidley.com

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party.

6. Miscellaneous.

(a) Survival of Representations and Warranties. All representations and warranties contained herein or made in writing by any party in connection herewith shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby until the expiration of the applicable statute of limitations.



(b) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

(c) Complete Agreement. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Selling Stockholder with respect to the subject matter hereof.

(d) Counterparts. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

(e) Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by either party without the prior written consent of the other party. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Selling Stockholder and the Company and their respective successors and assigns.

(f) No Third Party Beneficiaries or Other Rights. This Agreement is for the sole benefit of the parties and their successors and permitted assigns and nothing herein express or implied shall give or shall be construed to confer any legal or equitable rights or remedies to any person other than the parties to this Agreement and such successors and permitted assigns.

(g) Governing Law. THIS AGREEMENT AND ANY MATTERS RELATED TO THIS TRANSACTION SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAWS OF THE STATE OF NEW YORK. The Company and the Selling Stockholder each agrees that any suit or proceeding arising in respect of this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York, and the Company and the Selling Stockholder each agrees to submit to the jurisdiction of, and to venue in, such courts.

(h) Waiver of Jury Trial. The Company and the Selling Stockholder each hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

(i) Mutuality of Drafting. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of the Agreement.

(j) Remedies. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance or other injunctive relief in order to enforce, or prevent any violations of, the provisions of this Agreement.

(k) Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and the Selling Stockholder.

(l) Expenses. Each of the Company and the Selling Stockholder shall bear its own expenses in connection with the drafting, negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

*[Signatures appear on following pages.]*

IN WITNESS WHEREOF, the parties hereto have executed this Stock Repurchase Agreement as of the date first written above.

**COMPANY:  
CHURCHILL DOWNS INCORPORATED**

By:  /s/ Marcia A. Dall \_\_\_\_\_  
Name: Marcia A. Dall  
Title: EVP & CFO

**SELLING STOCKHOLDER:  
CDI HOLDINGS, LLC**

By:  /s/ Eric A. Reeves \_\_\_\_\_  
Name: Eric A. Reeves  
Title: Vice President & General Counsel

AMENDED AND RESTATED STOCKHOLDER'S AGREEMENT

AMENDED AND RESTATED STOCKHOLDER'S AGREEMENT (the "Agreement"), dated as of June 9, 2017, is made and entered by and between Churchill Downs Incorporated, a Kentucky corporation (the "Company"), and CDI Holdings, LLC, an Illinois limited liability company (together with any Affiliate (as such term is defined on the date hereof under the rules and regulations promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act")) of CDI Holdings, LLC who executes a counterpart of this Agreement and agrees to be bound by the provisions hereof, the "Stockholder").

WHEREAS, the Company and The Duchossois Group, Inc. (f/k/a Duchossois Industries, Inc.) entered into that certain Stockholder's Agreement, dated as of September 8, 2000, as amended by the First Amendment to the Stockholder's Agreement, dated as of November 19, 2015 (the "Stockholder's Agreement"), and the Stockholder assumed and agreed to be bound by all of the terms and obligations of the Stockholder's Agreement pursuant to the Joinder to the Stockholder's Agreement, dated as of February 29, 2016;

WHEREAS, the Stockholder and the Company have entered into a Stock Repurchase Agreement (the "Repurchase Agreement"), dated as of even date herewith, pursuant to which the Company is repurchasing from the Stockholder the number of shares of the Company's common stock, no par value (the "Common Stock"), set forth therein, upon the terms and subject to the conditions set forth in the Repurchase Agreement; and

WHEREAS, in connection with their entry into the Repurchase Agreement, the Company and the Stockholder desire to amend and restate the Stockholder's Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and in the Repurchase Agreement and intending to be legally bound hereby, the parties hereto agree that the Stockholder's Agreement is hereby amended and restated as follows:

Section 1. REGISTRATION RIGHTS

(a) "PIGGYBACK" REGISTRATION. Whenever the Company proposes to file a registration statement relating to any of its capital stock under the Securities Act (other than a registration statement required to be filed in respect of employee benefit plans of the Company on Form S-8 or any similar form from time to time in effect or any registration statement on form S-4 or similar successor form), the Company shall, at least twenty-one days (or if such twenty-one day period is not practicable, then a reasonable shorter period which shall not be less than seven days) prior to such filing, give written notice of such proposed filing to the Stockholder. Upon receipt by the Company not more than seven days (unless the notice given to the Stockholder pursuant to the previous sentence is less than ten days, in which case such seven-day period shall be shortened to five days) after such notice of a written request from the Stockholder for registration of shares of Common Stock (the shares of Common Stock held by the Stockholder, together with any equity securities of the Company acquired by the Stockholder, are sometimes collectively referred to as the "Shares") (i) the Company shall include such Shares in such registration statement or in a separate registration statement concurrently filed, and shall use all reasonable efforts to cause such registration statement to become effective with respect to such Shares, unless the managing

underwriter therefor concludes in its reasonable judgment that compliance with this clause (i) would materially adversely effect such offering, in which event the Company shall cause such Shares to be registered under a separate registration statement a limited period of time thereafter, which in no event shall be more than 60 days and (ii) if such proposed registration is in connection with an underwritten offering of Common Stock, upon request of the Stockholder, the Company shall use all reasonable efforts to cause the managing underwriter therefor to include in such offering the Shares as to which the Stockholder requests such inclusion, on terms and conditions comparable to those of the securities offered on behalf of the Company, unless the managing underwriter therefor concludes in its reasonable judgment that the inclusion of such Shares in such offering would materially adversely affect such offering.

(b) DEMAND REGISTRATION. If the Company shall receive at any time or from time to time a written request from the Stockholder requesting the Company to register Shares under the Securities Act on Form S-3 (or if the Company is not eligible to use Form S-3, then on Form S-1), or any other similar form then in effect, the Company agrees that it will use all reasonable efforts to cause the prompt registration of all Shares as to which such request is made. The Company may postpone for a limited time, which in no event shall be longer than 90 days, compliance with a request for registration pursuant to this Section 1(b) if (i) such compliance would materially adversely affect (including, without limitation, through the premature disclosure thereof) a proposed financing, reorganization, recapitalization, merger, consolidation or similar transaction or (ii) the Company is conducting a public offering of capital stock and the managing underwriter concludes in its reasonable judgment that such compliance would materially adversely affect such offering. Notwithstanding anything in this Section 1(b) to the contrary, the Company shall not be required to: (1) comply with more than one (1) request of the Stockholder pursuant to this Section 1(b) or (2) prepare or cause to be prepared audited financial statements of the Company other than those prepared in the normal course of the Company's business, whether at its fiscal year end or at other times when such audited financial statements are required to be filed by the Commission. Any underwriter selected by the Stockholder to act as such in connection with a registration pursuant to this Section 1(b) shall be reasonably acceptable to the Company.

(c) GENERAL PROVISIONS. The Company will use all reasonable efforts to cause any registration statement referred to in Sections 1(a) and (b) to become effective and to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the earlier of 45 days from the effective date of the registration statement and the date the Stockholder completes its distribution of Shares. The Company will use all reasonable efforts to effect such qualifications under applicable "blue sky" or other state securities laws as may be reasonably requested by the Stockholder (provided that the Company shall not be obligated to file a general consent to service of process or qualify to do business as a foreign corporation or otherwise subject itself to taxation in any jurisdiction solely for the purpose of any such qualification) to permit or facilitate such sale or other distribution. The Company will cause the Shares to be listed on the principal stock exchange on which the shares of Common Stock are listed.

(d) INFORMATION, DOCUMENTS, ETC. Upon making a request for registration pursuant to Sections 1(a) or (b), the Stockholder shall furnish to the Company such information regarding its holdings and the proposed manner of distribution thereof as the Company may reasonably request and as shall be required in connection with any registration, qualification or compliance referred to herein. The Company agrees that it will furnish to the Stockholder the number of prospectuses, offering circulars or other documents, or any amendments or supplements thereto, incident to any registration, qualification or compliance referred to herein as the Stockholder from time to time may reasonably request.

(e) EXPENSES. The Company will bear all expenses of registrations (other than underwriting discounts and commissions and brokerage commissions and fees, if any, payable

with respect to Shares sold by the Stockholder and fees and expenses of counsel and any accountants for the Stockholder), including, without limitation, registration fees, printing expenses, expenses of compliance with “blue sky” or other state securities laws, and legal and audit fees incurred by the Company in connection with such registration and amendments or supplements in connection therewith.

(f) COOPERATION. In connection with any registration of Shares, the Company agrees to:

(i) enter into such customary agreements (including an underwriting agreement containing such representations and warranties by the Company and such other terms and provisions, including indemnification provisions, as are customarily contained in underwriting agreements for comparable offerings and, if no underwriting agreement is entered into, an indemnification agreement on such terms as is customary in transactions of such nature) and take all such other actions as the Stockholder or the underwriters, if any, participating in such offering and sale may reasonably request in order to expedite or facilitate such offering and sale;

(ii) furnish, at the request of the Stockholder or any underwriters participating in such offering and sale, (A) a comfort letter or letters, dated the date of the final prospectus with respect to the Shares and/or the date of the closing for the sale of the Shares from the independent certified public accountants of the Company and addressed to the Stockholder and any underwriters participating in such offering and sale, which letter or letters shall state that such accountants are independent with respect to the Company within the meaning of applicable independence requirements and shall address such matters as the Stockholder and underwriters may reasonably request and as may be customary in transactions of a similar nature for similar entities and (B) an opinion, dated the date of the closing for the sale of the Shares, of the counsel representing the Company with respect to such offering and sale (which counsel may be the General Counsel of the Company or other counsel reasonably satisfactory to the Stockholder), addressed to the Stockholder and any such underwriters, which opinion shall address such matters as they may reasonably request and as may be customary in transactions of a similar nature for similar entities;

(iii) make available for inspection by the Stockholder, the underwriters, if any, participating in such offering and sale (which inspecting underwriters shall, if reasonably possible, be limited to any manager or managers for such participating underwriters), the counsel for the Stockholder, one accountant or accounting firm retained by the Stockholder and any such underwriters, or any other agent retained by the Stockholder or such underwriters, all financial and other records, corporate documents and properties of the Company, and supply such additional information, as they shall reasonably request; PROVIDED that any such party shall keep the contents thereof confidential.

(g) ACTION TO SUSPEND EFFECTIVENESS; SUPPLEMENT TO REGISTRATION STATEMENT.

(i) The Company will notify the Stockholder and its counsel promptly of (A) any action by the Commission to suspend the effectiveness of the registration statement covering the Shares or the institution or threatening of any proceeding for such purpose (a “stop order”) or (B) the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. Immediately upon receipt of any such notice, the Stockholder shall cease to offer or sell any Shares pursuant to the registration statement in the jurisdiction to which such stop order or suspension relates. The Company will use all reasonable efforts to prevent the issuance of any such stop order

or the suspension of any such qualification and, if any such stop order is issued or any such qualification is suspended, to obtain as soon as possible the withdrawal or revocation thereof, and will notify the Stockholder and its counsel at the earliest practicable date of the date on which the Stockholder may offer and sell Shares pursuant to the registration statement.

(ii) Within the applicable period referred to in Section 1(c) following the effectiveness of a registration statement filed pursuant to these registration rights, the Company will notify the Stockholder and its counsel promptly of the occurrence of any event or the existence of any state of facts that, in the judgment of the Company, should be set forth in such registration statement. Immediately upon receipt of such notice, the Stockholder shall cease to offer or sell any Shares pursuant to such registration statement, cease to deliver or use such registration statement and, if so requested by the Company, return to the Company, at its expense, all copies (other than permanent file copies) of such registration statement. The Company will, as promptly as practicable, take such action as may be necessary to amend or supplement such registration statement in order to set forth or reflect such event or state of facts. The Company will furnish copies of such proposed amendment or supplement to the Stockholder and its counsel and will not file or distribute such amendment or supplement without the prior consent of the Stockholder, which consent shall not be unreasonably withheld.

(h) INDEMNIFICATION.

(i) The Company agrees to indemnify and hold harmless the Stockholder in respect of Shares offered pursuant to a registration statement and the Affiliates, directors, officers, agents, representatives and employees of the Stockholder or its Affiliates, and each other person, if any, who controls any such person or its Affiliates within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "1934 Act") (each, a "Participant"), from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other expenses actually incurred in connection with any suit, action or proceeding or any claim asserted) caused by, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement pursuant to which the offering of such Shares is registered (or any amendment thereto) or related final prospectus (or any amendments or supplements thereto) or any related preliminary prospectus, or caused by, arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; PROVIDED, HOWEVER, that the Company will not be required to indemnify the Stockholder if (A) such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished to the Company in writing by or on behalf of the Stockholder expressly for use therein or (B) if such untrue statement or omission or alleged untrue statement or omission was contained or made in any preliminary prospectus and corrected in the final prospectus or any amendment or supplement thereto and the final prospectus does not contain any other untrue statement or omission or alleged untrue statement or omission of a material fact that was the subject matter of the related proceeding.

(ii) The Stockholder agrees to indemnify and hold harmless the Company, its directors and officers and each person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the 1934 Act to the same extent as the foregoing indemnity from the Company to the Stockholder, but only (A) with reference to

information furnished to the Company in writing by or on behalf of the Stockholder expressly for use in any registration statement or final prospectus, any amendment or supplement thereto, or any preliminary prospectus or (B) with respect to any untrue statement or representation made in connection with the offering by the Stockholder in writing to the Company. The liability of the Stockholder under this paragraph shall in no event exceed the proceeds received by it from sales of Shares giving rise to such obligations. In connection with any underwritten public offering, the underwriting agreement shall include customary indemnification of the Company by the underwriters.

(iii) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the “Indemnified Person”) shall promptly notify the person against whom such indemnity may be sought (the “Indemnifying Person”) in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may reasonably designate in such proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such proceeding; PROVIDED, HOWEVER, that the failure to so notify the Indemnifying Person shall not relieve it of any obligation or liability which it may have hereunder or otherwise (unless and only to the extent that such failure results in the loss or compromise of any material rights or defenses by the Indemnifying Person). In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (A) the Indemnifying Person and the Indemnified Person shall have mutually agreed in writing to the contrary, (B) the Indemnifying Person shall have failed within a reasonable period of time to retain counsel reasonably satisfactory to the Indemnified Person or (C) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Person shall not, in connection with any one such proceeding or separate but substantially similar related proceeding in the same jurisdiction arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed promptly as they are incurred. Any such separate firm for the Stockholder and such control persons of the Stockholder shall be designated in writing by the Stockholder and any such separate firm for the Company, its directors, its officers and such control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its prior written consent, but if settled with such consent or if there be a final non-appealable judgment for the plaintiff for which the Indemnified Person is entitled to indemnification pursuant to these provisions, the Indemnifying Person agrees to indemnify and hold harmless each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement or compromise of any pending or threatened proceeding in respect of which any Indemnified Person is or has been a party, and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement (X) includes an unconditional written release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such

proceeding and (Y) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of any Indemnified Person.

(iv) If the indemnification provided for in the first and second paragraphs of this Section 1(h) is for any reason unavailable to, or insufficient to hold harmless, an Indemnified Person in respect of any losses, claims, damages or liabilities referred to therein (other than by reason of the exceptions provided therein), then each Indemnifying Person under such paragraphs, in lieu of indemnifying such Indemnified Person thereunder and in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Person or Persons on the one hand and the Indemnified Person or Persons on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Stockholder or such other Indemnified Person, as the case may be, on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable considerations appropriate in the circumstances. The contribution required of the Stockholder under this paragraph shall in no event exceed the proceeds received by it from sales of Shares giving rise to such obligations.

(v) The parties agree that it would not be just and equitable if contribution pursuant to this Section 1(h) were determined by pro rata allocation (even if the Participants were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses actually incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 1(h), in no event shall a Participant be required to contribute any amount in excess of the amount by which proceeds received by such Participant from sales of Shares exceeds the amount of any damages that such Participant has otherwise been required to pay or has paid by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(vi) The indemnity and contribution agreements contained in this Section 1(h) will be in addition to any liability which the Indemnifying Persons may otherwise have to the Indemnified Persons referred to above.

Section 2. LEGEND ON CERTIFICATES. The Stockholder hereby acknowledges and agrees that each of the certificates representing the Shares held by the Stockholder shall be subject to stop transfer instructions and shall include the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY BE OFFERED OR SOLD ONLY IF REGISTERED UNDER THE SECURITIES ACT OF 1933 OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.



Within one business day after receipt by the Company of a demand by the Stockholder, the Company agrees to terminate the stop transfer instructions and remove the above legend (a) in connection with transfers pursuant to Section 1 of this Agreement or (b) if the Company is furnished an opinion of counsel reasonably satisfactory to the Company that such Shares may be freely transferred under applicable securities laws.

Section 3. DIRECTORS. Each of Richard L. Duchossois and Craig J. Duchossois (the “Duchossois Directors”) shall continue to serve as members of the Board of Directors of the Company until the expiration of their respective current terms of office, subject, however, to prior death, resignation, retirement, disqualification or removal from office in the manner provided in the Amended and Restated Articles of Incorporation, Bylaws and policies of, and subject to any existing waivers specific to Richard L. Duchossois and Craig J. Duchossois (which waivers will only be effective until the expiration of their respective current terms of office) by, the Company, in each case as in effect on the date hereof. Upon the end of his respective current term of office, each Duchossois Director shall not stand for re-election to the Board of Directors of the Company and shall become a Director Emeritus of the Company pursuant to the Bylaws of the Company. In addition, upon the end of his current term of office, Richard L. Duchossois shall become Chairman Emeritus of Arlington International Race Course and will retain office space at Arlington International Race Course.

Section 4. SPECIFIC PERFORMANCE. Each of the parties hereto recognizes and acknowledges that a breach by a party of any covenants or agreements contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Therefore each of the parties hereto agrees that in the event of any such breach, the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity, and the parties hereto further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.

Section 5. AMENDMENT AND MODIFICATION. This Agreement may be amended, modified and supplemented only by written agreement of the Stockholder and the Company.

Section 6. NOTICES. All notices, requests, demands and other communications required or permitted shall be made in writing by hand-delivery, registered first-class mail, email or air courier guaranteeing overnight delivery:

- (a) If to the Stockholder, to:  
CDI Holdings, LLC  
444 W. Lake, Suite 2000  
Chicago, Illinois 60606  
Attention: General Counsel  
Email: ereeves@duch.com

or to such other person or address as the Stockholder shall furnish to the Company;

- (b) If to the Company, to:  
Churchill Downs Incorporated  
600 N. Hurstbourne Parkway, Ste. 400  
Louisville, Kentucky 40222  
Attention: General Counsel  
Email: brad.blackwell@kyderby.com

or to such other person or address as the Company shall furnish to the Stockholder in writing.

All such notices, requests, demands and other communications shall be deemed to have been duly given; at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if emailed; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Section 7. SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall fail to be in effect only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement or of any such provision.

Section 8. ASSIGNMENT. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but except as otherwise provided for or permitted herein neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other party. The Stockholder may assign its rights hereunder to any Affiliate of the Stockholder that is a purchaser or transferee of Shares; provided, that such Affiliate shall, as a condition to the effectiveness of such assignment, be required to execute a counterpart to this Agreement agreeing to be bound hereby as if such purchaser or transferee had originally been a party hereto.

Section 9. GOVERNING LAW. THIS AGREEMENT AND ANY MATTERS RELATED TO THIS TRANSACTION SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAWS OF THE STATE OF NEW YORK. The Company and the Stockholder each agrees that any suit or proceeding arising in respect of this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York, and the Company and the Stockholder each agrees to submit to the jurisdiction of, and to venue in, such courts.

Section 10. TERMINATION. Section 1 of this Agreement shall terminate and be of no further force or effect on the date on which the Stockholder beneficially owns less than 5% of the then outstanding shares of Common Stock.

Section 11. COUNTERPARTS. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 12. HEADINGS. The headings of the Sections of this Agreement are inserted for convenience only and shall not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

Section 13. ENTIRE AGREEMENT. This Agreement sets forth the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein, and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto.

Section 14. THIRD PARTIES. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or corporation, other than the parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

\* \* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, all as of the day and year first above written.

Churchill Downs Incorporated

By: /s/ Marcia A. Dall

Title: EVP & CFO

CDI Holdings, LLC

By: /s/ Eric A. Reeves

Title: Vice President & General Counsel

# CHURCHILL DOWNS

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

## FOR IMMEDIATE RELEASE

Contact: Lauren DePaso  
(502) 636-4506  
[Lauren.DePaso@kyderby.com](mailto:Lauren.DePaso@kyderby.com)

## Churchill Downs Incorporated Announces Privately Negotiated Share Repurchase

**LOUISVILLE, Ky. (June 9, 2017)** - Churchill Downs Incorporated (CDI) (NASDAQ: CHDN) announced that it has repurchased 1,000,000 shares of its common stock for \$158.78 per share from an affiliate of The Duchossois Group, Inc. (TDG) in a privately negotiated transaction. The aggregate purchase price was \$158.8 million.

CDI's Board of Directors authorized the transaction under its existing \$250 million share repurchase plan that was announced on April 25, 2017. CDI repurchased the shares using available cash and borrowings under its senior secured credit facility.

"The Duchossois family continues to be very committed to Churchill Downs and will still own over one million shares following the completion of this transaction," stated Craig Duchossois, Chairman and Chief Executive Officer of TDG. "This transaction is part of our family's plan to diversify our holdings."

"We appreciate the opportunity to facilitate this transaction with the Duchossois family given they have been a long-time, passionate shareholder in Churchill Downs," stated Bill Carstanjen, CDI's Chief Executive Officer. "This transaction is accretive to our earnings per share and our free cash flow per share, and our strong balance sheet provides the flexibility for us to complete this transaction under our existing share repurchase plan."

## ABOUT CHURCHILL DOWNS INCORPORATED

Churchill Downs Incorporated (CDI) (NASDAQ: CHDN), headquartered in Louisville, Ky., is an industry-leading racing, gaming and online entertainment company anchored by our iconic flagship event - *The Kentucky Derby*. We are a leader in brick-and-mortar casino gaming with approximately 10,070 gaming positions in eight states, and we are the largest legal online account wagering platform for horseracing in the U.S., through our ownership of TwinSpire.com. We are also one of the world's largest producers and distributors of mobile games through Big Fish Games, Inc. Additional information about CDI can be found online at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com).

*Information set forth in this news release contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Private Securities Litigation Reform Act of 1995 (the Act) provides certain "safe harbor provisions" for forward-looking statements. All forward-looking statements made in this press release are made pursuant to the Act.*

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

*Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from expectations include the following: the effect of global economic conditions, a decrease in consumers' discretionary income; additional or increased taxes and fees; public perceptions of integrity or other lack of confidence in our business; loss of key or highly skilled personnel; restrictions in our debt*

facilities limiting our flexibility to operate our business; general risks related to real estate ownership, including fluctuations in market values and environmental regulations; catastrophic events and system failures disrupting our operations, including the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses; inability to identify and complete acquisition, expansion or divestiture projects on time, on budget or as planned; difficulty in integrating recent or future acquisitions into our operations; legalization of online real money gaming in the United States, and our ability to capitalize on and predict such legalization; inability to respond to rapid technological changes in a timely manner; adverse infringement of the intellectual property of others; inability to protect our own intellectual property rights; security breaches and other security risks related to our technology, personal information, source code and other proprietary information, including failure to comply with regulations and other legal obligations relating to receiving, processing, storing and using personal information; payment-related risks, such as chargebacks for fraudulent credit card use; compliance with Foreign Corrupt Practices Act or applicable money-laundering regulations; work stoppages and labor issues; difficulty in attracting sufficient number of horses and trainers for full field horseraces; inability to negotiate agreements with industry constituents, including horsemen and other racetracks; personal injury litigation related to injuries occurring at our racetracks; the inability of our totalisator company, United Tote, to maintain its processes accurately, keep its technology current or maintain its significant customers; weather conditions affecting our ability to conduct live racing; increased competition in the horseracing business; changes in the regulatory environment of our racing operations; declining popularity in horseracing; seasonal fluctuations in our horseracing business due to geographic concentration of our operations; increased competition in our casino business; changes in regulatory environment of our casino business; development and expansion of casinos is costly and susceptible to delays, cost overruns and other uncertainties; concentration and evolution of slot machine manufacturing and other technology conditions that could impose additional costs; impact of further legislation prohibiting tobacco smoking; geographic concentration of our casino business; changes in regulatory environment for our advanced deposit wagering business; increase in competition in the advanced deposit wagering business; inability to retain current customers or attract new customers to our advanced deposit wagering business; uncertainty and changes in the legal landscape relating to our advanced deposit wagering business; failing to comply with laws requiring us to block access to certain individuals could result in penalties or impairment in our ability to offer advanced deposit wagering; operating in an evolving and highly competitive market related to our Big Fish Games; inability to maintain relationships with third party mobile platforms related to our Big Fish Games; failure to develop and publish mobile games that achieve market acceptance; inability to secure new or ongoing content from third party development partners on favorable terms; programming errors or flaws or other technical difficulties, diminishing our customers' experience; "cheating" programs, scam offers, black-markets and other actions by third parties that seek to exploit our games and players may affect our reputation and harm our operating results; slower than expected growth in use of smartphone and tablet devices to facilitate game platforms; and financial volatility quarter-to-quarter relating to our Big Fish Games.

- END -