



# CHURCHILL DOWNS

INCORPORATED

SunTrust  
Maxin' and Relaxin' Summit  
Boston, MA

December 12, 2019

## Forward-Looking Statements

Information set forth in this presentation contains various “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”), which provides certain “safe harbor” provisions. All forward-looking statements made in this presentation are made pursuant to the Act. 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 economic conditions on our consumers' confidence and discretionary spending or our access to credit; additional or increased taxes and fees; public perceptions or lack of confidence in the integrity of 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; online security risk, including cyber-security breaches; inability to recover under our insurance policies for damages sustained at our properties in the event of inclement weather and casualty events; increases in insurance costs and inability to obtain similar insurance coverage in the future; 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; number of people attending and wagering on live horse races; inability to respond to rapid technological changes in a timely manner; inadvertent infringement of the intellectual property of others; inability to protect our own intellectual property rights; payment-related risks, such as risk associated with fraudulent credit card and debit card use; compliance with the Foreign Corrupt Practices Act or applicable money-laundering regulations; work stoppages and labor issues; difficulty in attracting a 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; our inability to utilize and provide totalisator services; weather conditions affecting our ability to conduct live racing; increased competition in the horseracing business; changes in the regulatory environment of our racing operations; changes in regulatory environment of our online horseracing business; increase in competition in our online horseracing; uncertainty and changes in the legal landscape relating to our online wagering business; continued legalization of online sports betting and iGaming in the United States and our ability to predict and capitalize on any such legalization; inability to expand our sports betting operations and effectively compete; failure to comply with laws requiring us to block access to certain individuals could result in penalties or impairment with respect to our mobile and online wagering products; increased competition in our casino business; changes in regulatory environment of our casino business; costs, delays, and other uncertainties relating to the development and expansion of casinos; and concentration and evolution of slot machine manufacturing and other technology conditions that could impose additional costs.



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# **Company Overview and the Case for Investing**

## CDI is an industry-leading entertainment company with iconic, diversified assets

Segment	TTM September 30, 2019 Adj. EBITDA		Description
	\$	% of total	
Churchill Downs	\$132	31%	<b>Churchill Downs Racetrack (“CDRT”)</b> <ul style="list-style-type: none"> <li>Home of <i>The Kentucky Derby</i></li> </ul> <b>Derby City Gaming (“DCG”)</b>
Online Wagering	\$70	17%	<b>TwinSpires</b> <ul style="list-style-type: none"> <li>Largest<sup>1</sup> online wagering platform for horseracing in U.S.</li> </ul> <b>Online Sports Betting and iGaming</b>
Gaming	\$250	59%	<ul style="list-style-type: none"> <li>7 owned casinos with 3 hotels</li> <li>2 casino joint ventures</li> <li>Located in 8 states</li> <li>~11,000 slot machines/VLTs</li> <li>~200 table games</li> </ul>
All Other	\$(31)	(7)%	<ul style="list-style-type: none"> <li>Arlington, Oak Grove, Turfway Park, United Tote, Corporate</li> </ul>
<b>Total</b>	<b>\$421</b>	<b>100%</b>	

## Case for Investing

### The Kentucky Derby

- An iconic and irreplaceable asset delivering consistent high margin growth and generating significant free cash flow over the long-term
- Unique and evolving guest experiences and expanded offerings provide consistent organic growth
- Future capital investments provide significant ongoing growth of our marquee asset
- Growing international engagement through our Japan and Europe Roads to the Derby

### Diverse organic growth opportunities with disciplined investment spending

- *The Kentucky Derby* – capital investments enhance already unparalleled guest experience
- Online Wagering / TwinSpires – organic growth driven by best-in-class racing content access and data driven marketing strategy that capitalizes on major race dates including *The Kentucky Derby*
- Gaming – multiple, smaller bets in various geographies provide for solid growth
- Expansion into historical racing machines provides new organic growth
- Potential Sports Betting / iGaming expansion as states pass new laws

### Strong balance sheet and financial performance

- Strong free cash flow generation with disciplined maintenance capital spending
- Conservatively levered with capacity to pursue strategic options including reinvestment in organic growth, M&A activity, dividends, and share repurchases

### Proven management team

- Diverse backgrounds with multi-industry, technology and international experience
- Successful track record of integrating new businesses
- Proven record of disciplined capital allocation and earnings growth



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# **Churchill Downs Segment**

Overview

## Churchill Downs Racetrack



- Home of *The Kentucky Derby*
- Longest continuously held annual sporting event in the **United States**



- Historical racing machine (“HRM”) facility
- 1,000 machines
- Operates under CDRT’s pari-mutuel racing license at its ancillary training facility in **Louisville, KY**

**The Kentucky Derby utilizes the mystique and magic of Churchill Downs to create unique experiences for our guests**

**Historic Americana**



**Sophisticated Luxury**



**Contagious Excitement**



**The Kentucky Derby - By The Numbers**

- The economic impact made on the Louisville area over Derby Weekend ➡ \$356 million<sup>1</sup>
- Mint Juleps served over Derby Weekend ➡ 127,000
- First leg of the Triple Crown ➡ only 13 Triple Crown winners since inception

<sup>1</sup> From the Destination International and Tourism Economics Event Impact Calculator (EEI)

## The Lead Up to *The Kentucky Derby*

### Month Long Celebration Leading Up to Derby Week

Through various non-affiliated organizations, spring kicks off with a month of events celebrating *The Kentucky Derby*

#### Thunder Over Louisville

The largest annual fireworks display in North America



#### Kentucky Derby Festival Marathon

A Boston Marathon qualifying race which runs through CDRT



#### Great Balloon Race

A beloved family tradition, color fills the Louisville sky to signal that Derby is near



#### Kentucky Museum of Art & Craft Couture

The fashion kickoff attracts worldwide artist participation

#### The Fillies Derby Ball

The spin of a wheel determines who will preside as Queen among the festivities



#### Derby Divas

The Kentucky Oaks charitable partner event has raised over \$1.5 million for breast health



## Unique Derby Week Experiences

### Experiences at CDRT



**Derby attendees have the opportunity to include unique experiences at CDRT with their ticket packages, such as:**

- Tours of the Paddock area
- Backstretch Tour at Dawn at Churchill Downs

### Derby Week Nightlife

#### Taste of Derby

An evening of fine cuisine served by chefs from stops along the Road to the Kentucky Derby; the event raises funds for Dare to Care Food Bank

#### Official Derby Events

Celebrities and other notable guests attend the many charitable nightlife events Derby Week has to offer; these events benefit local charities and feature performances by top artists

- The Trifecta Gala
- Barnstable Brown Gala
- Unbridled Eve
- Fillies & Lillies



### 3<sup>rd</sup> Party Experiences



**Guests have the opportunity to package other 3<sup>rd</sup> party tours with their official Derby ticket packages, including:**

- Private Horse Farm Tours
- Bourbon Distillery Tours
- Mint Julep Sunset Social



## The Lead Up to The Kentucky Derby

### Derby Week

#### Saturday: Opening Night

Derby Week kicks off with artistic displays and performances during the first night of racing



#### Tuesday: Champions Day

Fans can meet legendary jockeys and trainers, gain industry expert insights into Derby Week betting, and support thoroughbred aftercare

#### Thursday: Thurby

A day celebrating the best of Kentucky including culture, fare, and racing with attendance of ~40,000



#### Friday: Kentucky Oaks

America's premier race for 3-year old fillies and the fourth highest attended horse race in the United States at ~115,000

#### Saturday: The Kentucky Derby

The most prestigious event in racing draws attendance of ~150,000-170,000 and crowns a new Triple Crown hopeful each year

### Corporate Engagement

**CDI has partnered with the Derby Diversity & Business Summit (DDBS) for Derby Week 2020**

- The goal is to connect diverse owned businesses and promote diversity within the executive workforce and supply chain
- Elite business leaders will participate in executive development seminars, panel discussions, and networking opportunities while enjoying Derby Week



## 2019 Derby Week Results

### 2019 Kentucky Derby Week – Another Record Year with Adjusted EBITDA growth of \$5.4 million from 2018

#### Handle

- All-sources handle for Opening Night (April 27) through Derby Day (May 4) set a new record of \$343.0 million, up 10% from the previous record of \$311.2 million in 2018
  - Includes \$4.1 million of handle wagered in Japan - the first year *The Kentucky Derby* has ever been offered for wagering in Japan
- Wagering from all-sources on the Derby Day program totaled \$250.9 million, up 11% from the previous record of \$225.7 million in 2018
- TwinSpires recorded \$48.4 million in handle on Derby Day 2019, up 20% from 2018

#### Attendance

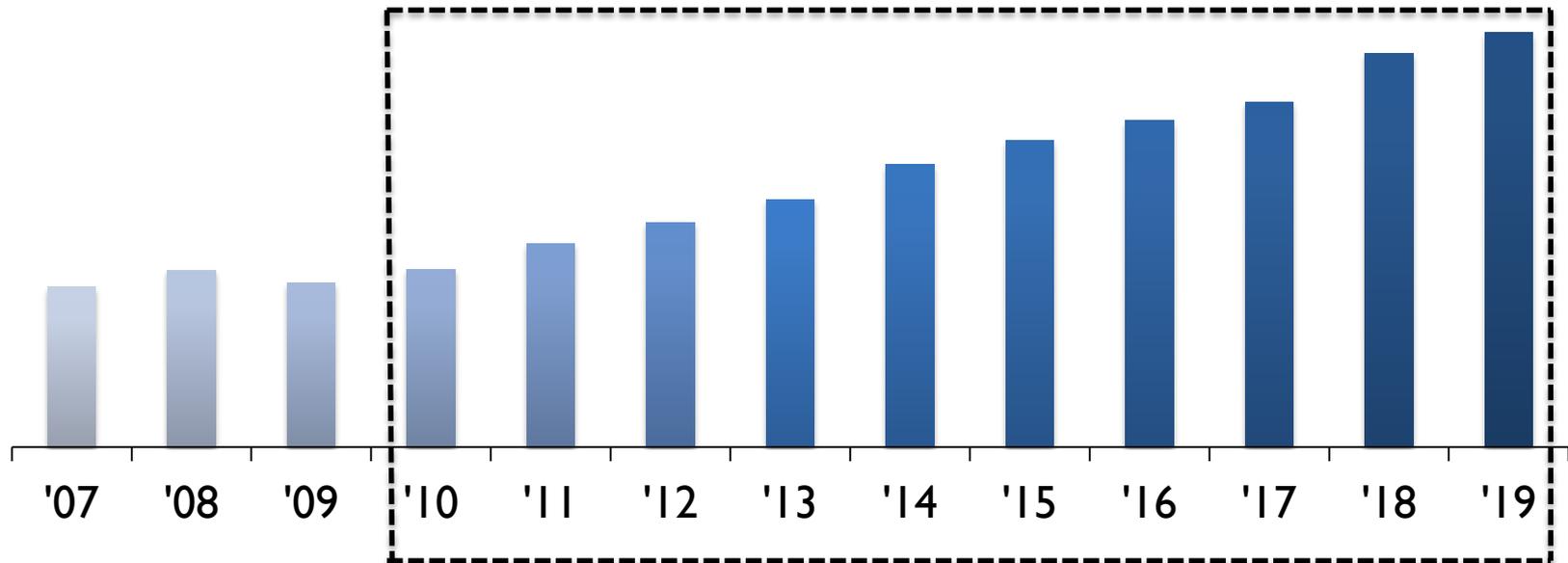
- Derby Day attendance totaled 150,729, down 4% compared to 2018
  - The threat of an all-day rain forecast impacted 2019 attendance
  - Attendance has ranged between 150,000 and 170,000 over the past 5 years
- Derby Week attendance totaled 360,237, down 4% compared to 2018
  - Attendance has ranged between 349,000 and 376,000 over the past 5 years

#### Television Ratings

- *The 2019 Kentucky Derby* on NBC delivered a 10.9/25<sup>1</sup> overnight rating, the highest for *The Kentucky Derby* since 1992
- 18.5 million peak viewership of the NBC telecast of *The 2019 Kentucky Derby*

<sup>1</sup> 10.9% of all television-equipped households tuned in to *The Kentucky Derby* and among those households watching TV at the time, 25% of those households watched *The Kentucky Derby*

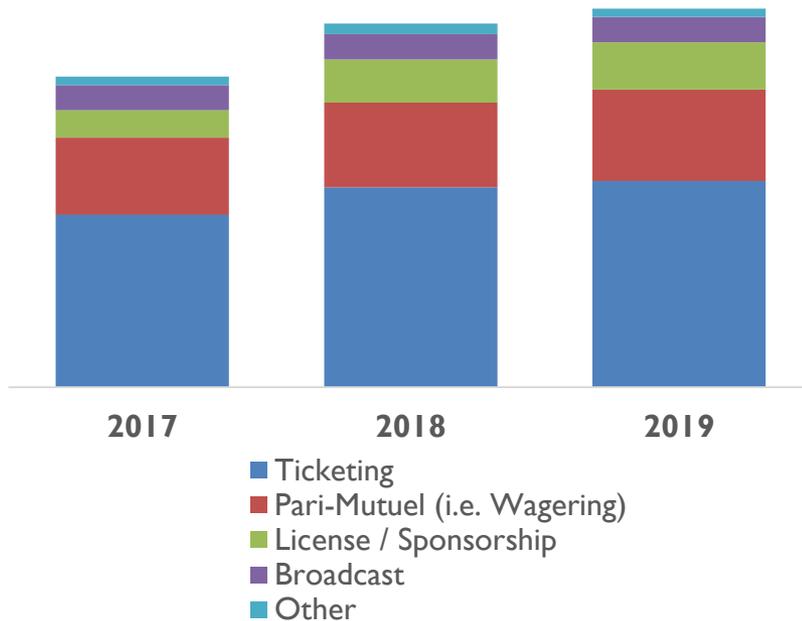
**The Kentucky Derby Week has delivered  
10 consecutive years of record Adjusted EBITDA**



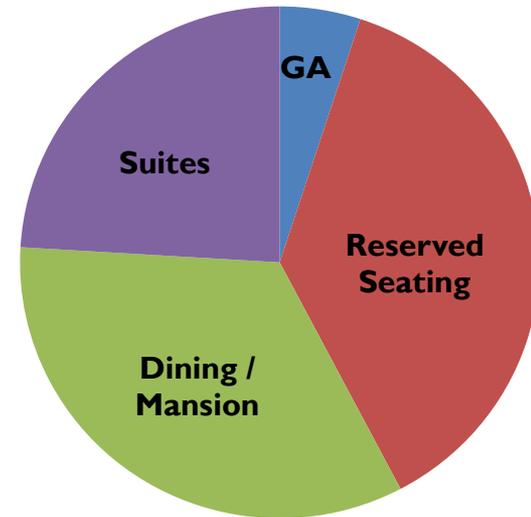
**Derby is a recession resistant asset as demonstrated  
by Adjusted EBITDA performance for '07 to '09**

## The Kentucky Derby - Sources of Growth and Profitability

**Derby Week Revenue**  
5-year CAGR for Revenue Growth → 10.4%



**Ticketing Revenue**



### Premium seats (~60,000) are largest contributor to revenue

- Over a third of reserved seats are under non-cancellable contracts with staggered expirations of typically 3-7 years through personal seat licenses, suite contracts, and other agreements
- Remaining reserved seats are sold in advance of the event, typically early in the year
- Demand for premium tickets continues to exceed supply

# ***The Kentucky Derby Growth Strategy***

## ***A Premier International Sporting / Entertainment Event***

### **Leverage unique experiences and make strategic capital investments**

- Enhance guest experience to enable pricing differentiation for ~60,000 reserved seats
- Expand Derby Week offerings and attractions
- Execute capital investments to enable segmentation of ~110,000 guests who do not have a reserved seat

### **Attract additional sponsorships**

### **Expand European Road to Derby and Japan Road to Derby**

## Nearly \$190 million in Major Capital Improvements since 2010



## Future Build-Out of Facility Supports Long-Term Growth

### Announced Projects



### Potential Future Projects

- Additional 1<sup>st</sup> Turn seating
- Premium renovations
- Improved paddock
- Grandstand amenities
- Infield seating

## 2020 Kentucky Derby - 6<sup>th</sup> Floor Renovation

Investing \$11 million to create a premium upscale experience on the 6<sup>th</sup> floor next to The Mansion

- Will create another one-of-a-kind experience for ~350 guests including tiered balcony views of the finish line
  - Replacing the existing Millionaire's Row on level 6
- Project will begin in December '19 and be completed in time for the 2020 Kentucky Derby
- Upscale offerings will include an exclusive, finely-curated culinary menu and an extensive bourbon, wine and champagne service



## Investing \$300 million in Hotel, HRM facility, and additional permanent seating

### Upgraded amenities for 5,700 existing guests and 5,500 new reserved seats

Stadium seating	Permanent outdoor seating for 4,700 guests with all-inclusive hospitality replacing 3,300 temporary grandstand seats
1 <sup>st</sup> Floor	900 <sup>1</sup> unit HRM gaming floor, VIP Lounge, and sports bar <i>New hospitality for 3,400 guests in existing Section III of the racetrack</i>
2 <sup>nd</sup> Floor	27,000 square foot ballroom and adjacent party deck with tiered covered balcony facing the track <i>New “seating” capacity for &gt;1,700 guests</i> <i>Meeting rooms provides desirable event space throughout the year, with a track facing dining room for 150 guests</i>
3 <sup>rd</sup> – 6 <sup>th</sup> Floors	3 <sup>rd</sup> floor balcony for 250 guests 92 trackside suites with private balconies, covered panoramic views and 12 access passes per suite 60 suites that will offer 8 access passes to the 2 <sup>nd</sup> floor party deck 4 track-facing presidential suites with private balconies for entertaining up to 20 guests
7 <sup>th</sup> Floor	Penthouse banquet area for 320 guests with balconies that stretch the length of the building

### Targeted to be completed in November 2021



<sup>1</sup> CDI has approval for 3,000 machines under the CDRT license to be used between CDRT and Derby City Gaming

## Hotel, HRM facility, and additional permanent seating at CDRT

New and Upgraded Seating Breakdown	Feasibility for a Hotel and HRM Facility
<b>Additional amenities:</b>	<b>Hotel demand driven by:</b>
Section III guests 3,400	<ul style="list-style-type: none"> <li>▪ Derby Week</li> </ul>
Replace existing grandstand seating 3,300	<ul style="list-style-type: none"> <li>▪ Three live racing meets in the Spring and Fall with 80+ dates</li> </ul>
<b>Total 6,700</b>	<ul style="list-style-type: none"> <li>▪ Comp for top tier HRM players</li> </ul>
<b>New reserved seating:</b>	<ul style="list-style-type: none"> <li>▪ Close proximity to high traffic areas                             <ul style="list-style-type: none"> <li>– Louisville International Airport - 4 million passengers<sup>1</sup></li> <li>– Kentucky Expo Center - 2 million visitors<sup>2</sup></li> <li>– I-65 - 170,000 vehicles daily<sup>3</sup></li> </ul> </li> </ul>
Additional stadium seating 1,400	
2 <sup>nd</sup> Floor 1,700	
2 <sup>nd</sup> Floor meeting space 150	
3 <sup>rd</sup> Floor balcony 250	
Trackside suites 1,104	
Non-trackside suites 480	
Presidential suites 80	
Penthouse suites 320	
<b>Total ~5,484</b>	



<sup>1</sup> As reported by Louisville International Airport for 2018

<sup>2</sup> Per the Kentucky Venues Annual Report 2017

<sup>3</sup> Annual Average Daily Traffic per Kentucky Transportation Cabinet

## Multi-year sponsorships with staggered renewals support long-term growth strategy

### Sponsorship Economics and Growth

- Vast majority of sponsorship revenue dollars are typically contractually committed six months in advance of Derby Week
- Building relationships with new sponsors to further grow sponsorship revenue

### Examples of Continuing Partnerships



### Examples of New 2019 Partnerships



## Three unique Roads to the Derby for a horse to qualify in one of 20 coveted Derby starting positions

<b>United States</b>	<b>Japan</b>	<b>European</b>
<p>Horses compete for a Derby starting position through 35 races from September through April</p>	<p>Started in 2016 Horses compete for one Derby starting position through four Japanese races starting in November</p>	<p>Started in 2018 Horses compete for one Derby starting position through seven European races from September to April</p>
<b>Growth Potential</b>		
<p><b>New customers for the Derby</b> <b>Additional wagering</b> <b>Provides extended marketing opportunity for sponsors</b></p>		

## Derby City Gaming

**\$65 million investment, 85,000 square foot HRM facility... contributed \$9.5 million of Adjusted EBITDA in 3Q'19**

**1,000<sup>1</sup> HRMs**

**Décor pays homage to Churchill Downs Racetrack's deep history in horse racing**

**Center bar with large format televisions, two food venues, and outdoor gaming patio**

**CDI partnered with Ainsworth Game Technology to build world's most advanced historical racing machines**



<sup>1</sup> CDI has approval for 3,000 machines under the CDRT license to be used between CDRT and Derby City Gaming

# Background on Historical Racing Machines in Kentucky

**In 2010, Kentucky's Horse Racing Commission ("KHRC") enacted regulations to permit wagering on historical horse races on HRM terminals in Kentucky**

- Permitted to have an HRM facility if awarded one of 9 horseracing licenses in Kentucky

**In 2014, the Kentucky Supreme Court held the KHRC's regulations authorizing wagering on historical racing to be valid and lawful**

**In October 2018, Kentucky state circuit court judge ruled that Exacta Systems HRM's qualify as pari-mutuel wagering and are legal in Kentucky**

**Four HRM facilities currently exist in Kentucky**

- Kentucky Downs opened the state's first HRM facility in Sept. 2011
- Ellis Park opened an HRM facility in 2012
- Red Mile, a joint venture owned by Keeneland and Red Mile, opened an HRM facility in 2015
- Derby City Gaming, owned by Churchill Downs, opened on Sept. 14, 2018 in Louisville, KY

## What is a Historical Racing Machine?

A historical horse racing machine is a gaming device that uses a pari-mutuel math model to approximate the gaming experience of Class II and Class III machines

Gross Commission / Day / Machine <sup>1</sup>												
Kentucky Historical Racing Machine Facilities	TTM November 2018			TTM November 2019			% Change	# of Machines as of November '19				
Ellis Park	\$ 105			\$ 131			25.2%	200				
Red Mile	\$ 66			\$ 88			33.5%	938				
Kentucky Downs	\$ 230			\$ 292			26.7%	753				
Gross Commission / Day / Machine <sup>1</sup>												
Property	2018					2019						
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Derby City Gaming	\$ 198	\$ 203	\$ 284	\$ 311	\$ 284	\$ 280	\$ 273	\$ 274	\$ 290	\$ 287	\$ 286	\$ 311

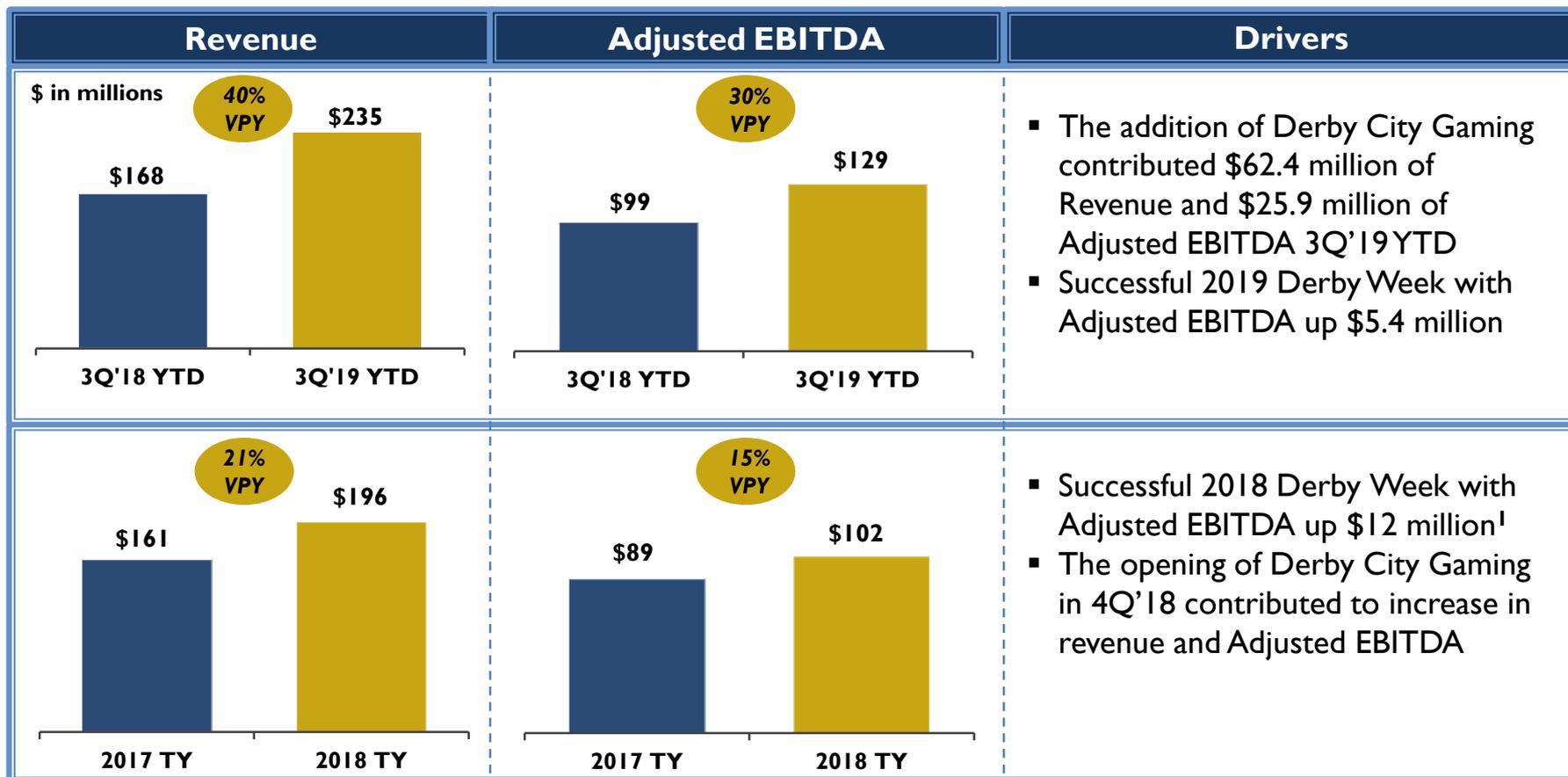
### Nearest casino to Derby City Gaming is Horseshoe Southern Indiana

- ~ 30 to 40 minutes away from Derby City Gaming
- ~1,550 Class III slot machines
- TTM October 2019 Gross Win / Day / Machine<sup>2</sup> of \$287

<sup>1</sup> Based on Kentucky Horse Racing Commission Monthly Wagering Report for November 2019.

<sup>2</sup> Based on Indiana Gaming Commission Monthly Gaming Revenue Report for October 2019

## Financial Overview



<sup>1</sup> ~\$2.5 million of 2018 Adjusted EBITDA growth was related to adoption of ASC 606



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# **Online Wagering Segment**

Overview

## TwinSpires



- Largest<sup>1</sup>, online horseracing wagering platform in the U.S.
- Linkage to *The Kentucky Derby* is a key advantage

## Online Sports Betting and iGaming



- Active in New Jersey
- Plan to launch in Pennsylvania and Indiana in 4Q'19
- Strong geographic footprint in key states for expansion

<sup>1</sup> Based on an annual and quarterly basis per figures released by Oregon Racing Commission for 9/30/19

# TwinSpires.com

**BET ANYWHERE, ANYTIME**  
Bet on racetracks all around the world.



**TOP RACING DATA**  
Leading source of online data



**SIMPLE, FAST WAGERING**  
Place multiple bets at a time

**LIVE STREAMING**

**BET LIKE A PRO**  
Get the inside edge with leading handicapping information



**EARN CASH**  
Earn cash bonuses to bet on the races



## TwinSpires delivers handicapping data, live race video, and best in class betting

### Overview

Launched in 2007

Official mobile betting partner of:

- *The Kentucky Derby*
- Churchill Downs Racetrack

Benefits from CDI ownership of:

- United Tote - provides totalisator services
- Brisnet - provides historical handicapping data



### 2018 Key metrics

\$ in millions	2018	VPY %
<b>TwinSpires Handle<sup>1</sup></b>	<b>\$1,390</b>	<b>8%</b>
<b>Revenue</b>	<b>\$290</b>	<b>14%</b>
<b>Adjusted EBITDA</b>	<b>\$79</b>	<b>13%</b>

<sup>1</sup> TwinSpires handle excludes Velocity

### Multiple brands leverage infrastructure



## TwinSpires' strategic advantages

Linkage to *The Kentucky Derby* and the other Triple Crown / Breeders' Cup events



- Inexpensively acquire new customers each year with an affinity for horseracing
- Access to premier content because of ownership of *The Kentucky Derby*

Business intelligence analytics



- Utilize analytics on customer behavior to drive efficient customer acquisition, retention and activation

Customer relationships



- Differentiate VIP relationships to build loyalty and retention
- Unique ability to create once in a lifetime experiences at *The Kentucky Derby*

Management team



- Significant online wagering experience in Europe and U.S.
- Deep technology expertise throughout core team
- Team's experience positions us well for growth in online sports betting and iGaming markets

# Online horseracing wagering has potential for additional market penetration

**Total Horseracing Wagering<sup>1</sup>  
in the United States  
\$ in Billions**

U.S Horseracing	CAGR	
	2008-15	2016-18
Total Wagering	(3.5)%	2.4%
U.S. Online Wagering	11.4%	12.1%



<sup>1</sup> Source: Equibase

<sup>2</sup> Online Wagering excludes Velocity

# TwinSpires handle<sup>1</sup> has grown significantly over the past decade



<sup>1</sup> TwinSpires handle excludes Velocity

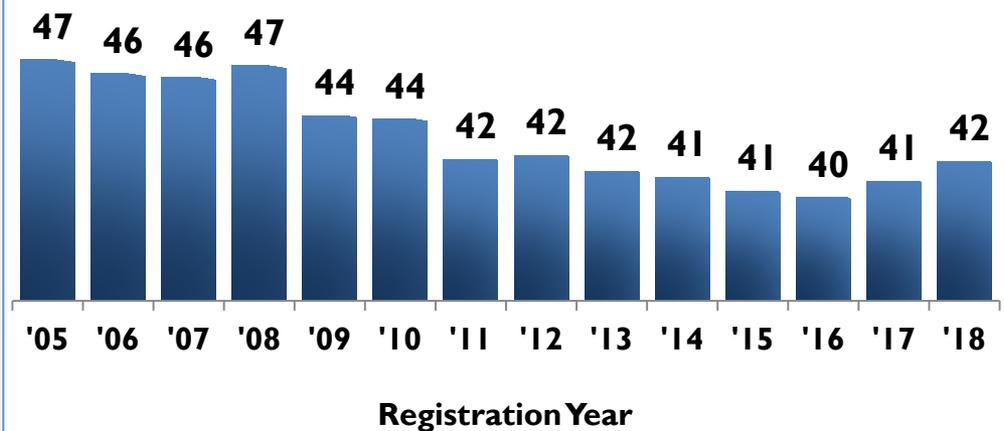
## We are attracting new fans and younger fans to horseracing

### New Fans



Based on survey of August 2017 new customers

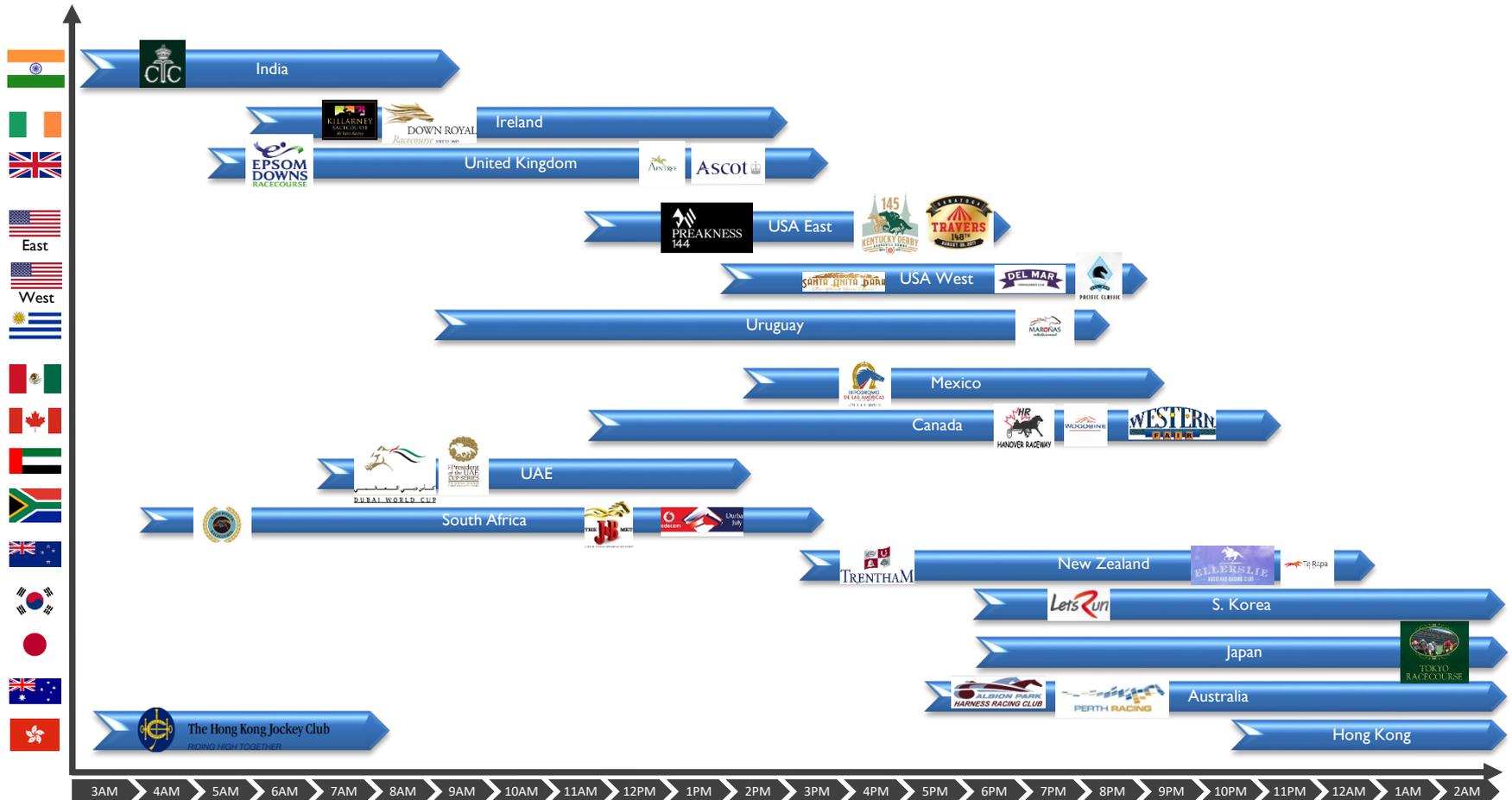
### Median New Player Age



TwinSpires offers betting on ~203,000 races at 350 racetracks 365 days a year

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Road to Kentucky Derby				Triple Crown		Summer Season		Breeders' Cup Challenge Series & World Championships			
 PEGASUS World Cup 2019 <small>CHAMPIONSHIP INVITATIONAL SERIES</small>  FAIR GROUNDS RACE COURSE <small>INDIANAPOLIS</small> Risen Star (Feb 2019)  AQUEDUCT Gotham  SANTA ANITA DERBY San Felipe  OAKLAWN <small>Since 1904</small> Rebel  105 <sup>th</sup> LOUISIANA DERBY MARCH 24 <small>FLORIDA WORLD BOWL</small>  President of the UAE CUP SERIES <small>2019</small>  KEENELAND Lexington	 SUNLAND DERBY <small>GR. I/II</small>  145 <sup>th</sup> KENTUCKY DERBY <small>CHURCHILL DOWNS</small> MAY 4, 2019  PREAKNESS 144  RACING FESTIVAL BELMONT STAKES 151 JUNE 6-8	 BELMONT PARK Belmont Oaks Dwyer Stakes  SARATOGA Travers Stakes Woodward Stakes  DEL MAR <small>THOROUGHBRED CLUB</small>  TVG.com HASKELL 2019	 BREEDERS' CUP CHALLENGE <small>Win and You're In.</small>  BELMONT PARK Metropolitan Handicap Belmont Sprint Jockey Club Gold Cup  CHURCHILL DOWNS Stephen Foster Fleur de Lis  SARATOGA The Whitney Sword Dancer Invitational Spinaway Stakes  ARLINGTON MILLION  ARLINGTON Beverly D.  PACIFIC CLASSIC  KEENELAND Claiborne Breeders' Futurity Shadwell Mile Juddmonte Spinster Stakes Dixiana Borbon Stakes								
								* Not all events are listed			
										 BREEDERS' CUP WORLD CHAMPIONSHIPS Santa Anita 2019	

# TwinSpires offers betting 24/7 from 14 countries



Hours in EST

**We leverage data to drive user acquisition, retention, and activation**

**User Acquisition**



**User Retention**



**User Activation**



**We have the unique ability to create once in a lifetime experiences at *The Kentucky Derby***

**Winner's Toasts**



**Trophy Presentations**



**VIP Events**



**Behind-the-Scene Tours**



## Sports Betting / iGaming Opportunity

**In May 2018, the Supreme Court repealed the Professional and Amateur Sports Protection Act of 1992 (“PASPA”) – effectively allowing sports betting in the U.S. on professional and amateur sports, subject to state regulation**

- PASPA had effectively outlawed sports betting in the U.S. except for in Nevada, Oregon, Delaware, and Montana
- New Jersey was the leader in challenging PASPA

### Typical State process to enable sports wagering:

- Enact state legislation
- State governing body implements regulations
- Eligible companies and key suppliers obtain state gaming licenses and technology certifications, as required

Current Status	# of states	
	Sports Betting <sup>1</sup>	iGaming <sup>2</sup>
Authorized But Not Yet Operational	6	0
Operational	13	5

<sup>1</sup> Per Eilers & Krejcik Gaming U.S Sports Betting Market Monitor for October 2019

<sup>2</sup> Per Eilers & Krejcik Gaming U.S Online Casino Tracker for September 2019

Sports Betting / iGaming Opportunity

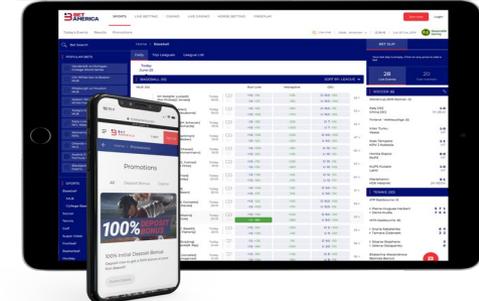
CDI leveraging BetAmerica brand for sports betting and iGaming



Retail<sup>1</sup>



Online



- Leverage our expertise as the largest online horse race wagering business in the U.S.
- SBTech platform provides industry leading technology platform
  - Integrated sports betting and iGaming products
  - SBTech provides odds and risk management services

<sup>1</sup> Results for Retail Sports Betting are included in the Gaming Segment

## Sports Betting and iGaming – Near-term Opportunities

<b>Near-term retail and online BetAmerica sports betting and iGaming operations</b>					
<b>State</b>	<b>Adult Population<sup>1</sup> (million)</b>	<b>CDI Property or 3<sup>rd</sup> Party Agreement</b>	<b>CDI Retail Sports Betting</b>	<b>CDI Online Sports Betting</b>	<b>CDI iGaming</b>
<b>Mississippi</b>	<b>~2.2</b>	<b>Harlow's and Riverwalk Casinos<sup>2</sup></b>	<b>Aug. 2018</b>	<b>N/A</b>	<b>N/A</b>
<b>New Jersey</b>	<b>~6.8</b>	<b>Agreement with Golden Nugget Atlantic City for Sports Betting &amp; iGaming skin</b>	<b>N/A</b>	<b>Launched 1Q'19</b>	<b>Launched 1Q'19</b>
<b>Pennsylvania</b>	<b>~9.7</b>	<b>Presque Isle Downs &amp; Casino in Erie, PA</b>	<b>Launched 3Q'19</b>	<b>Expected 4Q'19</b>	<b>Expected 4Q'19</b>
<b>Indiana</b>	<b>~4.8</b>	<b>Agreement with Rising Star Casino Resort for Sports Betting</b>	<b>Launched 4Q'19</b>	<b>Expected 4Q'19</b>	<b>Expected 4Q'19</b>
<b>Illinois</b>	<b>~9.5</b>	<b>Rivers Joint Venture<sup>3</sup> and Arlington International Racecourse and OTBs</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>
<b>Tennessee</b>	<b>~5.0</b>	<b>Open market access</b>	<b>N/A</b>	<b>TBD</b>	<b>TBD</b>
<b>Colorado</b>	<b>~4.2</b>	<b>Agreement with Full House Resorts for Sports Betting</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

<sup>1</sup> Population Distribution by Age by The Henry J. Kaiser Family Foundation, 2016

<sup>2</sup> Retail betting results at Harlow's and Riverwalk Casinos are reported in the Gaming Segment

<sup>3</sup> Rivers Des Plaines will operate sports betting under their brand BetRivers

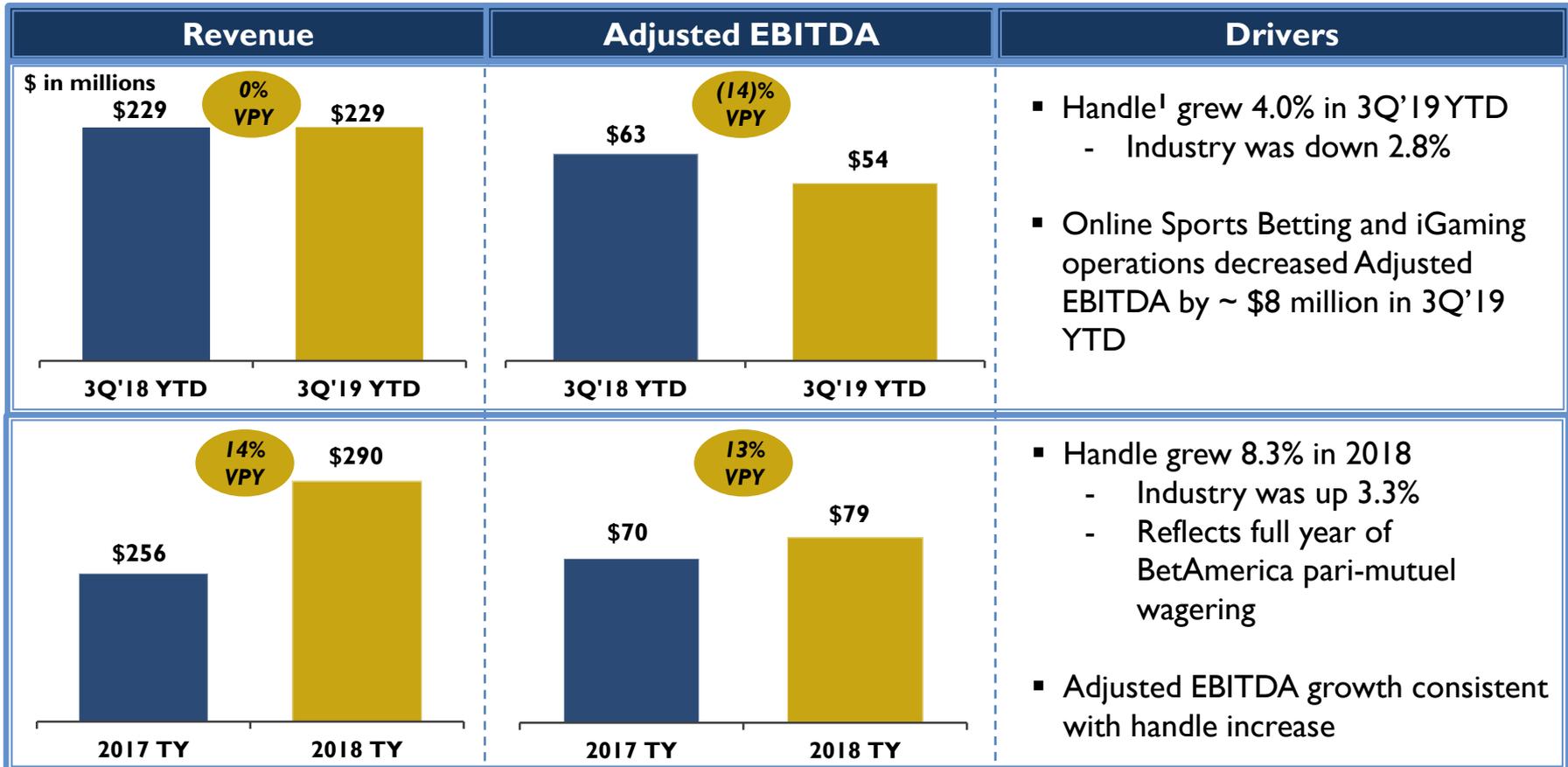
## Future Expansion of Sports Betting and iGaming

### CDI is well positioned in key states if sports betting and iGaming are approved

State	Adult Population <sup>1</sup> (million)	CDI Property or 3 <sup>rd</sup> Party Agreement
California	~29.4	Card room agreement to offer online poker if legislation is approved
Florida	~16.2	Calder Casino
New York	~15.1	Agreement with Saratoga Casino Holdings for rights to online sports betting & iGaming until 2033
Ohio	~8.6	Miami Valley Gaming Joint Venture
Maryland	~4.5	The Casino at Ocean Downs
Louisiana	~3.4	Fair Grounds Slots and VSI and Fair Grounds Race Course
Kentucky	~3.3	Churchill Downs Racetrack and Derby City Gaming, Turfway Park, and Oak Grove
Maine	~1.0	Oxford Casino
Washington, D.C.	~0.5	Open market access

<sup>1</sup> Population Distribution by Age by The Henry J. Kaiser Family Foundation, 2017

## Financial Overview



<sup>1</sup> TwinSpires handle does not include handle from customers in the Velocity group



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# **Gaming Segment**

## Regional Gaming Properties



**We are a leader in brick-and-mortar casino gaming with ~11,000 slot machines and VLTs and ~200 table games in eight states**

## Diverse portfolio of gaming properties

### Overview

#### Ten casinos and three hotels in eight states

- Seven wholly owned, two joint ventures, and one management contract
- Local brands and community connection
- Smaller bets in diverse geographic and economic environments

**Retail self service BetAmerica Sportbooks opened at two Mississippi properties in August 2018 as well as Presque Isle Downs & Casino in July 2019**

### 2018 Key metrics

\$ in millions	<u>2018</u>	<u>VPY %</u>
<b>Revenue</b>	<b>\$450</b>	<b>15%</b>
<b>Adjusted EBITDA</b>	<b>\$174</b>	<b>17%</b>
<b>Wholly owned casino margin<sup>1</sup></b>	<b>33.2%</b>	<b>170 pts</b>

**Industry leading margins for wholly owned casinos**

<sup>1</sup> Excludes corporate overhead, Ocean Downs, Presque Isle, Lady Luck Namacolin, joint ventures, and racetracks

## Our gaming properties' strategic advantages

### Local approach



- Unique brands and marketing strategies
- Menus and offerings reflect local tastes
- Promotions catered to local customer base
- Loyal player base

### Business intelligence analytics



- Utilize analytics on customer behavior to optimize customer trips and casino / food & beverage offerings

### Leverage corporate gaming expertise



- Gaming floor layout and game mix optimized
- Central slot purchasing to leverage size
- Disciplined reporting and communication strategy
- Central marketing resource facilitates shared best practices

### Regional property gaming leaders



- Significant overall gaming experience
- Stable executive leadership maintains local market focus

## Florida and Louisiana Casinos & Video Poker

### Calder Casino – Miami Gardens, Florida

- Property:
  - Located in Miami Gardens, FL, near Hard Rock Stadium (home of the Miami Dolphins)
  - Gaming facility opened in Jan. 2010
  - 170 acres of land with casino and racetrack
  - ~1,150 slot machines
- Agreement with The Stronach Group to operate and manage Calder’s racetrack and live horseracing under Calder’s racing permits until Dec. 31, 2020
- In Nov. 2016, we sold 61 acres of excess real estate at Calder for \$434k per acre<sup>1</sup>
- Expanded smoking patio opened May 2018
- Jai Alai permit received in Feb. 2018 and began play in May 2019



### Fair Grounds Slots & Video Poker - Louisiana

- Property:
  - Racetrack and slots facility located in New Orleans, LA
  - Slots facility opened in Oct. 2008
  - ~620 slot machines



- Fair Grounds operates 14 OTB’s across southeast LA of which 12 have ~940 video poker machines



<sup>1</sup> Excluding real estate commissions paid

## Maine and Maryland Casinos

### Oxford Casino – Oxford, Maine

- Property:
  - Located in Oxford, Maine
  - ~940 slot machines, 30 table games and 2 dining facilities
  - 97 acres of land
- Purchased in July 2013
- In Nov. 2017, opened new \$25 million expansion
  - Attached 107-room hotel
  - Expanded gaming floor which added 100 slot machines
  - Added new pub restaurant



### The Casino at Ocean Downs – Berlin, Maryland

- Property:
  - Located near Ocean City
  - Casino opened in 2010
  - Harness racetrack opened in 1949
  - ~900 VLTs and 18 table games
- Ownership history
  - Purchased 50% equity stake in Jan. 2017
  - Acquired remaining 50% equity stake in Aug. 2018 through swap of 25% ownership interest in Saratoga New York and Colorado with Saratoga Casino Holdings
- Realized an effective 10 percentage point tax reduction starting Aug. 2017 by purchasing VLTs from the State of Maryland
- Added 10 table games and 100 VLTs in Dec. 2017 and an additional 8 tables in July 2018



## Mississippi Casinos

### Harlow's Casino Resort & Spa

- Property:
  - Located in Greenville, Mississippi
  - Facility opened in 2007
  - ~730 slot machines, 15 table games
  - 4 dining facilities
  - 105-room attached hotel
  - Located on ~85 acres of leased land
- Purchased in Dec. 2010
- Opened retail BetAmerica Sportsbook in Aug. 2018
  - 39 self-service betting terminals
  - 21 big screen displays broadcasting over 100 different HD channels of sporting events and information

*Harlow's*  
Casino Resort & Spa



### Riverwalk Casino Hotel

- Property:
  - Located in Vicksburg, Mississippi
  - Facility opened in 2008
  - ~650 slot machines, 16 table games
  - 2 dining areas
  - 80-room attached hotel
  - 22 acres of land
- Purchased in Oct. 2012
- Opened retail BetAmerica Sportsbook in Aug. 2018
  - 38 self-service betting terminals
  - 55 big screen displays broadcasting over 100 different HD channels of sporting events and information

**RIVERWALK**  
CASINO • HOTEL



## Pennsylvania Casinos

### Presque Isle Casino

- Property:
  - Located in Erie, Pennsylvania
  - ~1,500 slot machines, 32 table games and a 7 table poker room in 153,400 sq. ft. facility
  - ~100 live thoroughbred race dates each year
  - Located on ~270 acres of land
- Purchased in January 2019 for \$179 million
- Opened retail BetAmerica Sportsbook in July 2019
  - 50 state-of-the-art self-service betting terminals located throughout the casino floor



### Lady Luck Nemaconlin

- Property:
  - Located in Farmington, PA
  - ~1 mile from Nemaconlin Woodlands Resort's main entrance
  - ~ 600 slot machines, 27 table games and a casual dining restaurant and lounge
- Paid \$100,000 in March 2019 for:
  - Management agreement to operate casino until July 2023
  - All fixed assets (e.g. slot machines and table games)
  - Paid a \$1 million payment in 2Q'19 to the PA Gaming Control Board to lift the \$10 per visit access fee for customers



## Casino Joint Ventures

Two of our casinos are joint ventures

### MiamiValley Gaming (50% Equity Investment)

- Opened in December 2013
- Located in Lebanon, OH (North of Cincinnati, south of Dayton)
- ~1,930 video lottery terminals
- Joint venture (50/50) with Delaware North
- Added smoking patio, high limit area, and expanded gaming in 4Q'17



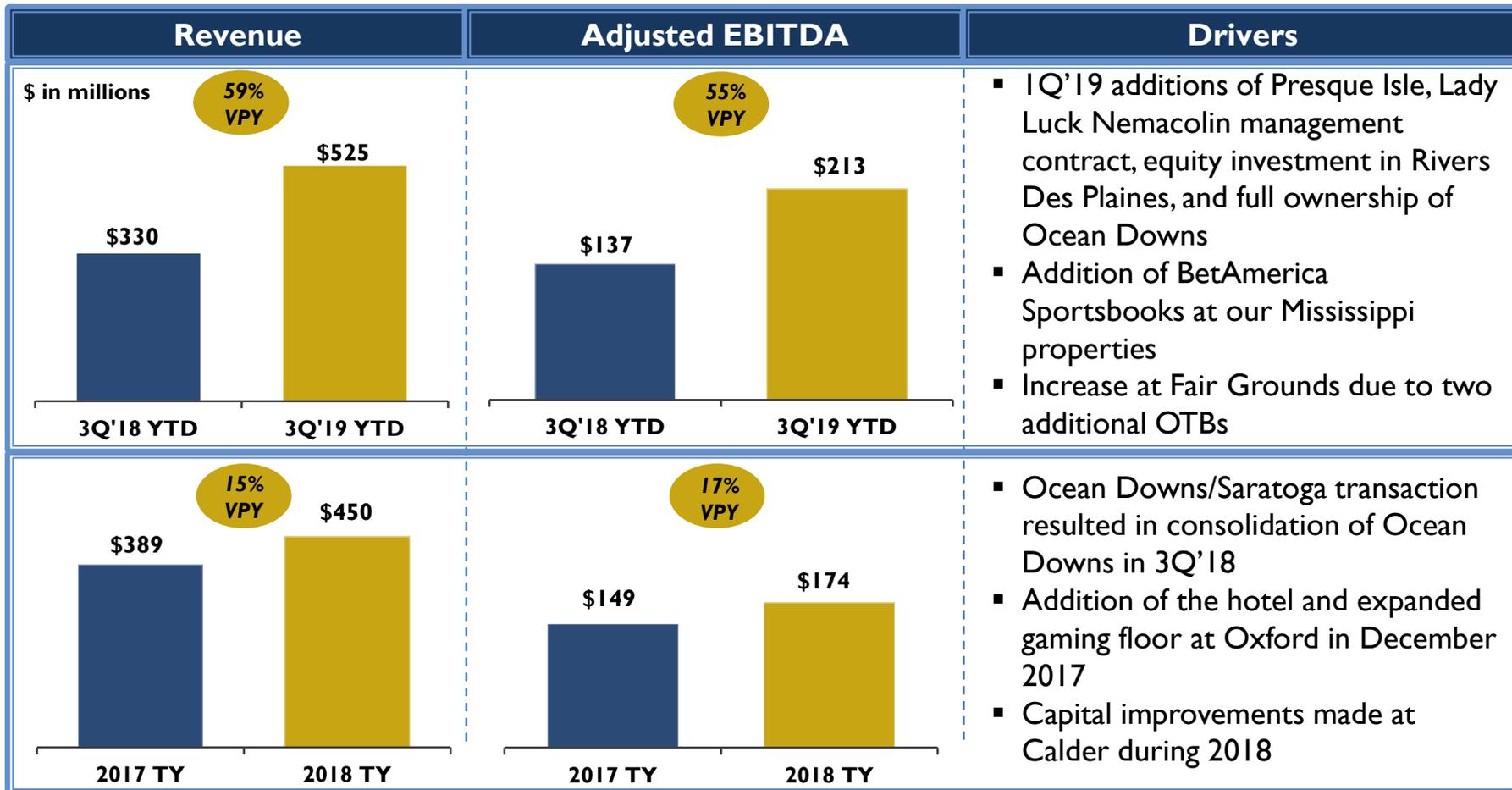
### Rivers Casino Des Plaines (61% Equity Investment)

- Opened in July 2011
- CDI invested \$407 million for 61% equity investment on March 5, 2019
- Located in Des Plaines, IL
- ~980 slot machines and ~58 table games<sup>1</sup>
- Joint venture with High Plains Gaming, LLC, an affiliate of Rush Street Gaming, LLC
- Favorably positioned for expanded gaming and online sports betting



<sup>1</sup> For purposes of statutory requirements, slot machines are counted as 0.9 positions and table games are determined based on type of game (Craps tables have 10 positions, all others have 5 positions).

## Financial Overview





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# **Additional Growth Opportunities**

## Oak Grove, Kentucky

### Located off of Highway 24 on the Kentucky – Tennessee state border

- Major East/West roadway connecting from Southern Illinois, through Nashville, and ending in Chattanooga, Tennessee

### ~55 miles from Nashville, Tennessee

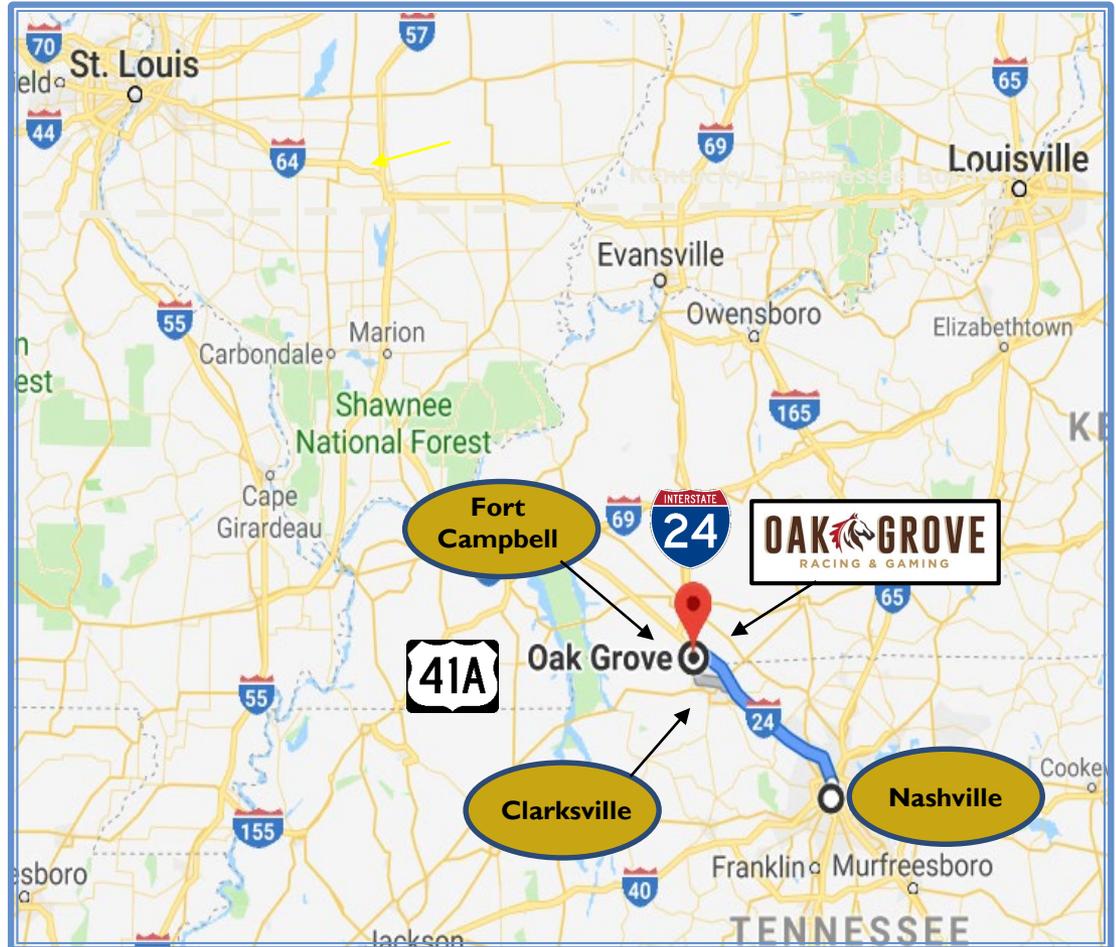
- City population of ~670,000 - 24<sup>th</sup> largest city in the U.S.
- Metropolitan area population of ~ 2 million
- Ranked the 7<sup>th</sup> fastest growing city in 2018 by Forbes based on both population and job growth
- Tennessee does not offer legal retail gaming options

### ~3 miles from Fort Campbell

- The second largest military base in the United States with population of over 200,000

### ~11 miles from Clarksville, Tennessee

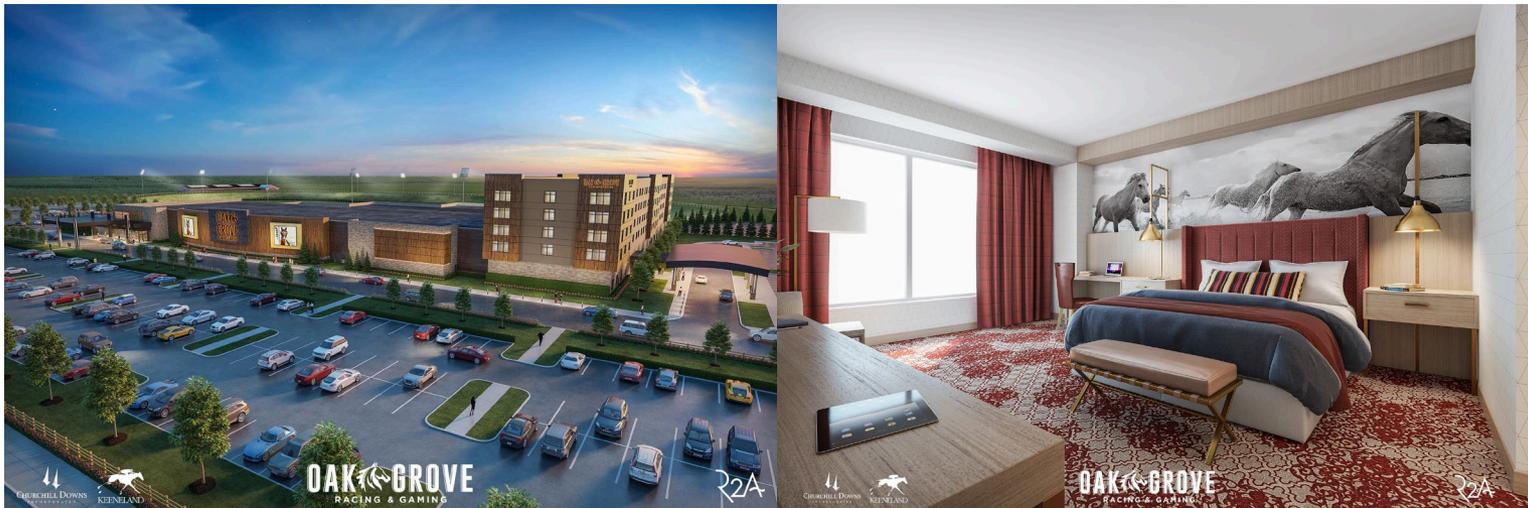
- Population of ~150,000 – 5<sup>th</sup> largest city in Tennessee



### Oak Grove Racing & Gaming

#### Building new \$200 million property in a joint venture owned by CDI (95% owner) and Keeneland Association Inc. (5% owner)

- Racetrack and enclosed grandstand / multi-purpose space
- Ran 11 harness racing dates in October / November 2019
- HRM facility which will open Summer of 2020 with ~1,200 machines
  - Have approval to increase to 1,500 machines
  - Plan to introduce new game titles with second supplier of HRMs
- 125-room hotel with event center and dining options which will open Summer of 2020
- 3,000 person capacity amphitheater and state-of-the art equestrian center including indoor arena



### Turfway Park Acquisition

#### **CDI completed its previously announced purchase of all outstanding equity of Turfway Park in Florence, KY from Jack Entertainment and Hard Rock International**

- Total consideration of \$46 million in cash, subject to certain working capital adjustments; \$10 million is anticipated to be expensed in 4Q'19 based on accounting rules
- Upon receiving KHRC approval, CDI withdrew the race dates application related to its previously announced New Latonia Racing & Gaming project in northern Kentucky

#### **The 2019-2020 Turfway winter race meet began on December 4, 2019**

#### **CDI expects to begin the remediation and demolition of the existing grandstand in April after the winter race meet**

#### **Up to \$150 million<sup>1</sup> investment**

- State-of-the-art live and historical Thoroughbred racing facility
- A HRM facility with up to 1,500<sup>2</sup> machines, clubhouse, food & beverage venues and an inner dirt track to complement the existing one-mile synthetic main race track



<sup>1</sup> Inclusive of the \$46 million purchase price

<sup>2</sup> CDI has approval for 2,500 machines under the Turfway license

### Illinois Gaming Expansion and Sports Betting Legalization

#### Rivers Casino Des Plaines

- Requested 800 additional positions (increase from 1,200 to 2,000)
  - Received regulatory approval to become the first land-based casino in IL and to begin the addition of the 800 new positions which will occur over two phases:
    - Phase 1: ~250 additional positions utilizing existing space, with ~115 slot machines and 8 table games totaling 144 positions added by the end of 4Q'19
    - Phase 2: ~550 additional positions upon completion of facility and parking garage expansions
- Will be requesting sports betting license
- Privilege tax rate on table games will be reduced from a maximum of 50% down to 15% for the first \$25 million annual adjusted gross receipts received on table games, and 20% of annual adjusted gross receipts in excess of \$25 million
  - The new rates will go into effect on the date that the first new casino begins operations

#### Rush Street Gaming and CDI have jointly submitted a bid for the new Waukegan casino

- Proposed 1,625-gaming-seat facility that will also operate retail and online sports betting
- Bid was one of 3 bids submitted by the City of Waukegan to the Illinois Gaming Board (“IGB”) for consideration
  - According to the gaming bill, the IGB has 12 months from the date that the bill was signed (June 28, 2019) to award the gaming license to one of the bids submitted by the City of Waukegan

#### CDI has announced that Arlington Racecourse has declined to apply for gaming license

- Will conduct horse racing in 2020 and 2021 and also apply for a sports betting license for retail and online sportsbook for Arlington Racecourse and three OTBs
- Will explore longer-term alternatives, including moving the racing license to another community in the Chicagoland area or elsewhere in the state

### Miami Valley Gaming Expansion

**Miami Valley Gaming announced a \$100 million expansion to build a hotel, parking garage, and expanded gaming floor**

- Scheduled to be completed by 2Q'21
- Financing with debt at the joint venture

#### **Hotel and parking garage**

- 192 room hotel and a 1,000 car parking garage
- Will allow MVG to expand the geographical market reach of the property
  - MVG is located ~30 miles from both Cincinnati and Dayton and ~85 miles from Columbus

#### **Expanded gaming floor**

- The expansion will add over 10,000 square feet of gaming floor space and increase the number of video lottery terminals in operation by 250 to a total of ~ 2,200



**We have demonstrated M&A is a core discipline of our team**

**Typical M&A Target Screen**

**Regional casino assets with future growth potential**  
**Well positioned competitively – existing gaming and future gaming expansion**  
**Strategic growth potential into sports betting and iGaming**  
**Accretive to free cash flow and earnings per share with returns above cost of capital**

**And, we have shown our ability to be a disciplined seller of assets**

**Calder Race Course  
Land Sale**

**Sold 61 acres of excess land for \$26.5 million or \$434k per acre<sup>1</sup>**  
**Used like-kind-exchange to permanently defer \$14 million of gain on sale through purchase of property at Churchill Downs**

**Big Fish Games**

**Purchased for \$835 million<sup>2</sup> Dec. 2014**  
**Sold for \$990 million<sup>2</sup> Jan. 2018**  
**> 50% levered IRR**

**Saratoga – New York  
and Colorado**

**Swapped 25% equity ownership in Saratoga – New York and Colorado for remaining 50% equity ownership in Ocean Downs Casino**  
**Retained rights to online sports betting and iGaming if regulation allows in the future**

<sup>1</sup> Excluding real estate commissions paid

<sup>2</sup> Gross, prior to settlement of working capital adjustments and transaction costs

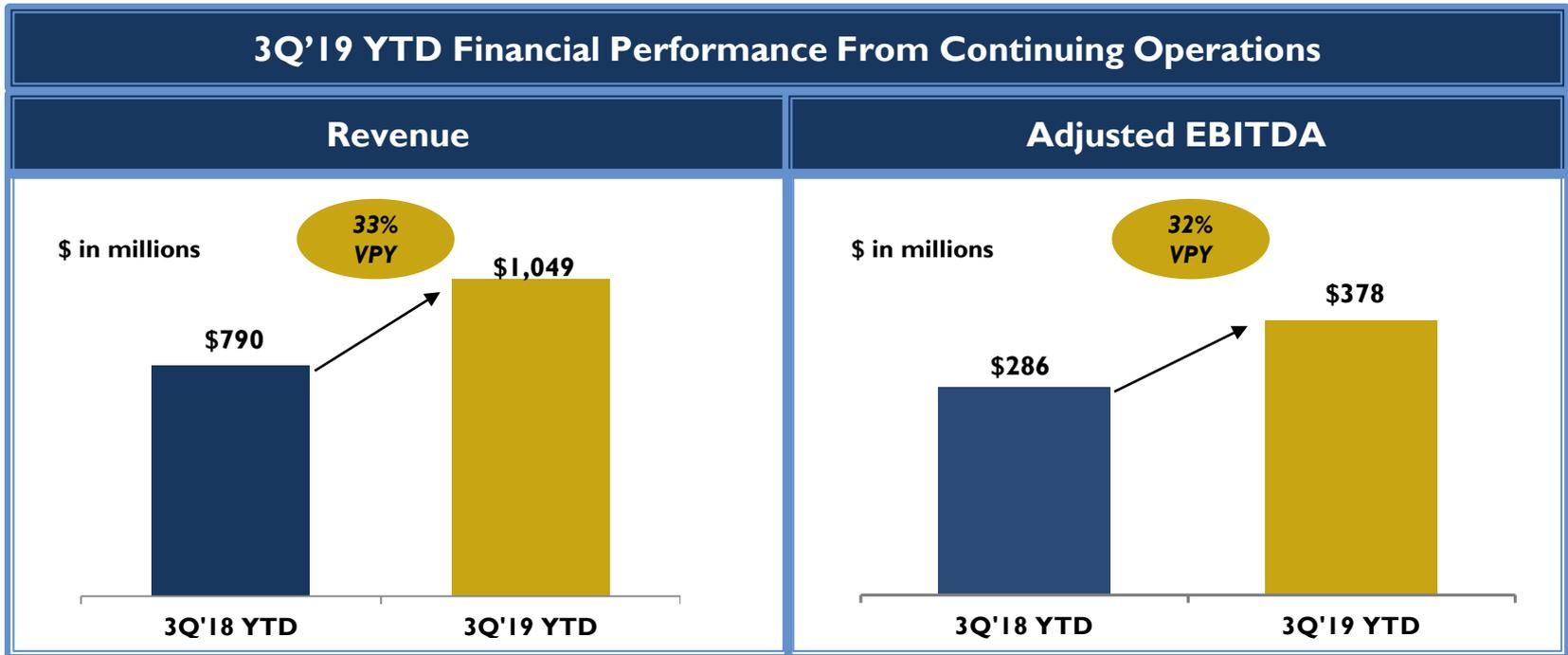


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# **Financial Highlights and Insights**

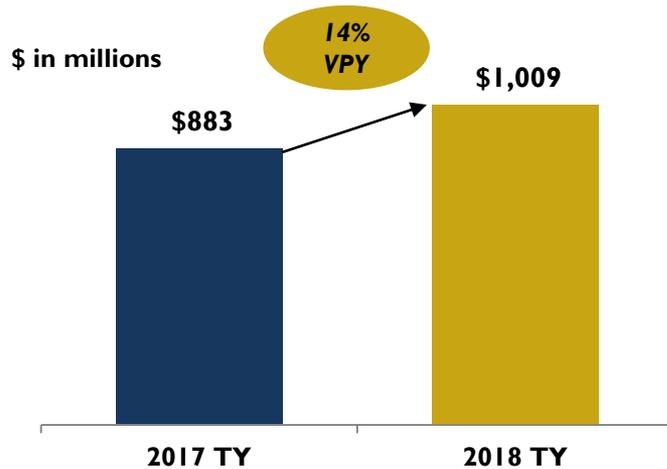
**Strong growth driven by Derby City Gaming, Derby Week, organic growth, and strategic acquisitions**



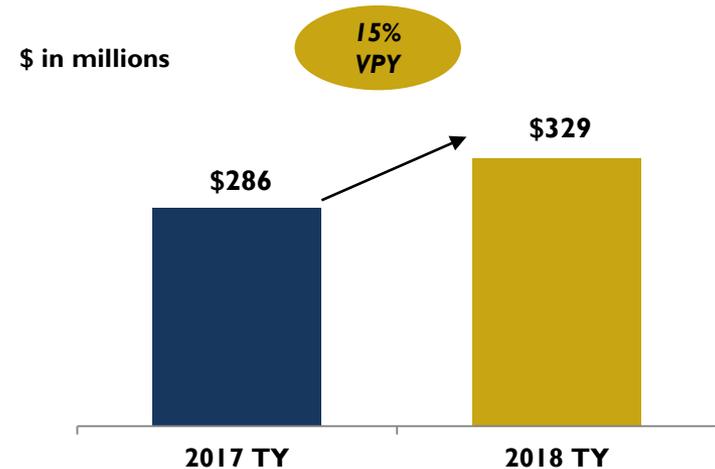
**Double-digit growth driven by investment in *The Kentucky Derby*, and organic growth from TwinSpires and the Gaming Segment**

**2018 Financial Performance From Continuing Operations**

**Revenue**



**Adjusted EBITDA**



## **Capital management philosophy based on creating long-term shareholder value**

### **Maintain broad and expedient access to the capital markets**

- Ideal target is 3.0x-4.0x net leverage ... willing to go higher for a strategic investment

### **Engage in open and active dialogue with rating agencies and institutional investors**

### **Investments focused on creating long-term shareholder value**

- Invest in organic investments to expand offerings in high growth areas with returns above cost of capital
- Pursue strategic acquisitions
- Dividends are considered annually by the Board of Directors based on the health of the Company
- Opportunistic share repurchases dependent upon free cash flow generation, leverage levels and other investment opportunities to grow the business

## Projected Capital Investments as of 9/30/19

<b>Maintenance Capital</b>		<b>\$45 – 55 million</b>
<b>2019 Project Capital</b>		<b>\$100 – \$120 million</b>
<b>2020 Project Capital</b>		<b>\$300 – \$350 million</b> <ul style="list-style-type: none"><li>▪ <b>Oak Grove</b></li><li>▪ <b>Churchill Downs Racetrack</b></li><li>▪ <b>Turfway Park</b></li></ul>

## Capacity for Future Investments

- **2.8x Pro forma TTM Net Leverage as of September 30, 2019**
- **Significant balance sheet flexibility**
- **\$700 million undrawn credit facility**
- **Demonstrated ability to access debt markets with attractive rates / terms**

# Churchill Downs investments provide strong returns creating long-term shareholder value

## The Mansion



### Return Profile

**Built in 2013**  
**\$4.6 million investment**  
**< 3 year payback**

## Winner's Circle Suites and Courtyard



### Return Profile

**Built in 2015**  
**\$4.3 million investment**  
**< 5 year payback**

## Turf Club / Stakes Room



### Return Profile

**Renovated in 2016**  
**\$18.4 million investment**  
**< 5 year payback**

## Derby City Gaming



### Return Profile

**Opened Sep. 2018**  
**\$65 million investment**  
**< 3 year payback**

## Targeted casino investments enhance existing properties and provide favorable returns

### Ocean Downs Expansion



#### Return Profile

Opened Dec. 2017  
 \$18 million investment  
 < 3 year payback

### Ocean Downs Slot Floor Purchase



#### Return Profile

Purchased Aug. 2017  
 \$13 million investment  
 < 2 year payback

### Oxford Hotel & Floor Expansion



#### Return Profile

Opened Nov. 2017  
 \$27 million investment  
 < 6 year payback

### Miami Valley Gaming Expansion



#### Return Profile

Opened Oct. 2017  
 \$5 million investment  
 < 2 year payback

# CDI has returned over \$1 billion of capital to shareholders over the last 5 years

### Dividends

- 2020 will be the 9<sup>th</sup> consecutive increase in the dividend per share
- \$104 million paid to shareholders in dividends over the last 5 years

### Share Repurchases

- **Returned \$956 million to shareholders through share repurchases over the last 5 years**
  - Includes \$500 million repurchased with a portion of the Big Fish Games sale proceeds through a Dutch Auction in February 2018
- **\$300 million share repurchase program authorized on October 30, 2018**
  - \$68 million repurchased 3Q'19 YTD
  - \$200 million of capacity remaining at September 30, 2019

**Reflects our commitment to effectively return capital to shareholders unless there are more attractive growth opportunities**



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# *Appendix*

### **Bill Carstanjen Chief Executive Officer**

- Chief Executive Officer since Aug. 2014; Director since 2015
- President and COO, Mar. 2011 – Aug. 2014; COO, Jan. 2009 – Mar. 2011
- EVP, General Counsel & Chief Development Officer, July 2005 – Jan. 2009
- Former Executive of GE
- Began career as attorney with Cravath, Swaine, & Moore LLP in NYC
- Columbia Law School

### **Bill Mudd President & Chief Operating Officer**

- Chief Operating Officer since Sept. 2015
- President and Chief Financial Officer, Aug. 2014 – Oct. 2015
- Chief Financial Officer from Oct. 2007 to Aug. 2014
- 15 year multi-industry, multi-business background with GE
- Former Captain in the U.S. Army Reserves
- B.A. in Mathematics from Bellarmine University; MBA

### **Marcia Dall EVP & Chief Financial Officer**

- Chief Financial Officer since Oct. 2015
- Public company Chief Financial Officer for Erie Insurance Group / Erie Indemnity (Nasdaq: ERIE), Mar. 2009 to Oct. 2015
- 20+ year tenure with GE / GE Capital in finance / operational / executive roles
- B.S. in Accounting – Indiana University; MBA – Kellogg School of Management at Northwestern University; CPA

## Definition of Non-GAAP Financial Measures

The Company uses non-GAAP measures, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA, as key performance measures of the results of the operations for purposes of evaluating performance internally. We believe that the use of Adjusted EBITDA as a key performance measure of results of operations enables management and investors to evaluate and compare from period to period our operating performance in a meaningful and consistent manner. Our chief operating decision maker utilizes Adjusted EBITDA to evaluate segment performance, develop strategy and allocate resources. Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income or operating income (as determined in accordance with GAAP) as a measure of our operating results, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure provided in accordance with GAAP. Our calculation of Adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited.

**Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, adjusted for the following:**

**Adjusted EBITDA includes our portion of the EBITDA from our equity investments.**

**Adjusted EBITDA excludes:**

- Transaction expense, net which includes:
  - Acquisition and disposition related charges, including fair value adjustments related to earnouts and deferred payments
  - Calder Racing exit costs; and
  - Other transaction expense, including legal, accounting and other deal-related expense;
- Stock-based compensation expense;
- Midwest Gaming's impact on our investments in unconsolidated affiliates from:
  - The impact of changes in fair value of interest rate swaps; and
  - Recapitalization and transaction costs;
- Asset impairments;
- Gain on Ocean Downs/Saratoga Transaction;
- Loss on extinguishment of debt;
- Legal reserves;
- Pre-opening expense; and
- Other charges, recoveries and expenses

## Reconciliation from GAAP to Non-GAAP Financial Measures

### Reconciliation of Comprehensive Income to Adjusted EBITDA

(in millions)	Year Ended December	Nine Months Ended September 30,	
	2018	2019	2018
<b>Comprehensive income</b>	\$ 353.2	\$ 133.5	\$ 341.8
Foreign currency translation, net of tax	(0.6)	-	(0.6)
Change in pension benefits, net of tax	0.2	-	0.2
<b>Net income</b>	<u>352.8</u>	<u>133.5</u>	<u>341.4</u>
Loss (income) from discontinued operations, net of	<u>(170.2)</u>	<u>1.9</u>	<u>(166.1)</u>
Income from continuing operations, net of tax	182.6	135.4	175.3
<b>Additions:</b>			
Depreciation and amortization	63.6	64.3	45.8
Interest expense	40.1	52.0	29.2
Income tax provision	51.3	53.1	52.1
<b>EBITDA</b>	<u>\$ 337.6</u>	<u>\$ 304.8</u>	<u>\$ 302.4</u>
<b>Adjustments to EBITDA:</b>			
Selling, general and administrative:			
Stock-based compensation expense	\$ 17.7	\$ 17.6	\$ 13.1
Legal reserves	-	3.6	-
Other charges	(0.6)	-	-
Pre-opening expense	4.8	3.6	4.1
Transaction expense, net	10.3	5.0	8.9
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	13.9	22.9	12.2
Changes in fair value of Midwest Gaming's interest rate swaps	-	15.4	-
Midwest Gaming's recapitalization and transactions costs	-	4.7	-
Gain on Ocean Downs/ Saratoga transaction	(54.9)	-	(54.9)
Other	-	-	-
Total adjustments to EBITDA	<u>(8.8)</u>	<u>72.8</u>	<u>(16.6)</u>
<b>Adjusted EBITDA</b>	<u>\$ 328.8</u>	<u>\$ 377.6</u>	<u>\$ 285.8</u>
<b>Adjusted EBITDA by segment:</b>			
Churchill Downs	\$ 102.3	\$ 128.5	\$ 99.1
Online Wagering	79.0	54.1	63.1
Gaming	174.1	212.6	136.8
Total segment Adjusted EBITDA	<u>355.4</u>	<u>395.2</u>	<u>299.0</u>
All Other	<u>(26.6)</u>	<u>(17.6)</u>	<u>(13.2)</u>
<b>Total Adjusted EBITDA</b>	<u>\$ 328.8</u>	<u>\$ 377.6</u>	<u>\$ 285.8</u>