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

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITY EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): November 13, 2014 (November 12, 2014)**

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**CHURCHILL DOWNS**  
INCORPORATED  
Exact name of registrant as specified in its charter

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**Kentucky**  
(State of incorporation)

**001-33998**  
(Commission  
file number)

**61-0156015**  
(IRS Employer  
Identification No.)

**600 North Hurstbourne Parkway, Suite 400, Louisville, Kentucky 40222**  
(Address of principal executive offices)  
(Zip Code)

**(502) 636-4400**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (18 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 7.01. Regulation FD Disclosure.

On November 12, 2014, Churchill Downs Incorporated, a Kentucky corporation (“CDI”) (NASDAQ: CHDN), issued a press release (the “Press Release”) announcing the execution of an Agreement and Plan of Merger (the “Merger Agreement”) with Big Fish Games, Inc., a Washington corporation (“Big Fish”), Ocean Acquisition Corp., a Washington corporation and wholly-owned subsidiary of CDI (“Merger Corp”) and Paul J. Thelen, as the Big Fish security-holders’ agent. The Merger Agreement provides, among other things that, upon the terms and subject to the conditions set forth therein, Merger Corp will merge with and into Big Fish, with Big Fish surviving as a wholly-owned subsidiary of CDI (the “Merger”). The closing of the transaction is conditioned upon the receipt of applicable regulatory approvals and other customary closing conditions. The transaction is expected to close in the fourth quarter of 2014.

A copy of the Press Release is attached hereto as Exhibit 99.1 to this Current Report and is incorporated herein by reference.

On November 13, 2014, CDI will conduct a live conference call to provide supplemental information regarding the Merger at 9:00 a.m. (EST) for investors and analysts. The telephone number for the call is (877) 372-0878 for a participant in the U.S. and the telephone number for international participants is (253) 237-1169. The conference ID code is 35368078. The related presentation slides (the “Presentation Deck”) will be accessible through CDI’s website at <http://ir.churchilldownsincorporated.com/events.cfm>. The Presentation Deck that will be made available in connection with this conference call is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information required by Item 1.01, including a copy of the definitive merger agreement, will be filed in a separate Current Report on Form 8-K.

The information in Item 7.01, Exhibits 99.1 and 99.2 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

## Forward-Looking Statements

*This Current Report on Form 8-K contains various “forward-looking statements” (as defined under Federal securities laws). The reader is cautioned that such forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. Forward-looking statements are typically identified by the use of terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “hope,” “should,” “will,” and similar words, although some forward-looking statements are expressed differently. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from expectations include: the effect of global economic conditions, including any disruptions in the credit markets; a decrease in consumers’ discretionary income; the effect (including possible increases in the cost of doing business) resulting from future war and terrorist activities or political uncertainties; the overall economic environment; the impact of increasing insurance costs; the impact of interest rate fluctuations; the effect of any change in our accounting policies or practices; the financial performance of our racing operations; the impact of gaming competition (including lotteries, online gaming and riverboat, cruise ship and land-based casinos) and other sports and entertainment options in the markets in which we operate; our ability to maintain racing and gaming licenses to conduct our businesses; the impact of live racing day competition with other Kentucky, Illinois, Louisiana and Ohio racetracks within those respective markets; the impact of higher purses and other incentives in states that compete with our racetracks; costs associated with our efforts in support of alternative gaming initiatives; costs associated with customer relationship management initiatives; a substantial change in law or regulations affecting pari-mutuel and gaming activities; a substantial change in allocation of live racing days; changes in Kentucky, Illinois, Louisiana or Ohio law or regulations that impact revenues or costs of racing operations in those states; the presence of wagering and gaming operations at other states’ racetracks and casinos near our operations; our continued ability to effectively compete for the country’s horses and trainers necessary to achieve full field horse races; our continued ability to grow our share of the interstate simulcast market and obtain the consents of horsemen’s groups to interstate simulcasting; our ability to enter into agreements with other industry constituents for the purchase and sale of racing content for wagering purposes; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to successfully complete any divestiture transaction; market reaction to our expansion projects; the inability of our totalisator company, United Tote, to maintain its processes accurately, keep its technology current or maintain its significant customers; our accountability for environmental contamination; the ability of our online business to prevent security breaches within its online technologies; the loss of key personnel; the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses (including losses related to business interruption); our ability to integrate any businesses we acquire into our existing operations, including our ability to maintain revenues at historic levels and achieve anticipated cost savings; the impact of wagering laws, including changes in laws or enforcement of those laws by regulatory agencies; the outcome of pending or threatened litigation; changes in our relationships with horsemen’s groups and their memberships; our ability to reach agreement with horsemen’s groups on future purse and other agreements (including, without limiting, agreements on sharing of revenues from gaming and advance deposit wagering); the effect of claims of third parties to intellectual property rights; and the volatility of our stock price.*

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

(d) Exhibits

99.1 Press Release, dated November 12, 2014, issued by Churchill Downs Incorporated

99.2 Presentation Deck, dated November 13, 2014, 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.

November 13, 2014

**CHURCHILL DOWNS INCORPORATED**

/s/ Alan K. Tse

By: Alan K. Tse

Title: Executive Vice President, General Counsel and Secretary

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated November 12, 2014 issued by Churchill Downs Incorporated
99.2	Presentation Deck, dated November 13, 2014 issued by Churchill Downs Incorporated

**FOR IMMEDIATE RELEASE**

CDI Contact:

Courtney Yopp Norris

(502) 636-4564 (office)

(502) 432-2796 (mobile)

[Courtney.Norris@kyderby.com](mailto:Courtney.Norris@kyderby.com)

Big Fish Contact:

Susan Lusty

(206) 269-3672

[Susan.Lusty@bigfishgames.com](mailto:Susan.Lusty@bigfishgames.com)

**Churchill Downs Incorporated To Acquire Big Fish Games**

- **One of largest producers and distributors of mobile and online games in the world**
- **Big Fish Games – A top-grossing mobile game publisher worldwide**
- **Big Fish Casino – A top-grossing mobile social casino game worldwide**

**LOUISVILLE, Ky. (November 12, 2014)** – Churchill Downs Incorporated (NASDAQ: CHDN) (CDI) and Big Fish Games, Inc. (Big Fish), one of the world's largest producers and distributors of mobile and online games, today announced they have entered into a definitive merger agreement under which CDI will acquire all of the outstanding stock and equity interests of the privately held Big Fish.

The transaction is structured on a cash-free/debt-free basis and is valued at up to \$885 million, including a base consideration of \$485 million and a potential earn-out payment of up to \$350 million based on 2015 Adjusted EBITDA, and a potential bonus payment to the founder and current Chief Executive Officer of Big Fish, Paul Thelen, of \$50 million based on 2016 bookings. The purchase price will be paid in cash, except for approximately \$15 million paid in CDI common stock to Paul Thelen.

The upfront payment represents a multiple of approximately 8.5-times Big Fish's Adjusted EBITDA (including an adjustment for changes in deferred revenue) for the trailing twelve months ended September 30, 2014 of \$57.3 million. The earn-out payment will be calculated by applying a multiple of 9-times the increase in calendar year 2015 Adjusted EBITDA over a base value of \$51.2 million, except that for purposes of the earn-out calculation the adjustment for change in deferred revenue will be reduced by subtracting expected costs associated with such deferred revenue.

The merger, which has been approved by the Boards of Directors of both companies, is conditioned upon receipt of required regulatory approvals and other customary closing conditions. Subject to the satisfaction of these conditions, the transaction is expected to close by the end of the year.

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“The acquisition of Big Fish and our entry into the rapidly growing mobile and online games industry gives us new products, new customers, new geographies and new sizeable growth opportunities,” said Bill Carstanjen, Chief Executive Officer of CDI. “While many will view this transaction as a logical extension to what we currently do with Twinspires.com, what is most important to us are the strong team and the processes and capabilities that have been built by Big Fish in Seattle, Oakland, and Luxembourg. We are excited to announce this transaction and believe we will do great things together.”

Paul Thelen, Big Fish’s founder and CEO said, “We are extremely proud of the company we have built over the last twelve years. Churchill Downs is a company with a commitment to interactive entertainment and a track record of growth and performance. We believe Big Fish is now positioned to become an even greater force in the casual, mid-core and social casino mobile and online games industry. Churchill Downs is a great cultural fit for us and we are thrilled to be joining the Churchill Downs family.”

Goldman Sachs is acting as financial advisor and Sidley Austin LLP is acting as legal advisor to CDI. JPMorgan is acting as lead on the financing of this transaction.

Catalyst Partners LP is acting as financial advisor and Perkins Coie LLP is acting as legal advisor to Big Fish on this transaction.

## CONFERENCE CALL

A conference call to discuss this transaction is scheduled for Thursday, November 13, 2014 at 9:00 a.m. E.S.T.

Investors and other interested parties may listen to the conference call by accessing the online, real-time webcast and broadcast of the call at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com), or by dialing (877) 372-0878 and entering the pass code 35368078 at least 10 minutes before the beginning of the call. International callers should dial (253) 237-1169.

An Investor Presentation to be discussed on the conference call tomorrow morning will be made available on our website at <http://www.churchilldownsincorporated.com> at least one hour prior to the scheduled start of the call.

*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 are made pursuant to the Act.*

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

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**CHURCHILL DOWNS**  
INCORPORATED



## CDI to Acquire Big Fish Games

*November 13, 2014*

## Forward-Looking Statements

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## Forward-Looking Statements (cont'd)

costs associated with customer relationship management initiatives; a substantial change in law or regulations affecting pari-mutuel and gaming activities; a substantial change in allocation of live racing days; changes in Kentucky, Illinois, Louisiana or Ohio law or regulations that impact revenues or costs of racing operations in those states; the presence of wagering and gaming operations at other states' racetracks and casinos near our operations; our continued ability to effectively compete for the country's horses and trainers necessary to achieve full field horse races; our continued ability to grow our share of the interstate simulcast market and obtain the consents of horsemen's groups to interstate simulcasting; our ability to enter into agreements with other industry constituents for the purchase and sale of racing content for wagering purposes; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to successfully complete the merger with Big Fish Games, Inc. and associated risks related to, among other things, regulatory approval of the merger or other conditions to the closing that may not be satisfied, or the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; our ability to successfully complete any divestiture transaction; market reaction to our expansion projects; the inability of our totalisator company, United Tote, to maintain its processes accurately, keep its technology current or maintain its significant customers; our accountability for environmental contamination; the ability of our online business to prevent security breaches within its online technologies; the loss of key personnel; the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses (including losses related to business interruption); our ability to integrate any businesses we acquire into our existing operations, including our ability to maintain revenues at historic levels and achieve anticipated cost savings; the impact of wagering laws, including changes in laws or enforcement of those laws by regulatory agencies; the outcome of pending or threatened litigation; changes in our relationships with horsemen's groups and their memberships; our ability to reach agreement with horsemen's groups on future purse and other agreements (including, without limiting, agreements on sharing of revenues from gaming and advance deposit wagering); the effect of claims of third parties to intellectual property rights; and the volatility of our stock price.

## CDI announced yesterday that it intends to acquire Big Fish Games

### Big Fish at a glance

- ❑ Founded in 2002 by Stanford business school grad Paul Thelen, Big Fish is one of the world's largest producers and distributors of casual games, delivering entertainment to millions of people worldwide
- ❑ Through its mobile and online distribution platforms, Big Fish has distributed more than 2.5 billion games from a growing library of unique mobile and PC games to customers in 150 countries
- ❑ Big Fish Casino has emerged as a #4 top-grossing mobile (both iOS and Android) publisher worldwide with a portfolio that includes the #1 mobile social casino on iOS and #2 on Google Play<sup>1</sup>

#### By the Numbers

- ❑ 3,950+ games (3,500+ PC games; 450+ mobile games)
- ❑ ~560 total employees in Seattle, WA (HQ); Oakland, CA and Luxembourg
- ❑ ~1.15 million quarterly average paying users

Source: Big Fish Games, Inc., quarterly avg. paying users based on Q3 2014 consolidated

Big Fish Casino



Gummy Drop!



Midnight Castle



Fairway Solitaire



<sup>1</sup> According to App Annie as of October 2014

## CDI will pay \$485 million upfront and up to \$350 million in an earn-out

### Transaction structure

<b>Consideration</b>	<ul style="list-style-type: none"> <li>■ Upfront consideration: \$485 million, on a debt-free, cash-free basis                             <ul style="list-style-type: none"> <li>• ~\$392 million in cash at closing; ~\$15 million paid to founder in CHDN stock at closing; ~\$79 million paid to founder over three years</li> <li>• Represents ~8.5x multiple on 3Q 2014 LTM Adjusted EBITDA of \$57.3 million</li> <li>• Adjusted EBITDA includes an adjustment for change in deferred revenue</li> </ul> </li> <li>■ Earn-out consideration: maximum of \$350 million based on 2015 Adjusted EBITDA performance                             <ul style="list-style-type: none"> <li>• Equal to 2015 Adjusted EBITDA less base value of \$51.2 million multiplied by 9x</li> <li>• For purposes of earn-out calculation, 2015 Adjusted EBITDA is reduced by subtracting expected costs associated with the change in deferred revenue</li> <li>• Paid in 1Q 2016 except for founder portion which is paid in three installments in 2016 and 2017</li> </ul> </li> <li>■ Founder bonus payment of \$50 million if Big Fish achieves \$1 billion in bookings during 2016 (compares to 3Q 2014 LTM bookings of \$312 million) paid in four equal annual installments</li> </ul>
<b>Management Retention</b>	<ul style="list-style-type: none"> <li>■ Key management shareholders required to execute non-competition and non-solicitation agreements with a term ending two years from the date they are no longer employed by CDI</li> <li>■ Big Fish employees will be eligible for equity compensation programs based on performance &amp; retention</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>■ \$200 million new term loan A; remainder financed with existing revolving credit facility</li> <li>■ Projected pro-forma Total Funded Debt / Adjusted EBITDA of 3.2x at closing</li> </ul>
<b>Segment Reporting</b>	<ul style="list-style-type: none"> <li>■ Big Fish results will be reported in a new, standalone segment</li> </ul>
<b>Expected Closing</b>	<ul style="list-style-type: none"> <li>■ By year end 2014</li> </ul>

## The transaction continues CDI's growth strategy

*Extends Churchill Downs' presence as a leading digital entertainment provider*

- 1 Positions Churchill Downs at the forefront of the mobile and online games industry, particularly social casino genre, which is experiencing strong organic global growth based on positive industry fundamentals and the acceptance of new forms of gaming on mobile devices
- 2 Strong cultural fit; management teams share emphasis on innovation, technology, customer-centric approach and value creation
- 3 Provides diversification with powerful organic growth and external opportunities via bolt-on acquisitions
- 4 Strategically improves the competitive position of Churchill Downs as the mobile and online gaming landscape evolves

### CDI Recent Acquisition History

#### 2007-2010: Twinspires.com (ADW)

- America Tab
- Bloodstock Research & Information Systems
- Youbet.com

#### 2010-2014: Casinos

- Harlow's Resort & Casino
- Riverwalk Hotel Casino
- Oxford Casino
- Miami Valley Gaming (JV)
- Saratoga Harness Racing Inc. (JV)

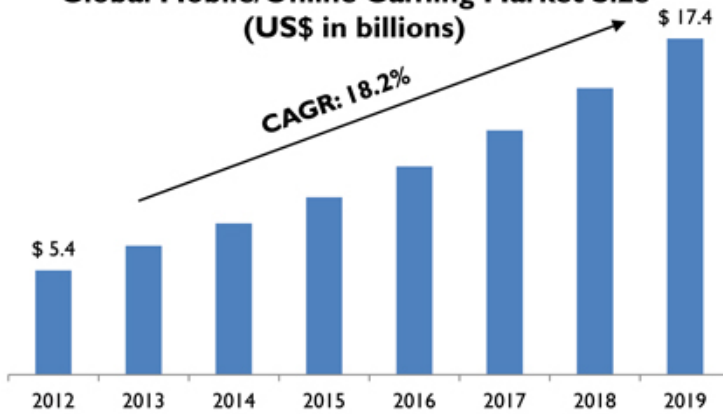
#### 2014: Mobile Social Games

- Big Fish Games

## The mobile and online gaming industry is growing rapidly

- ❑ Large market in early growth stage with no clear, sustainable leaders established
- ❑ Global mobile and online gaming revenue growth expected to continue
  - Social Casino is one of the largest genres of mobile and online games at ~\$3 billion worldwide in 2014

**Global Mobile/Online Gaming Market Size (US\$ in billions)**



Source: Transparency Market Research

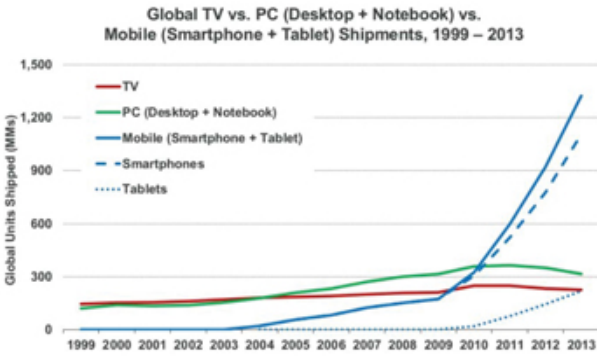
**2014E Social Casino Market**



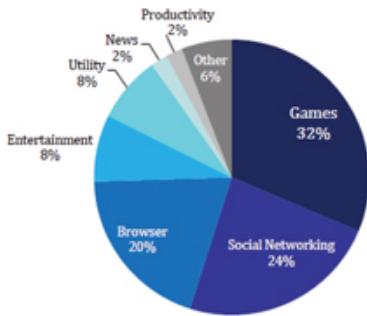
@DolphNiners @SuperData #SIGor14

Source: SuperData Research

# Growth in mobile devices is driving games industry growth



iOS/Android (Mobile/Tablet) Usage



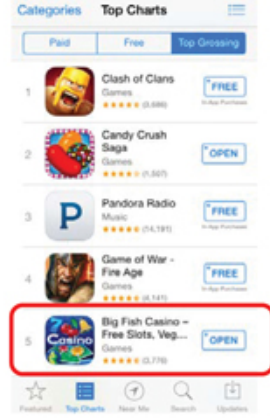
Note: Games = 67% tablet usage

Sources:

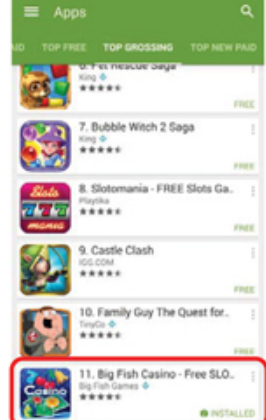
Digi-Capital Global Games Investment Review 3Q 2014 Summary, available at <http://www.digi-capital.com/reports>  
 Kleiner Perkins Caufield Byers, Internet Trends 2014 – Code Conference available at <http://www.kpcb.com/internet-trends>

## Game sales are a leading revenue source for app stores

Apple App Store (iPhone)



Google Play Store



Apple App Store (iPad)



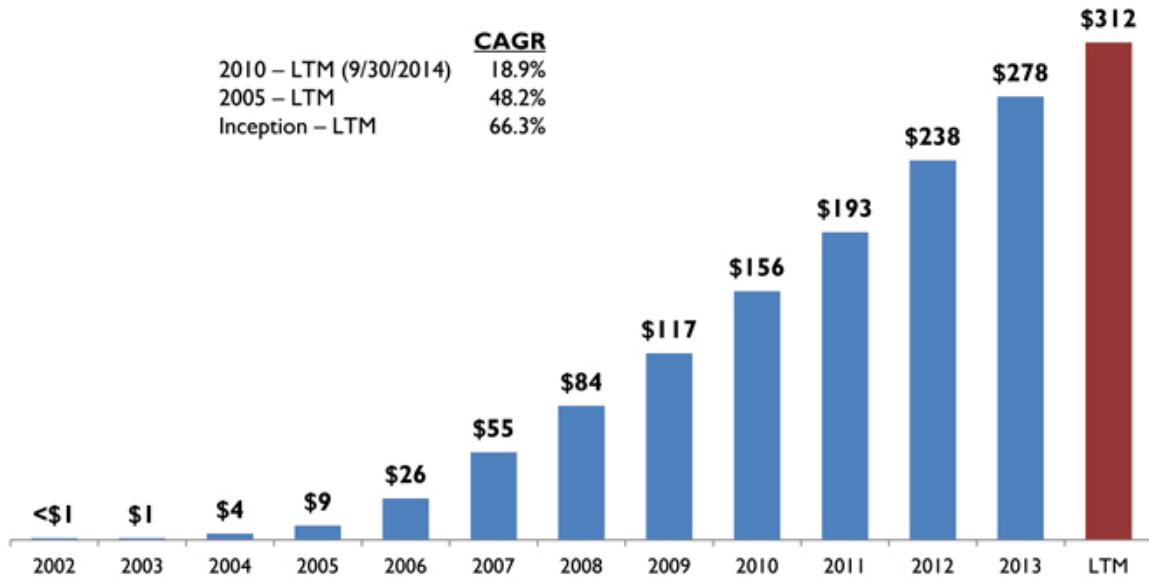
Screenshots of Apple App Store on iPhone and iPad and Google Play store taken on 11/7/2014



## Big Fish is growing faster than the mobile and online games industry




Achieved long-term growth in the games industry with superior leadership in both content and distribution

### Big Fish Games - Annual Bookings Since Founding (\$ millions)



Source: Big Fish Games, Inc.

## Big Fish offers three types of games

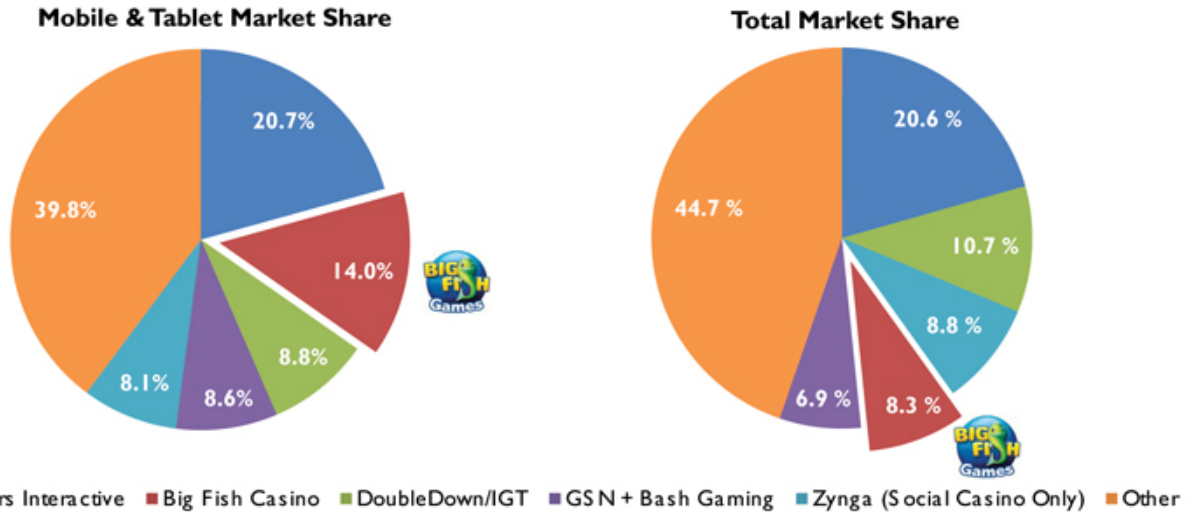
	Premium Paid	Free-to-Play Casino	Free-to-Play Non-Casino
Top Games	 <p><i>Dark Parables</i></p>	 <p><i>Big Fish Casino</i></p>	 <p><i>Gummy Drop!</i></p>
Description	<ul style="list-style-type: none"> <li>■ PC and Mobile games that customers pay upfront to purchase</li> </ul>	<ul style="list-style-type: none"> <li>■ Casino-style games such as blackjack, poker, slots, craps and roulette</li> </ul>	<ul style="list-style-type: none"> <li>■ All non-casino game types including casual free-to-play games</li> </ul>
Availability	<ul style="list-style-type: none"> <li>■ PC and Mobile</li> </ul>	<ul style="list-style-type: none"> <li>■ PC and Mobile</li> </ul>	<ul style="list-style-type: none"> <li>■ PC and Mobile</li> </ul>
Monetization	<ul style="list-style-type: none"> <li>■ Customers pay upfront</li> </ul>	<ul style="list-style-type: none"> <li>■ Through in-game micro-transactions</li> </ul>	<ul style="list-style-type: none"> <li>■ Through in-game micro-transactions</li> </ul>

## Big Fish Casino is gaining share driven by mobile growth

Social casino customers have better monetization and retention rates than other social games

- ❑ Big Fish Casino was the top revenue generating casino app on iOS in 2013 and YTD 2014
- ❑ Big Fish Casino is ranked 4<sup>th</sup> among social casino game publishers with 8.3% market share
  - 3Q/2Q growth rate of ~20% is more than double that of the top three competitors
- ❑ Big Fish Casino has the 2<sup>nd</sup> largest mobile share among social casino game publishers

**Top 5 Social Casino Game Publishers – 3Q14<sup>1</sup>**



Sources: AppMtr, Distimo, AppAnnie, MetricsMonk, Eilers Research LLC

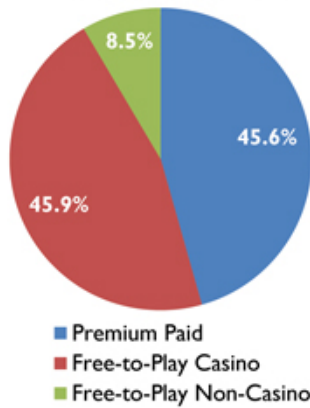
<sup>1</sup> Market share by revenue. No publisher outside the top 5 has more than 5% market share.

# Big Fish has a diversified game portfolio with limited revenue concentration

## Game Type & Geographic Diversity<sup>1</sup>

- ❑ Social Casino 46%, Other Genres 54%
- ❑ U.S. 65%, Rest of World 35%
- ❑ F2P Games 54%, Paid Games 46%
- ❑ Mobile Games 54%, PC Games 46%

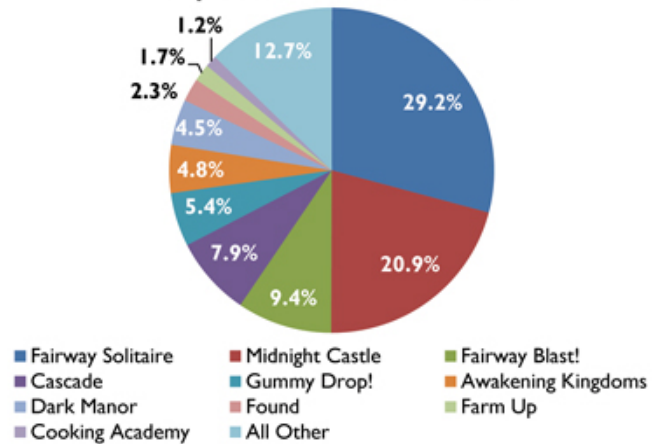
**Revenue by Game Type<sup>1</sup>**



## Game Concentration

- ❑ Largest contributor to Non-Casino F2P games is 29.2% of bookings<sup>3</sup>
- ❑ Top 5 Premium Paid PC Games contributed 4.1% of YTD<sup>2</sup> Premium Paid PC revenue
- ❑ Top 5 Premium Paid Mobile Games contributed 7.1% of YTD<sup>2</sup> Premium Paid Mobile revenue

**Top F2P Non-Casino Games<sup>3</sup>**




<sup>1</sup> YTD through September 2014

<sup>2</sup> YTD through August 2014

<sup>3</sup> Bookings for Q3 2014

Source: Big Fish Games, Inc.

## Big Fish has both powerful worldwide game development and distribution capabilities

<p><b>A portfolio approach to game development</b></p>	<ul style="list-style-type: none"> <li>■ Five internal studios with distinct production strategies</li> <li>■ Launch more than 100 new titles annually</li> <li>■ Large, high quality, lower cost, exclusive worldwide developer network</li> </ul>	
<p><b>Rigorous, data-driven culture</b></p>	<ul style="list-style-type: none"> <li>■ Data-driven framework produces high performing games and mitigates downside risk</li> <li>■ Disciplined new game introduction process with numerous tollgates utilizes a soft launch system to manage over-investment</li> <li>■ Focused on the spread between cost to acquire a paying user and the lifetime profit of a player</li> </ul>	
<p><b>Marketing expertise</b></p>	<ul style="list-style-type: none"> <li>■ Broad customer access via proprietary marketing channels</li> <li>■ Cross-promotion within the Big Fish network</li> <li>■ Expertise in app store optimization (ASO) and search engine optimization (SEO)</li> <li>■ Paid online and television advertising expertise allows high-performing games to achieve large scale</li> </ul>	
<p><b>Organic expansion opportunities</b></p>	<ul style="list-style-type: none"> <li>■ Strong pipeline of new non-Casino F2P games</li> <li>■ Brand licenses for new casino games</li> <li>■ 3<sup>rd</sup> party licensing and publishing deals using Big Fish's cost-effective customer acquisition framework</li> </ul>	
<p><b>Acquisition opportunities</b></p>	<ul style="list-style-type: none"> <li>■ Big Fish's broad marketing reach, growing customer base and brand strengthen its opportunities to generate more game installs, making acquisitions attractive and accretive</li> </ul>	

## A pipeline of new games supports revenue growth

Anticipate heavy marketing spend in early part of 2015 on new and recently launched games



### **Gummy Drop!**

- Match-3 game
- Players travel across the world and restore historical buildings
- Early results encouraging



### **Dungeon Boss**

- Card collecting and battling game with 3D combat
- Robust player-vs-player and social features



### **Vegas Party Slots**

- Vegas quality social slots game to be launched within Big Fish Casino
- Built in Unity for stunning 3D graphics and special effects

## Big Fish is an attractive acquisition and growth opportunity for CDI

- ✓ Games industry is a large and rapidly growing worldwide business driven by mobile device growth
- ✓ Big Fish has strong worldwide game development and distribution capabilities
- ✓ A seasoned, exceptional team will continue under founder Paul Thelen
- ✓ CDI has extensive relevant online experience with Twinspires.com
- ✓ Deal is attractively valued
- ✓ Deal is significantly accretive to free cash flow beginning in year 1 and to EPS in year 2
- ✓ Deal is comfortably financed; CDI remains conservatively leveraged



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# *Appendix*



## Reconciliation of Adjusted EBITDA to net income

**BIG FISH GAMES, INC.**  
**SUPPLEMENTAL INFORMATION**  
(Unaudited) (in thousands)

	<u>Twelve months ending,</u> <u>September 30, 2014</u>
Reconciliation of Adjusted EBITDA to net income:	
Net income	\$24,922
Income tax provision	11,906
Interest (expense) income, net	9
Depreciation & Amortization	7,572
Share based compensation expense	7,953
Change in deferred revenue	3,701
Other charges	1,235
Total Adjusted EBITDA	<u>\$57,299</u>