

CHDN Stock Split Frequently Asked Questions Shareholders

On October 30, 2018, the Board of Directors of Churchill Downs Incorporated (“CDI” or the “Company”) (Nasdaq: CHDN) approved a three-for-one split of the Company’s common stock (the “Stock Split”) for shareholders of record as of January 11, 2019 (the “Split Record Date”). Here is some helpful information regarding the Stock Split.

What is a stock split?

In a three-for-one stock split, each shareholder receives two additional shares for each share that such shareholder holds as of the Split Record Date. As a result, the number of issued and outstanding shares is multiplied by three, and the price at which the stock trades on the trading day following the distribution date (the ex-split date) will be correspondingly reduced by a factor of three.

What important dates should I be aware of?

1. **The Split Record Date is January 11, 2019.**

If you are a shareholder as of the market close on the Split Record Date, you are entitled to receive the additional shares.

2. **The distribution date for the additional shares is January 25, 2019 (the “Effective Date”).**

If shares are registered in your name as of the market close on the Split Record Date (January 11, 2019), and you retained the shares until the Effective Date (January 25, 2019), you are entitled to receive the additional shares as a result of the Stock Split.

3. **The ex-split date is January 28, 2019.**

When the market opens on January 28, 2019, one trading day after the Effective Date, shares of CDI will begin trading on the Nasdaq at the new split-adjusted price.

What happens if I sell some or all of my shares of CDI stock before the record date?

If you sell some or all of your shares of CDI stock before the Split Record Date, you are not entitled to receive the additional shares related to the shares you sold before the Split Record Date.

If I sell my shares of CDI stock between the Split Record Date and the Effective Date, am I entitled to receive the additional split shares?

From the Split Record Date of January 11, 2019 to the Effective Date of January 25, 2019, CHDN shares will continue to trade at the pre-split price. Therefore, sellers of CHDN stock between the Split Record Date and the Effective Date will receive the pre-split price and are not entitled to the additional shares as a result of the Stock Split.

What happens if I buy shares of CDI stock after the Split Record Date but before the Effective Date?

If you buy shares of CHDN stock at the pre-split price between the Split Record Date and the Effective Date, you are entitled to receive the additional shares as a result of the Stock Split. The shares you purchase will have a “Due Bill” attached, entitling you to receive the additional shares as a result of the Stock Split. Due Bills will be settled on or about January 29, 2019.

How will the additional shares be distributed?

The additional shares to be distributed to you as a result of the Stock Split will be distributed through the Direct Registration System (DRS).

- **If you hold shares in a registered account with our transfer agent, American Stock Transfer and Trust Company, LLC (“AST”):** AST will mail a DRS Transaction Statement, along with a Cover Letter, to you at the address on file at AST. The DRS Transaction Statement is your confirmation. It will indicate the number of additional shares only that you received from the Stock Split based on your share balance as of the Split Record Date. It will not indicate your total share balance following the Stock Split. Please keep it with your other important documents as a record of your ownership.

Should you prefer a physical certificate, you can request one using three different methods: (1) Call AST at (800) 937-5449, (2) Email help@astfinancial.com, or (3) Tear off the portion of the DRS Transaction Statement labeled “CERTIFICATE REQUEST FORM” and mail it directly to AST at the address indicated on the AST DRS Transaction Statement.

Please note that if you have physical certificates for existing shares, these certificates will remain valid. **Please do not destroy your existing certificates.**

- **If you hold shares in a brokerage account:** The additional shares will be automatically deposited to your brokerage account. Please contact your broker with any questions you may have.

Do the shares I received from the CHDN Stock Split result in taxable income?

It is the Company's understanding that, under the current laws for United States federal income tax purposes:

- the receipt of additional shares of common stock as a result of this Stock Split does not result in any taxable income, gain or loss to shareholders;
- immediately after the Stock Split, the tax basis of the shares of common stock held by a shareholder prior to the Stock Split is divided equally among such original shares and the additional shares issued with respect to the original shares; and
- the additional shares are deemed to have been acquired at the same time as the original shares.

The laws of jurisdictions other than the United States may impose income taxes on the receipt of additional shares. The Company does not provide tax advice, and strongly recommends that you consult your tax advisor.

Has CDI ever previously split its stock?

Yes. On Aug. 1, 1991, the Company's stock split 10-for-1, and on March 30, 1998, the Company had a stock split of 2-for-1.

What if I have additional questions?

- For more information about DRS, the Stock Split or your CHDN shareholder account, please call AST at (800) 937-5449.
- If you hold shares in a brokerage account, please contact your broker directly.