



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

Sidoti & Company, LLC

**Fifteenth Annual Emerging Growth Institutional
Investor Forum**

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Bill Mudd, EVP & CFO

Forward Looking Statements

In addition to historical facts or statements of current conditions, this document contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results, or otherwise are not statements of historical fact. The actual performance of the Company may differ materially from what is projected in such forward-looking statements.

Investors should refer to statements included in reports filed by the Company with the Securities and Exchange Commission for discussion of additional information concerning factors that could cause our actual results of operation to differ materially from the forward-looking statements made in this presentation.

The information being provided today is as of this date only, and Churchill Downs Incorporated expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements to reflect any changes in expectations.

CDI expressly does not adopt, endorse or provide comment upon any projections by analysts or projections contained in this presentation.

Why Invest in Churchill Downs Incorporated?

- I. Diversified Racing, Gaming & Entertainment Company
Delivered On-site & Online
- II. Proven ability to grow revenues & EBITDA
- III. Proven cash generation and low maintenance capital requirements
- IV. Attractive balance sheet
- V. Growing Kentucky Derby “Week”
- VI. Online will continue to grow
- VII. Additional gaming opportunities
- VIII. Trivia
- IX. Q&A

Diversified Racing, Gaming & Entertainment Company

TwinSpires.com

- Leading Online pari-mutuel wagering company
- Youbet.com ops consolidated
- \$588MM in 2010 handle

Harlow's Resort Hotel & Casino

- Purchased Dec 2010
- 889 Slot Machines, 15 table games + Poker room
- 105 room attached hotel
- 2,600 seat entertainment facility

Arlington Park

- 91 Live Days, \$576MM Handle
- 10 OTB's

United Tote

- Provides pari-mutuel wagering IT infrastructure
- Processed >\$3B Wagers in 2010
- 80 Unique customers

Churchill Downs Race Track

- Home of the Kentucky Derby & Oaks
- Host of Breeders Cup Championships in 10 / 11
- 63 Live Days, \$623MM Handle

Bloodstock Research & Information Services

- The #1 source for thoroughbred information

HRTV

- 24 hour horse racing channel
- 50% ownership with Magna Entertainment
- Access to over 70 tracks

Fair Grounds Race Course & Slots

- 626 Slot Machines, opened 2008
- 11 OTB's, 800+ Video Poker Machines
- 79 Live Days, \$365MM Handle

Calder Casino & Race Course

- 1,221 Slot Machines, 29 Poker tables, opened 2010
- 151 Live Days, \$600MM Handle



2010 - A Transformational Year



- Grand opening of \$80 million Calder Casino

1Q10



- Installed permanent lights at CDRT



- New Derby Week event launched

2Q10



- Finalized \$132 million Youbet.com acquisition

- Calder 15% gaming tax rate reduction takes effect 7/1

3Q10



- Record breaking Derby & Oaks
- Most watched in 21 years



- New 5 year TV agreement



- Hosted record 7th Breeders' Cup, set all time attendance & handle records

4Q10

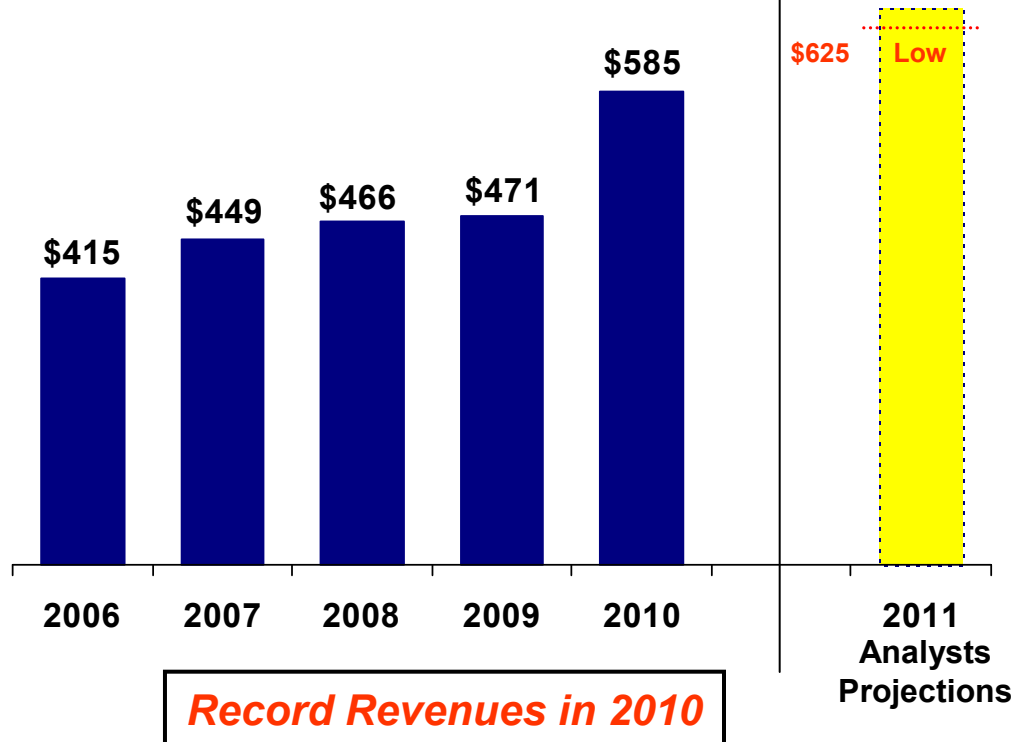


- Acquired Harlow's Casino Resort & Hotel for \$140 million

Proven Revenue Growth

Dollars in Millions

Diversification drives 9% growth
CAGR over last five years...



- ✓ Derby continues to grow on sponsorships, wagering and “Derby Week” expansion
- ✓ Core Racing continues to struggle ... U.S. Thoroughbred racing handle down 23% since 2007 -a)
- ✓ Gaming up 98% in 2010
 - Calder Casino opens Jan '10
 - Harlow's acquired Dec '10
 - Fair Grounds Slots grows 10% in 4Q10, Video Poker grows 15%
- ✓ Online up 69% in 2010
 - Organic growth of 11% thru TwinSpires.com first 10 months
 - Youbet.com acquired June '10

Note: Analyst projections include projections from Sidoti, Brean Murray, Hilliard Lyons & Stifel Nicolaus. CDI expressly does not adopt, endorse or provide comment upon these projections or any other projections by analysts.

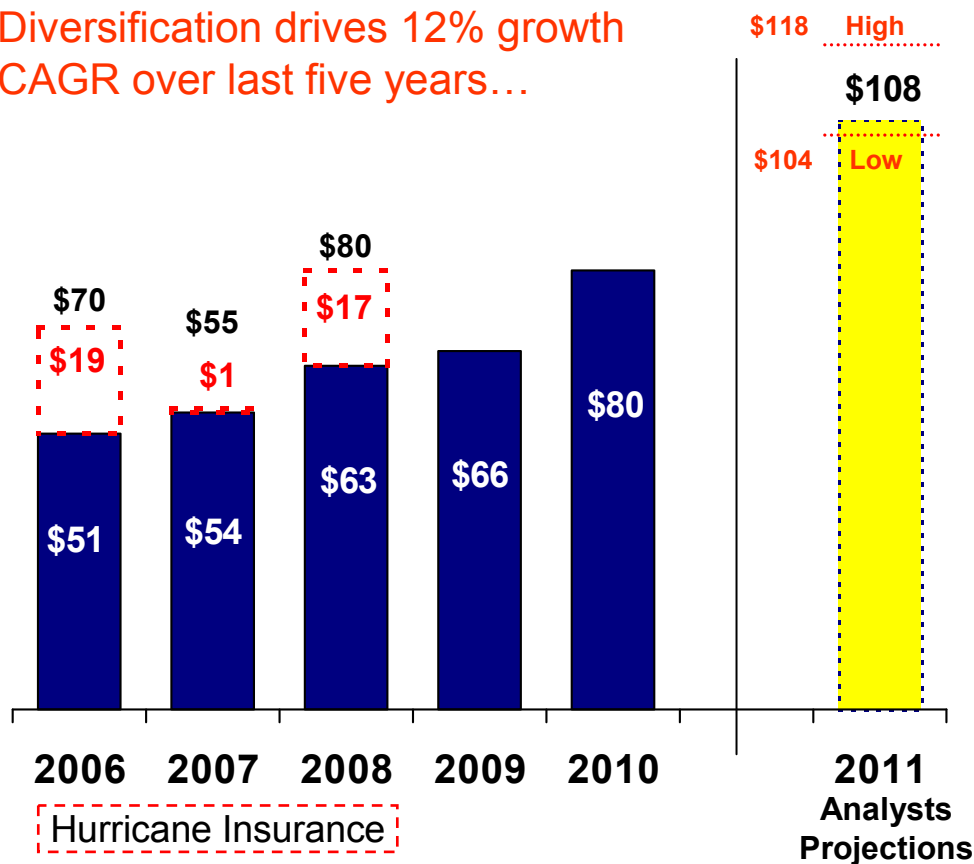
(a – Source: The Jockey Club



Proven EBITDA Growth

Dollars in Millions

Diversification drives 12% growth
CAGR over last five years...



Record EBITDA in 2010

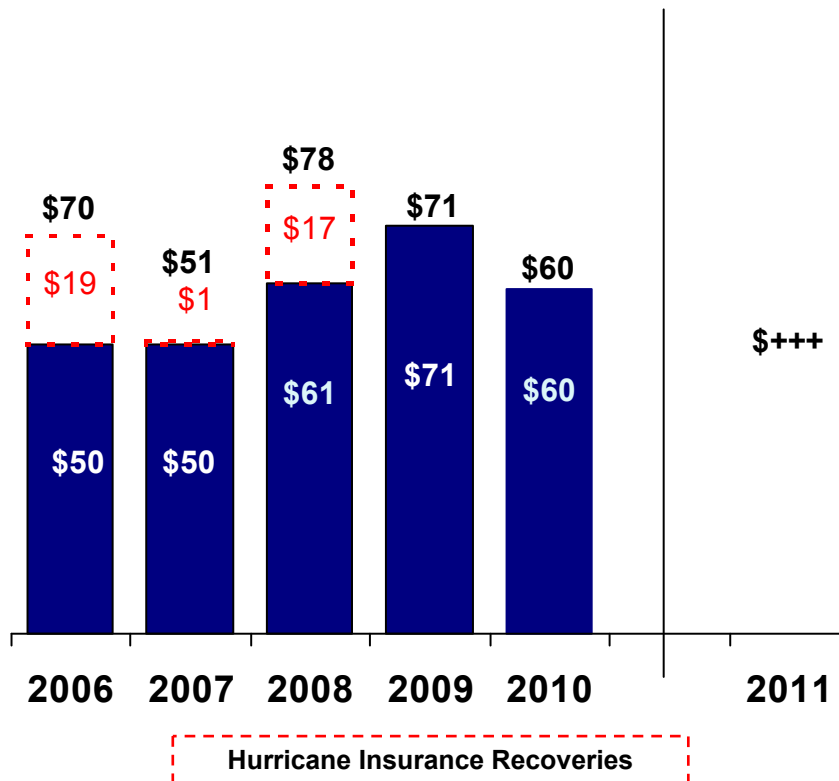
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- ✓ Derby Week EBITDA sets new record in 2010, up \$3.4
 - Expanding Derby Week with new opening night event in 2011
 - New 5 year deals with improved economics with NBC & Yum!
- ✓ Gaming up 56% in 2010 on Calder Casino opening
 - Calder gaming tax rate reduced 15% on July 1, 2010
 - Harlow's acquired Dec 16, 2010
- ✓ Online up 23% in 2010 on TwinSpires organic growth & Youbet acquisition
 - \$12.4 million synergy savings
 - ADW channel share continues to grow
- ✓ Unusual items impacting 2010 results
 - Acquisition cost \$(3.9)
 - Youbet integration cost \$(4.4)
 - Equity compensation correction \$(1.4)

Proven Cash Generation

Dollars in Millions

Cash provided by operating activities



Cash well-positioned for 2011 growth

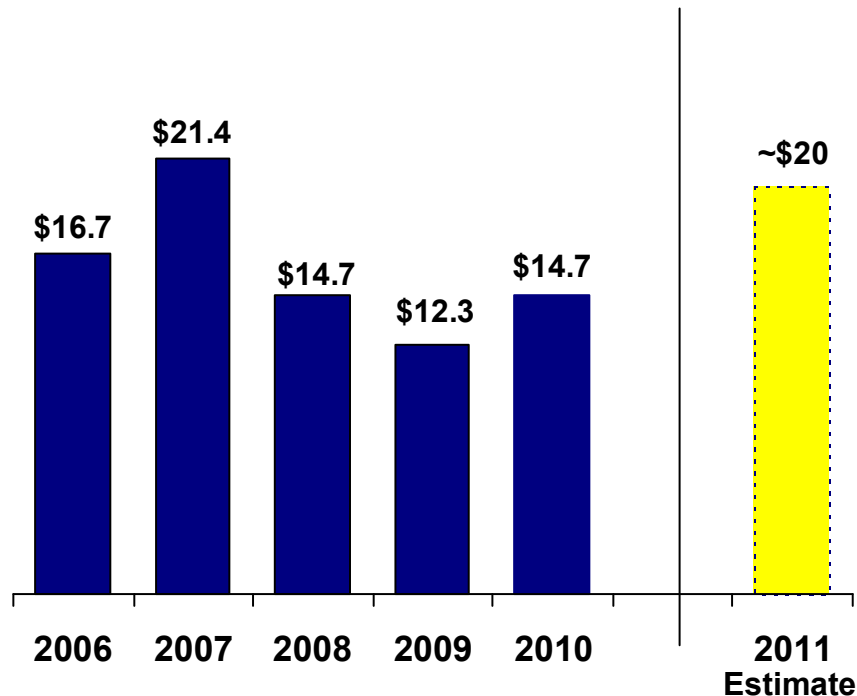
Very Strong Cash Generation...

- ✓ 2010 impacted by unusual items
 - Acquisition cost \$(3.9)
 - Youbet integration cost \$(4.4)
 - Tax overpayments of \$(9)
- ✓ 2011 positioned for growth by
 - Potential EBITDA improvements
 - \$11 in tax refunds (includes \$2 of amended return refunds)
 - \$8.5 from Centaur bankruptcy settlement
- ✓ Tax efficient acquisitions
 - Acquired NOLs of ~\$28 with Youbet.com
 - Harlow's asset acquisition structure allows goodwill tax deductions ~\$11

Low Maintenance Capital Requirements

Dollars in Millions

Maintenance capital spending



Cash well-positioned for 2011 growth

Racing assets in great shape

- ✓ \$121 renovation & expansion for Derby at Churchill Downs in 2004/5
- ✓ \$25 spent rebuilding Fair Grounds after Hurricane Katrina in 2006
- ✓ \$5 spent rebuilding Calder after Hurricane Wilma in 2005

Gaming assets are relatively new

- ✓ Calder Casino ~ 1 year old
- ✓ Fair Grounds Slots ~ 2 years old
- ✓ Harlow's Resort & Casino ~ 3 years old

Online business requires little new capital

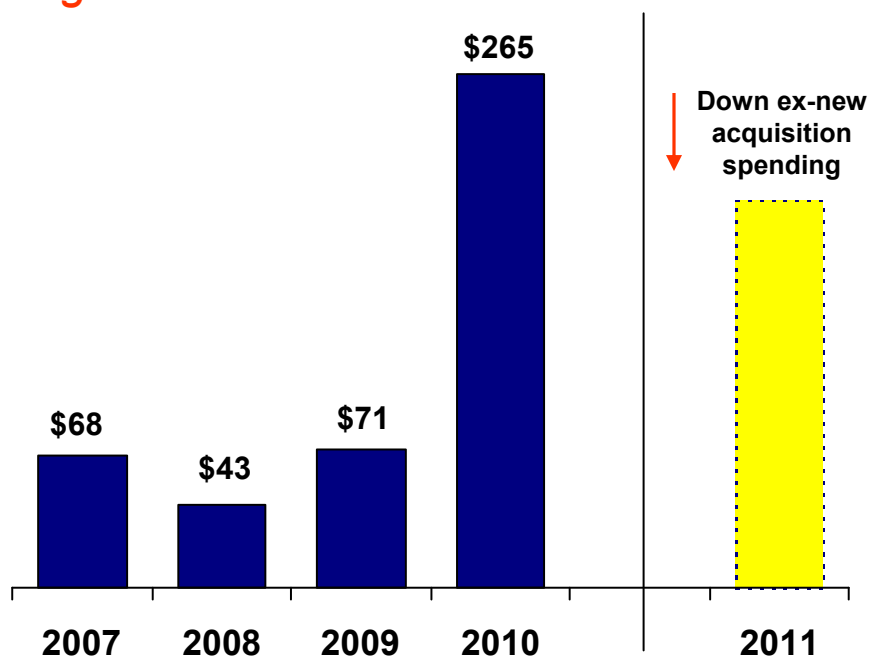
- ✓ 2010/11 Spending focused on integration
- ✓ Future spending focused on new features

Note: Estimate of \$15-\$20 provided during the 2010 year end earnings call.
Maintenance capital as defined and reported in annual 10K filings

Attractive Balance Sheet

Dollars/Shares in Millions
(except CFOA/diluted common share)

Long Term Debt



	Gaming Industry ^{-a)}	Churchill Downs, Inc.
Total Debt / EBITDA (LTM)	5.3 x	3.3 x ^{-b)}
EBITDA / Interest (LTM)	3.3 x	13.0 x

(a – Gaming industry peer group comprised of PENN, BYD, ASCA, ISLE, PNK
Source: Company filings, Bloomberg, Factiva, Factset

(b – Does not include pro-forma credit for acquisition EBITDA of Youbet and Harlow's



Very Strong Balance Sheet...

- ✓ Long term debt increased \$194 in 2010 to build Calder Casino, acquire Youbet.com & Harlow's
- ✓ Debt reduction on free cash flow during 2011
- ✓ Amended and expanded credit facility in 2010 to \$375 million ... very low interest cost on current debt at L + 2.375% (~3% total)
- ✓ Leverage and coverage ratios still among industry best after 2010 actions
 - Continues to improve on '11 growth + cash generation
 - Ability to do more meaningful acquisitions
- ✓ Cash flow values backstopped with hard assets/real estate
 - 336 acres in Arlington Heights, IL
 - 231 acres in Miami Gardens, FL
 - 147 acres in Louisville, KY
 - 145 acres in New Orleans, LA

2010 Kentucky Derby by the Numbers



- ✓ Derby Week EBITDA sets a new record....+\$3.4 million
- ✓ Derby attendance up 2% vs 2009...155,804 attendees
- ✓ Derby wagering up 4%...\$163 million wagered
- ✓ Most watched in 21 years...16.5 million viewers
- ✓ Oaks attendance up 11%...116,046 attendees (new all-time record)
- ✓ Oaks wagering up 20%...\$36 million wagered (new all-time record)



The Derby has very diversified revenue streams

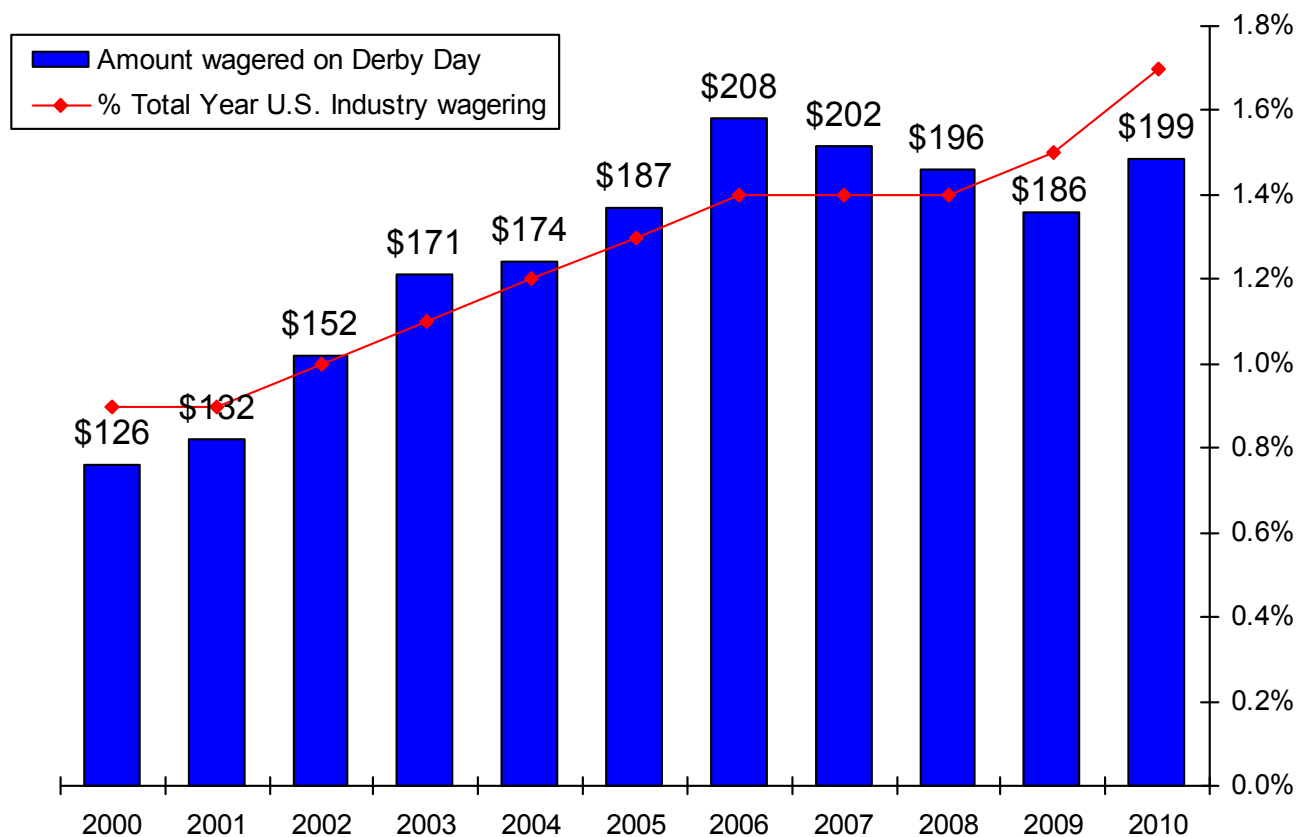
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|----------------|-------------------------|
| - Wagering | - Sponsorships |
| - Ticket Sales | - T.V. |
| - Parking | - Corporate Hospitality |
| - F&B | - Licensing |



Kentucky Derby & Oaks Wagering

Dollars in Millions

Wagering on Kentucky Derby Weekend continues to grow despite industry trends
- Two days, One track ... 1.7% of annual U.S. Thoroughbred Handle



U.S. Industry Source: The Jockey Club, 2010 extrapolated based on July 2010 YTD



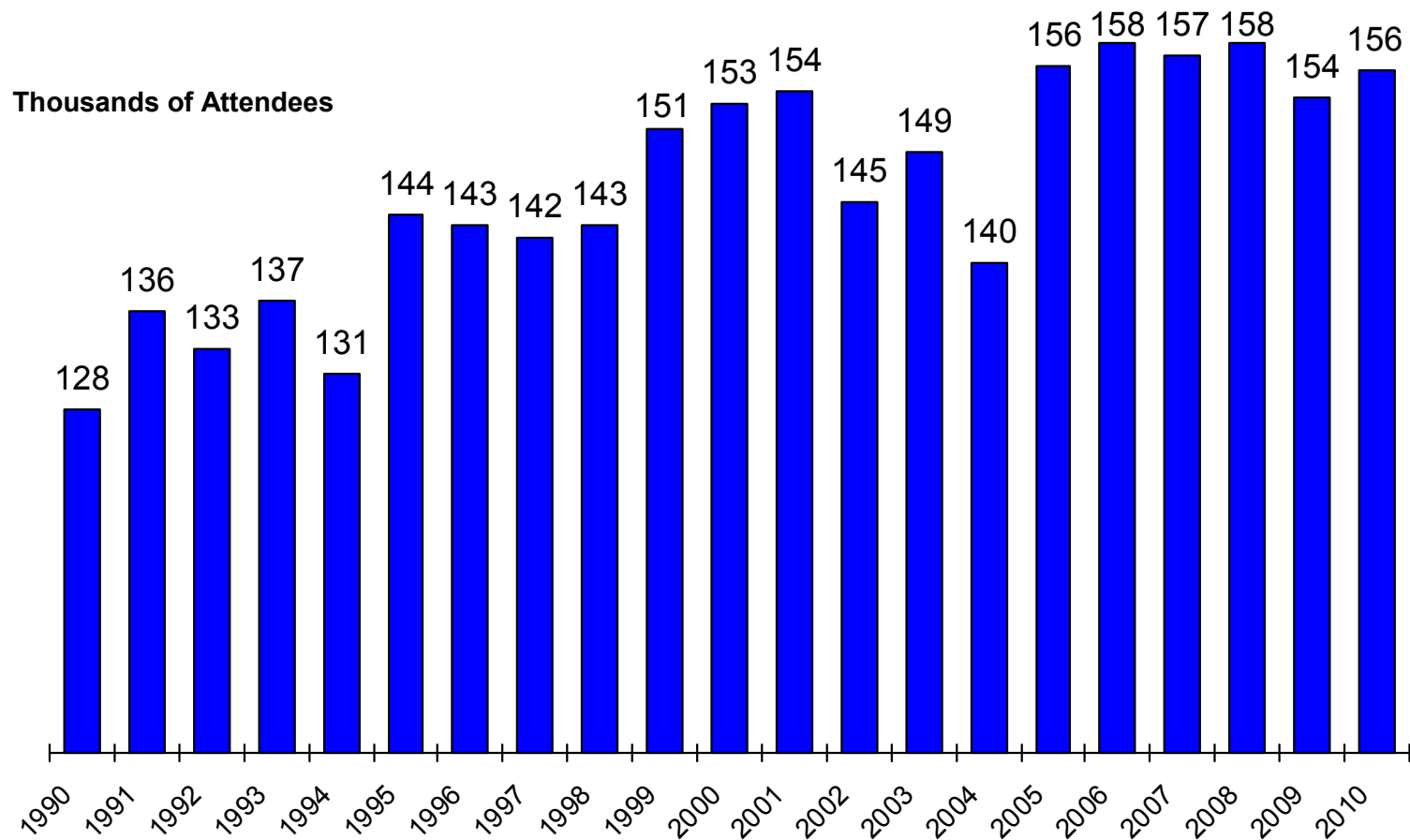
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Kentucky Derby Attendance

Attendance near record levels despite economic realities

- Variability primarily driven by infield which, in turn, is driven by weather
- Current infrastructure near capacity



Growing Kentucky Derby "Week"



- Celebrity chefs serve signature tastes from racing markets with wine pairings
- Event nearly doubling in size from 2010 launch



- Red Carpet celebrity arrivals
- Expanded live coverage on Versus and NBC Sports
- Sale of reserved seats trending ahead of 2010

April 30

May 5

May 6

May 7

OPENING NIGHT

- First-ever night racing event to kick off Derby Week
- Celebrities, Red Carpet, live music, fashion, fine dining
- \$200,000 Derby Trial
- Live national TV coverage



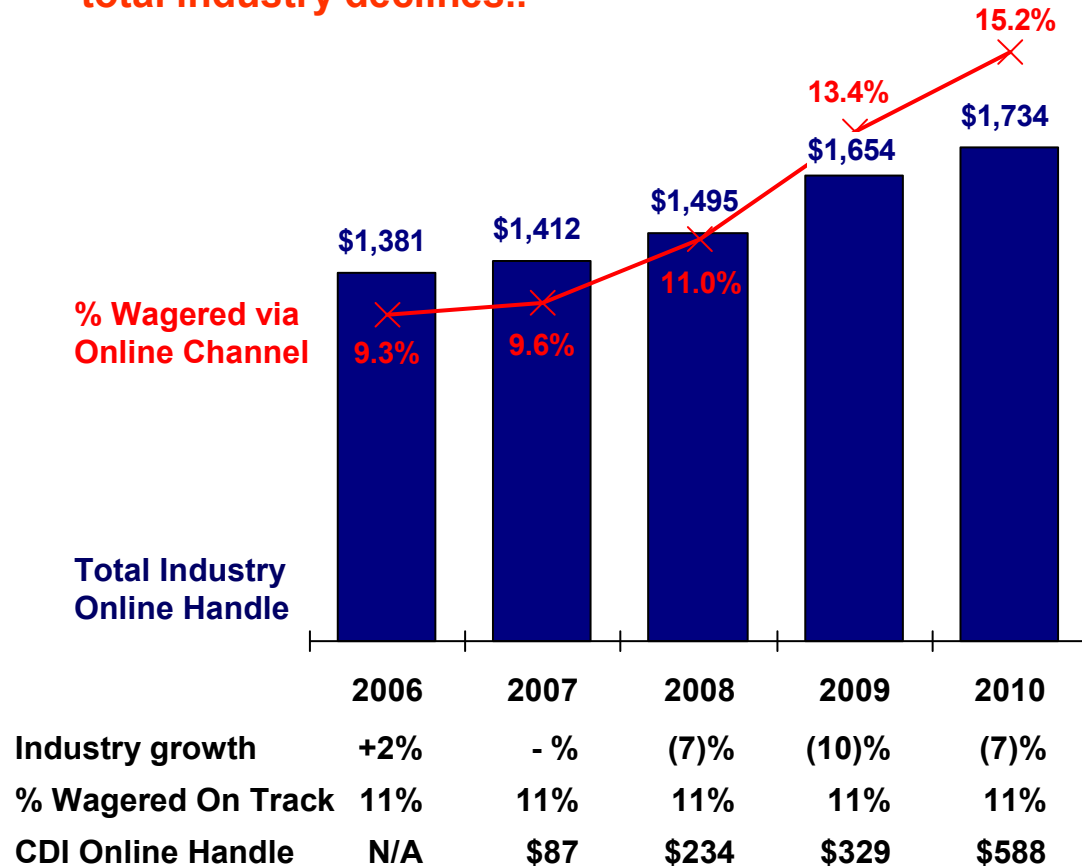
- Third annual PINK OUT
- Partnership with breast cancer charities
- Survivor's Parade
- Chambord First Lady of Fashion Contest (Pink Carpet)
- Live coverage on Versus
- \$1 million Oaks purse



Online should continue to grow

Dollars in Millions

The Online channel continues to grow despite total industry declines..



Five year Industry Online CAGR of 5.9% despite a negative 6.3% total industry CAGR

- Only 15.2% of total wagers are via the Online channel
- ~11% of total wagers are On Track
- Room to grow...consider other industries:
 - USA travel booked online 40%
 - Digitally distributed music 38%
 - Digital home video 25%

CDI well positioned

- ✓ Youbet.com 2011 carryover will increase channel share
- ✓ Continue to drive share growth thru:
 - Best technology team, better innovation
 - Ability to offer integrated data
 - Customized rewards & marketing programs

Source: U.S Industry from Equibase.com; Online handle from Oregon Racing Commission & Youbet.com SEC filings



- Travel industry figures per PhoCusWright, presentation at the ETC e-Business academy, Oct 2010
- Music distribution 2009 per PwC 11th annual edition of Global entertainment and media outlook
- Home video penetration figures from NPD Group 3/15/2011

Additional Gaming Opportunities

Alternative Gaming at Arlington Park

- House Bill 3107 introduced Feb 23, 2011 allowing Arlington Park up to 1,200 machines & Quad City Downs up to 900 machines
- Gaming taxes graduated from 10% to 40% of GGR

- Similar bill failed to be called in early January before senate convened
- + Arlington is an attractive location, a train stop for the “L” is on the property
- It would compete with Des Plaines Casino

Alternative Gaming at Churchill Downs Racetrack

- In July, 2010, KHRC approved regulations to allow Historical Racing Machines (HRMs), declaratory judgment upholding regulations under appeal
- Slots gaming unlikely in the near term, but will continue to pursue

- Motion to deny the transfer filed by adverse party. Only Oaklawn Park, in AR, offers HRMs
- + HRMs would be a ‘local option’ for convenience players
- HRMs would not compete effectively with full casino 8 miles away

Expansion of legalized Online Gaming

- John Campbell & Barney Frank expected to craft bi-partisan federal legislation to license, regulate and tax internet poker
- Several states such as NJ, CA, FL, NV and IA debating legislation to legalize intrastate internet poker

- Legislation being supported across the gaming industry, including the AGA
- + CDI is licensable, operates the largest legal online gaming business in the U.S. today, and has an installed base
- Illegal offshore operators currently have a foothold on liquidity

Summary

- CDI is a diversified regional operator of racing, gaming and online businesses
- Proven revenue & EBITDA “growth” track record
- Strong cash flow with access to capital for continued growth
- Strong balance sheet, backstopped with real assets
- The Kentucky Derby Franchise continues to be most prized asset
- Online should continue to grow
- Potential casino gaming options in Illinois & Kentucky; expanded legalization of Online gaming
- Proven management team with a record of success

Questions?