

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

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

Date of Report (Date of earliest event reported): November 29, 2017

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

(Exact name of registrant as specified in its charter)

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)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing 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 (17 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

As previously announced, on November 29, 2017, Churchill Downs Incorporated, a Kentucky corporation (the "Company"), entered into a definitive Stock Purchase Agreement (the "Purchase Agreement") to sell its mobile gaming subsidiary, Big Fish Games, Inc., a Washington corporation ("Big Fish"), to Aristocrat Technologies, Inc., a Nevada corporation (the "Purchaser"), an indirect, wholly owned subsidiary of Aristocrat Leisure Limited, an Australian corporation (the "Transaction"). The Purchase Agreement provides that the Purchaser will pay at closing an aggregate consideration of US \$990 million in cash to acquire Big Fish, subject to adjustment at closing for working capital and indebtedness and certain other adjustments as set forth in the Purchase Agreement.

As set forth in Exhibit 99.2 attached to this Current Report on Form 8-K, the Company has included certain non-GAAP measures, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA. The Company believes 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. The Company's chief operating decision maker utilizes Adjusted EBITDA to evaluate segment performance, develop strategy and allocate resources. Adjusted EBITDA is a supplemental measure of the Company's performance that is not required by, or presented in accordance with, U.S. GAAP. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with U.S. GAAP) as a measure of the Company's operating results.

The information contained in this Item 7.01 is being "furnished" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information in this Item 7.01 of this Current Report on Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Securities Exchange Act of 1934, as amended, except as otherwise expressly stated in any such filing.

Item 8.01 Other Events.

To give further effect to the anticipated Transaction, which is expected to be accounted for as a discontinued operation, the Company's historical results, as adjusted on a pro forma basis, are reflected in the unaudited pro forma financial information set forth in Exhibit 99.1. These financial statements reflect the Company's results of operations based on available information and certain assumptions believed to be reasonable under the circumstances, including the assumption that the anticipated disposition of Big Fish has been completed on the first day of the respective periods of each financial statement.

The unaudited pro forma condensed consolidated balance sheet presents the financial position of the Company as if the Transaction was consummated on September 30, 2017.

The unaudited pro forma financial information and further information regarding the unaudited pro forma financial data are set forth in Exhibit 99.1 attached to this Current Report on Form 8-K. The unaudited pro forma financial information do not purport to represent or project any actual results of operations and should be read in conjunction with the other reports as indicated in Exhibit 99.1.

Forward-Looking Statements

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

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

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from expectations include the following: the effect of 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, including the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses; inability to identify and complete acquisition, expansion or divestiture projects, including the proposed Transaction, on time, on budget or as planned; the ability to obtain governmental approvals of the proposed Transaction on the proposed terms and schedule contemplated by the parties; disruption from the proposed Transaction making it more difficult to maintain business and operational relationships; the possibility that the proposed Transaction does not close, including, but not limited to, failure to satisfy the closing conditions set forth in the Purchase Agreement; difficulty in integrating recent or future acquisitions into our operations; legalization of online real money gaming in the United States, and our ability to capitalize on and predict such legalization; inability to respond to rapid technological changes in a timely manner; inadvertent infringement of the intellectual property of others; inability to protect our own intellectual property rights; security breaches and other security risks related to our technology, personal information, source code and other proprietary information, including failure to comply with regulations and other legal obligations relating to receiving, processing, storing and using personal information; payment-related risks, such as chargebacks for fraudulent credit card use; compliance with 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; the inability of our totalisator company, United Tote, to maintain its processes accurately, keep its technology current or maintain its significant customers; weather conditions affecting our ability to conduct live racing; increased competition in the horseracing business; changes in the regulatory environment of our racing operations; declining popularity in horseracing; seasonal fluctuations in our horseracing business due to geographic concentration of our operations; increased competition in our casino business; changes in regulatory environment of our casino business; development and expansion of casinos is costly and susceptible to delays, cost overruns and other uncertainties; concentration and evolution of slot machine manufacturing and other technology conditions that could impose additional costs; impact of further legislation prohibiting tobacco smoking; geographic concentration of our casino business; changes in regulatory environment for our advanced deposit wagering business; increase in competition in the advanced deposit wagering business; inability to retain current customers or attract new customers to our advanced deposit wagering business; uncertainty and changes in the legal landscape relating to our advanced deposit wagering business; failure to comply with laws requiring us to block access to certain individuals could result in penalties or impairment in our ability to offer advanced deposit wagering; operating in an evolving and highly competitive market related to Big Fish Games; inability to maintain relationships with third party mobile platforms related to Big Fish Games; failure to develop and publish mobile games that achieve market acceptance; inability to secure new or ongoing content from third party development partners on favorable terms; programming errors or flaws or other technical difficulties, diminishing our customers' experience; "cheating" programs, scam offers, black-markets and other actions by third parties that seek to exploit our games and players may affect our reputation and harm our operating results; slower than expected growth in use of smartphone and tablet devices to facilitate game platforms; and financial volatility quarter-to-quarter relating to Big Fish Games.

Item 9.01 Financial Statements and Exhibits.

(b) Unaudited Pro Forma Condensed Consolidated Financial Information

The following unaudited pro forma condensed consolidated financial information of the Company are attached hereto as Exhibit 99.1:

- (i) Unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2017, and for the years ended December 31, 2016, 2015 and 2014
- (ii) Unaudited pro forma condensed consolidated balance sheet as of September 30, 2017
- (iii) Notes to unaudited pro forma condensed consolidated financial information

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
<u>99.1</u>	Unaudited Pro Forma Condensed Consolidated Financial Information
<u>99.2</u>	Other financial data

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 hereunto, duly authorized.

November 29, 2017

CHURCHILL DOWNS INCORPORATED

/s/ Marcia A. Dall

By: Marcia A. Dall

Title: Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

CHURCHILL DOWNS INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information and related notes are based upon and should be read in conjunction with the historical consolidated financial statements and related notes of Churchill Downs Incorporated (the "Company") included in the Company's Form 10-Q for the period ended September 30, 2017 and Form 10-K for the year ended December 31, 2016.

On November 29, 2017, the Company announced that it had entered into a definitive agreement (the "Purchase Agreement") to sell its mobile gaming subsidiary, Big Fish Games, Inc. ("Big Fish") to Aristocrat Technologies, Inc. ("Aristocrat"), an indirect, wholly owned subsidiary of Aristocrat Leisure Limited, an Australian corporation, in an all-cash deal for US\$990 million to be paid at closing (subject to adjustment at closing for working capital and indebtedness and certain other adjustments as set forth in the Purchase Agreement) (the "Transaction").

The unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2017, and the years ended December 31, 2016, 2015 and 2014 give effect to the Transaction as if it were consummated on January 1, 2014.

The unaudited pro forma condensed consolidated balance sheet presents the financial position of the Company as if the Transaction was consummated on September 30, 2017.

The unaudited pro forma condensed consolidated financial information has been prepared based upon currently available information and assumptions that are deemed appropriate by the Company's management. The pro forma information is for informational purposes only and is not intended to be indicative of what actual results would have been, nor does such data purport to represent the consolidated financial results of the Company for future periods. The pro forma adjustments are described in the accompanying notes to the unaudited pro forma condensed consolidated financial information.

The unaudited pro forma condensed consolidated financial information of the Company are prepared in accordance with Article 11 of Regulation S-X.

CHURCHILL DOWNS INCORPORATED
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017
(Unaudited)

(in millions, except per common share data)

	As Reported (a)	Pro Forma Adjustments	Pro Forma
Net revenue:			
Racing	\$ 228.0	\$ —	\$ 228.0
Casinos	263.3	—	263.3
TwinSpires	198.4	—	198.4
Big Fish Games	342.5	(342.5) (b)	—
Other Investments	14.0	—	14.0
Total net revenue	1,046.2	(342.5)	703.7
Operating expense:			
Racing	153.7	—	153.7
Casinos	185.5	—	185.5
TwinSpires	130.6	—	130.6
Big Fish Games	271.5	(271.5) (b)	—
Other Investments	13.1	—	13.1
Corporate	1.8	(0.3) (b)	1.5
Selling, general and administrative expense	77.6	(18.4) (b)	59.2
Research and development	29.9	(29.9) (b)	—
Calder exit costs	0.8	—	0.8
Acquisition expense, net	1.7	(0.6) (b)	1.1
Total operating expense	866.2	(320.7)	545.5
Operating income	180.0	(21.8)	158.2
Other income (expense):			
Interest expense	(36.0)	—	(36.0)
Equity in income of unconsolidated investments	22.7	—	22.7
Miscellaneous, net	(0.8)	1.6 (b)	0.8
Total other income (expense)	(14.1)	1.6	(12.5)
Income from operations before provision for income taxes	165.9	(20.2)	145.7
Income tax provision	(63.6)	7.5 (c)	(56.1)
Net income	\$ 102.3	\$ (12.7)	\$ 89.6
Net income per common share data:			
Basic net income	\$ 6.43		\$ 5.63
Diluted net income	\$ 6.32		\$ 5.54
Weighted average shares outstanding:			
Basic	15.9		15.9
Diluted	16.2		16.2

See accompanying notes to unaudited pro forma condensed consolidated financial information.

CHURCHILL DOWNS INCORPORATED
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

(in millions, except per common share data)

	As Reported (a)	Pro Forma Adjustments	Pro Forma
Net revenue:			
Racing	\$ 251.1	\$ —	\$ 251.1
Casinos	332.8	—	332.8
TwinSpires	220.6	—	220.6
Big Fish Games	486.2	(486.2) (b)	—
Other Investments	16.9	—	16.9
Corporate	1.0	—	1.0
Total net revenue	1,308.6	(486.2)	822.4
Operating expense:			
Racing	187.7	—	187.7
Casinos	241.3	—	241.3
TwinSpires	146.7	—	146.7
Big Fish Games	398.9	(398.9) (b)	—
Other Investments	16.5	—	16.5
Corporate	1.9	(0.3) (b)	1.6
Selling, general and administrative expense	100.2	(20.8) (b)	79.4
Research and development	39.0	(39.0) (b)	—
Gain on Calder land sale	(23.7)	—	(23.7)
Calder exit costs	2.5	—	2.5
Acquisition expense, net	3.4	(5.8) (b)	(2.4)
Total operating expense	1,114.4	(464.8)	649.6
Operating income	194.2	(21.4)	172.8
Other income (expense):			
Interest expense	(43.7)	—	(43.7)
Equity in income of unconsolidated investments	17.4	—	17.4
Miscellaneous, net	0.2	0.9 (b)	1.1
Total other income (expense)	(26.1)	0.9	(25.2)
Income from operations before provision for income taxes	168.1	(20.5)	147.6
Income tax provision	(60.0)	7.5 (c)	(52.5)
Net income	\$ 108.1	\$ (13.0)	\$ 95.1
Net income per common share data:			
Basic net income	\$ 6.52		\$ 5.73
Diluted net income	\$ 6.42		\$ 5.66
Weighted average shares outstanding:			
Basic	16.4		16.4
Diluted	16.8		16.8

See accompanying notes to unaudited pro forma condensed consolidated financial information.

CHURCHILL DOWNS INCORPORATED
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)

(in millions, except per common share data)

	As Reported (a)	Pro Forma Adjustments	Pro Forma
Net revenue:			
Racing	\$ 248.0	\$ —	\$ 248.0
Casinos	332.9	—	332.9
TwinSpires	200.2	—	200.2
Big Fish Games	413.7	(413.7) (b)	—
Other Investments	16.6	—	16.6
Corporate	0.9	—	0.9
Total net revenue	1,212.3	(413.7)	798.6
Operating expense:			
Racing	189.9	—	189.9
Casinos	241.1	—	241.1
TwinSpires	135.4	—	135.4
Big Fish Games	340.1	(340.1) (b)	—
Other Investments	16.3	—	16.3
Corporate	0.1	—	0.1
Selling, general and administrative expense	90.8	(15.2) (b)	75.6
Research and development	39.4	(39.4) (b)	—
Calder exit costs	13.9	—	13.9
Acquisition expense, net	21.7	(21.7) (b)	—
Total operating expense	1,088.7	(416.4)	672.3
Operating income	123.6	2.7	126.3
Other income (expense):			
Interest expense	(28.6)	—	(28.6)
Equity in income of unconsolidated investments	11.2	—	11.2
Miscellaneous, net	5.9	0.6 (b)	6.5
Total other income (expense)	(11.5)	0.6	(10.9)
Income from operations before provision for income taxes	112.1	3.3	115.4
Income tax provision	(46.9)	(1.2) (c)	(48.1)
Net income	\$ 65.2	\$ 2.1	\$ 67.3
Net income per common share data:			
Basic net income	\$ 3.75		\$ 3.87
Diluted net income	\$ 3.71		\$ 3.83
Weighted average shares outstanding:			
Basic	17.2		17.2
Diluted	17.6		17.6

See accompanying notes to unaudited pro forma condensed consolidated financial information.

CHURCHILL DOWNS INCORPORATED
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)

(in millions, except per common share data)

	As Reported (a)	Pro Forma Adjustments	Pro Forma
Net revenue:			
Racing	\$ 261.4	\$ —	\$ 261.4
Casinos	328.3	—	328.3
TwinSpires	191.0	—	191.0
Big Fish Games	13.9	(13.9) (b)	—
Other Investments	16.5	—	16.5
Corporate	1.1	—	1.1
Total net revenue	812.2	(13.9)	798.3
Operating expense:			
Racing	216.3	—	216.3
Casinos	243.3	—	243.3
TwinSpires	138.2	—	138.2
Big Fish Games	16.0	(16.0) (b)	—
Other Investments	17.6	—	17.6
Corporate	1.9	—	1.9
Selling, general and administrative expense	76.0	(0.7) (b)	75.3
Research and development	—	—	—
Calder exit costs	2.3	—	2.3
Acquisition expense, net	10.2	(10.2) (b)	—
Total operating expense	721.8	(26.9)	694.9
Operating income	90.4	13.0	103.4
Other income (expense):			
Interest expense	(20.8)	—	(20.8)
Equity in income of unconsolidated investments	6.3	—	6.3
Miscellaneous, net	0.6	—	0.6
Total other income (expense)	(13.9)	—	(13.9)
Income from operations before provision for income taxes	76.5	13.0	89.5
Income tax provision	(30.1)	(4.8) (c)	(34.9)
Net income	\$ 46.4	\$ 8.2	\$ 54.6
Net income per common share data:			
Basic net income	\$ 2.67		\$ 3.14
Diluted net income	\$ 2.64		\$ 3.10
Weighted average shares outstanding:			
Basic	17.3		17.3
Diluted	17.6		17.6

See accompanying notes to unaudited pro forma condensed consolidated financial information.

CHURCHILL DOWNS INCORPORATED
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2017
(Unaudited)

<i>(in millions)</i>	As Reported (a)	Pro Forma Adjustments	Pro Forma
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 57.8	\$ 974.3 (d) (e)	\$ 1,032.1
Restricted cash	37.3	—	37.3
Accounts receivable, net	74.0	(39.6) (e)	34.4
Game software development, net	6.4	(6.4) (e)	—
Other current assets	59.3	(39.6) (e)	19.7
Total current assets	<u>234.8</u>	<u>888.7</u>	<u>1,123.5</u>
Property and equipment, net	619.4	(13.6) (e)	605.8
Game software development, net	13.3	(13.3) (e)	—
Investment in and advances to unconsolidated affiliates	173.9	—	173.9
Goodwill	848.3	(530.7) (e)	317.6
Other intangible assets, net	425.4	(246.4) (e)	179.0
Other Assets	12.3	(0.5) (e)	11.8
Total assets	<u>\$ 2,327.4</u>	<u>\$ 84.2</u>	<u>\$ 2,411.6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 61.6	\$ (5.6) (e)	\$ 56.0
Purses payable	19.2	—	19.2
Account wagering deposit liabilities	25.9	—	25.9
Accrued expense	111.2	(28.7) (e)	82.5
Income taxes payable	16.9	96.0 (f)	112.9
Deferred revenue - Big Fish Games	85.6	(85.6) (e)	—
Deferred revenue - all other	12.0	—	12.0
Big Fish Games deferred payment, current	28.3	(28.3) (e)	—
Big Fish Games earnout liability, current	33.9	(33.9) (e)	—
Current maturities of long-term debt	17.7	—	17.7
Total current liabilities	<u>412.3</u>	<u>(86.1)</u>	<u>326.2</u>
Long-term debt	510.8	—	510.8
Notes payable	595.5	—	595.5
Deferred revenue - all other	23.1	—	23.1
Deferred income taxes	140.2	(83.6) (e)	56.6
Other liabilities	19.2	(3.3) (e)	15.9
Total liabilities	<u>1,701.1</u>	<u>(173.0)</u>	<u>1,528.1</u>
Commitments and contingencies			
Shareholders' equity	626.3	257.2 (f)	883.5
Total liabilities and shareholders' equity	<u>\$ 2,327.4</u>	<u>\$ 84.2</u>	<u>\$ 2,411.6</u>

See accompanying notes to unaudited pro forma condensed consolidated financial information.

CHURCHILL DOWNS INCORPORATED
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of the pro forma adjustments reflected in the unaudited pro forma condensed consolidated financial information:

- (a) As reported financial information for the Company has been derived from historical financial statements previously filed with the Securities and Exchange Commission.
- (b) Represents the elimination of the revenue, operating expenses, other income (expenses) and foreign currency translation, net of tax, of the Big Fish business.
- (c) The income tax impact has been calculated using a federal and state statutory tax rate of 37%.
- (d) Cash and cash equivalents are adjusted to give effect to the Transaction as follows:

Gross Proceeds	\$ 990.0
Estimated closing costs	15.5
Net proceeds	<u>974.5</u>
Less:	
Big Fish cash and cash equivalents	(0.2)
	<u>\$ 974.3</u>

- (e) Represents the elimination of the assets and liabilities related to the Big Fish business.
- (f) Represents the estimated pro forma gain on the sale of the Big Fish business assuming net proceeds of \$974.5 million, net of estimated taxes payable of \$96.0 million assuming a federal and state statutory tax rate of 37%. Note that this estimate may not be indicative of the actual gain on the Transaction upon closing as there could be material changes to the financial position of Big Fish, related working capital upon closing, and applicable statutory tax rates.

On November 29, 2017, the Company announced that it had entered into a definitive agreement (the "Purchase Agreement") to sell its mobile gaming subsidiary, Big Fish Games, Inc. ("Big Fish") to Aristocrat Technologies, Inc. ("Aristocrat"), an indirect, wholly owned subsidiary of Aristocrat Leisure Limited, an Australian corporation, in an all-cash deal for US\$990 million to be paid at closing (subject to adjustment at closing for working capital and indebtedness and certain other adjustments as set forth in the Purchase Agreement) (the "Transaction").

To supplement the unaudited pro forma condensed consolidated financial information included as Exhibit 99.1 to this Current Report on Form 8-K, the Company has included certain other financial data. As set forth in Exhibit 99.1 to this Current Report on Form 8-K, the Company's as reported financial information has been derived from the historical financial statements which were prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). The Company uses non-GAAP measures, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA. The Company believes 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. The Company's chief operating decision maker utilizes Adjusted EBITDA to evaluate segment performance, develop strategy and allocate resources. Adjusted EBITDA is a supplemental measure of the Company's performance that is not required by, or presented in accordance with, U.S. GAAP. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with U.S. GAAP) as a measure of our operating results.

During the fourth quarter of 2016, the Company updated our definition of Adjusted EBITDA to exclude changes in Big Fish Games deferred revenue. Effective January 1, 2017, certain revenue previously included in our Corporate segment was deemed by management to be more closely aligned with our TwinSpires segment. The prior year amounts were reclassified to conform to this presentation.

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

Adjusted EBITDA includes the Company's portion of the EBITDA from the Company's equity investments.

Adjusted EBITDA excludes:

- Acquisition expense, net which includes:
 - Acquisition-related charges, including fair value adjustments related to earnouts and deferred payments; and
 - Transaction expense, including legal, accounting and other deal-related expense;
- Stock-based compensation expense;
- Gain on Calder land sale;
- Calder exit costs; and
- Other charges and recoveries.

For segment reporting, Adjusted EBITDA includes intercompany revenue and expense totals that are eliminated in consolidation. Refer to the Reconciliation of Net Income to Adjusted EBITDA included in this section for additional information.

The following tables present Adjusted EBITDA as reported, adjustments as a result of the Transaction, and Adjusted EBITDA as adjusted (in millions):

		Nine months ended September 30, 2017		
		As reported	Adjustments	As adjusted
Adjusted EBITDA by segment:				
Racing	\$	90.7	\$ —	\$ 90.7
Casinos		112.3	—	112.3
TwinSpires		51.3	—	51.3
Big Fish Games		55.6	(55.6)	—
Other Investments		3.0	—	3.0
Corporate		(6.6)	(2.3)	(8.9)
Adjusted EBITDA	\$	306.3	\$ (57.9)	\$ 248.4
		Year ended December 31, 2016		
		As reported	Adjustments	As adjusted
Adjusted EBITDA by segment:				
Racing	\$	79.7	\$ —	\$ 79.7
Casinos		125.8	—	125.8
TwinSpires		55.2	—	55.2
Big Fish Games		79.1	(79.1)	—
Other Investments		2.7	—	2.7
Corporate		(8.0)	(3.0)	(11.0)
Adjusted EBITDA	\$	334.5	\$ (82.1)	\$ 252.4
		Year ended December 31, 2015		
		As reported	Adjustments	As adjusted
Adjusted EBITDA by segment:				
Racing	\$	71.8	\$ —	\$ 71.8
Casinos		114.9	—	114.9
TwinSpires		48.6	—	48.6
Big Fish Games		68.5	(68.5)	—
Other Investments		2.9	—	2.9
Corporate		(4.2)	(3.0)	(7.2)
Adjusted EBITDA	\$	302.5	\$ (71.5)	\$ 231.0
		Year ended December 31, 2014		
		As reported	Adjustments	As adjusted
Adjusted EBITDA by segment:				
Racing	\$	61.2	\$ —	\$ 61.2
Casinos		107.2	—	107.2
TwinSpires		39.8	—	39.8
Big Fish Games		(0.7)	0.7	—
Other Investments		1.6	—	1.6
Corporate		(5.0)	—	(5.0)
Adjusted EBITDA	\$	204.1	\$ 0.7	\$ 204.8

The following tables reconcile Net Income to Adjusted EBITDA (in millions):

	Nine months ended September 30, 2017		
	As reported	Adjustments	As adjusted
Net income	\$ 102.3	\$ (12.6)	\$ 89.7
Additions:			
Depreciation and amortization	73.3	(31.4)	41.9
Interest expense	36.0	—	36.0
Income tax provision	63.6	(7.5)	56.1
EBITDA	<u>\$ 275.2</u>	<u>\$ (51.5)</u>	<u>\$ 223.7</u>
Adjustments to EBITDA:			
Operating income:			
Stock-based compensation expense	17.5	(5.8)	11.7
Other charges	0.5	—	0.5
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	10.6	—	10.6
Acquisition expense, net	1.7	(0.6)	1.1
Calder exit costs	0.8	—	0.8
Total adjustments to EBITDA	<u>31.1</u>	<u>(6.4)</u>	<u>24.7</u>
Adjusted EBITDA	<u>\$ 306.3</u>	<u>\$ (57.9)</u>	<u>\$ 248.4</u>

	Year Ended December 31, 2016		
	As reported	Adjustments	As adjusted
Net income	\$ 108.1	\$ (13.0)	\$ 95.1
Additions:			
Depreciation and amortization	108.6	(50.1)	58.5
Interest expense	43.7	—	43.7
Income tax provision	60.0	(7.5)	52.5
EBITDA	<u>\$ 320.4</u>	<u>\$ (70.6)</u>	<u>\$ 249.8</u>
Adjustments to EBITDA:			
Operating income:			
Stock-based compensation expense	18.9	(5.7)	13.2
Other charges	2.5	—	2.5
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	10.0	—	10.0
Other charges and recoveries, net	0.5	—	0.5
Acquisition expense, net	3.4	(5.8)	(2.4)
Calder land sale	(23.7)	—	(23.7)
Calder exit costs	2.5	—	2.5
Total adjustments to EBITDA	<u>14.1</u>	<u>(11.5)</u>	<u>2.6</u>
Adjusted EBITDA	<u>\$ 334.5</u>	<u>\$ (82.1)</u>	<u>\$ 252.4</u>

Year Ended December 31, 2015

	As reported	Adjustments	As adjusted
Net income	\$ 65.2	\$ 2.1	\$ 67.3
Additions:			
Depreciation and amortization	109.7	(51.7)	58.0
Interest expense	28.6	—	28.6
Income tax provision	46.9	1.2	48.1
EBITDA	<u>\$ 250.4</u>	<u>\$ (48.4)</u>	<u>\$ 202.0</u>
Adjustments to EBITDA:			
Operating income:			
Stock-based compensation expense	13.8	(1.4)	12.4
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	8.5	—	8.5
Other charges and recoveries, net	(5.8)	—	(5.8)
Acquisition expense, net	21.7	(21.7)	—
Calder exit costs	13.9	—	13.9
Total adjustments to EBITDA	<u>52.1</u>	<u>(23.1)</u>	<u>29.0</u>
Adjusted EBITDA	<u>\$ 302.5</u>	<u>\$ (71.5)</u>	<u>\$ 231.0</u>

Year Ended December 31, 2014

	As reported	Adjustments	As adjusted
Net income	\$ 46.4	\$ 8.2	\$ 54.6
Additions:			
Depreciation and amortization	68.3	(2.1)	66.2
Interest expense	20.8	—	20.8
Income tax provision	30.1	4.8	34.9
EBITDA	<u>\$ 165.6</u>	<u>\$ 10.9</u>	<u>\$ 176.5</u>
Adjustments to EBITDA:			
Operating income:			
Stock-based compensation expense	11.9	—	11.9
Other charges	(0.4)	—	(0.4)
TwinSpires operating expense	3.2	—	3.2
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	8.7	—	8.7
Other charges and recoveries, net	2.6	—	2.6
Acquisition expense, net	10.2	(10.2)	—
Calder exit costs	2.3	—	2.3
Total adjustments to EBITDA	<u>38.5</u>	<u>(10.2)</u>	<u>28.3</u>
Adjusted EBITDA	<u>\$ 204.1</u>	<u>\$ 0.7</u>	<u>\$ 204.8</u>