



May 28, 2008

## **CEO Bob Evans Shares Message With Customers Regarding Horsemen Dispute**

Good afternoon,

As you may already be aware, Churchill Downs Incorporated is currently involved in a dispute with horsemen that is affecting Churchill Downs racetrack and Calder Race Course in particular. I want to take a few moments to explain what's going on and what CDI is doing to resolve this matter.

The specifics of the dispute are complex, but it boils down to a disagreement over how revenue made from Internet and telephone wagering should be divided. In Florida, there is also an ongoing dispute over the sharing of future slot revenue. A new organization called the Thoroughbred Horsemen's Group is attempting to negotiate on behalf of the Kentucky and the Florida horsemen, as well as groups from other states. They want horsemen to receive over a 40% increase in their share of the account-deposit wagering revenue which will make ADW outlets, including our TwinSpire.com, unprofitable. The ADW outlets are important for a number of reasons-- most importantly the fact that you, the customer, can enjoy the flexibility and convenience that this wagering channel provides.

Unfortunately, Florida horsemen have blocked Calder from sending its signal to both ADW outlets and racetrack simulcast outlets, while Kentucky horsemen have refused to allow Churchill Downs to export its signal to ADWs or Calder, causing us to lose revenue that funds track operations and horsemen's purses. As a result, Churchill Downs has had to cut purses by 20 percent effective May 14. Calder announced a 30 percent purse cut on April 27, and has since cut purses for eight stakes races, including the six on the July 12 Summit of Speed card.

Please understand that CDI is well aware of the inconvenience that this issue has caused. We understand your frustration and dissatisfaction. Please know that your concerns are heard and understood. The horsemen are an important part of our business, and it is in their best interest as well as ours to work together cooperatively. We are doing our best to find a solution that will be beneficial to all of us -- customers included.

We don't know when this situation will be resolved, and we can't speculate on what the coming weeks will bring. CDI will continue our efforts to find a mutually acceptable resolution to this dispute as soon as possible, and we will keep you informed on the latest developments and issues. Thank you for your loyalty and continued support.

All the best,

Bob Evans  
President and CEO  
Churchill Downs Incorporated