

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 5, 2018 (October 30, 2018)

Churchill Downs Incorporated

(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 5.02 **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) **Compensatory Arrangements of Certain Officers**

Effective as of October 30, 2018 (the "Grant Date"), the Compensation Committee (the "Committee") of the Board of

Directors (the “Board”) of Churchill Downs Incorporated (the “Company”) took the following actions with regard to certain compensatory arrangements for certain of the Company’s executive officers:

Performance Share Unit and Restricted Stock Unit Grants

The Committee granted performance share units to be settled in the Company’s common stock under the Company’s 2016 Omnibus Stock Incentive Plan (the “Plan”) to certain of the Company’s executive officers, subject to the provisions of performance share unit agreements (the “Performance Share Unit Agreements”), the form of which is filed herewith as Exhibit 10.1 and incorporated herein by reference. The number of shares of the Company’s common stock to be issued pursuant to the Performance Share Unit Agreements will depend upon the Company’s Total Shareholder Return over the performance period relative to the total shareholder return of the companies in the Russell 2000 Index over the performance period, which is October 30, 2018 through October 29, 2021 (the “Performance Period”), as determined at the first meeting of the Committee following the completion of the Performance Period, subject to a maximum performance level which, even if exceeded, will not generate more than 200% of the target award. The PSUs are also subject to the following vesting schedule: one quarter (1/4) of any PSUs will vest on 4th, 5th, 6th and 7th anniversary of the Grant Date, respectively. Upon vesting, the Company will settle any PSUs in shares of the Company’s common stock.

The Committee also granted restricted stock units to be settled in the Company’s common stock under the Plan to certain of the Company’s executive officers, subject to the provisions of restricted stock unit agreements (the “Restricted Stock Unit Agreements”), the form of which is filed herewith as Exhibit 10.2 and incorporated herein by reference. The vesting date for the RSUs is as follows: one quarter (1/4) of the RSUs will vest on 4th, 5th, 6th and 7th anniversary of the Grant Date, respectively. Upon vesting, the Company will settle the RSUs in shares of the Company’s common stock.

The following table sets forth information regarding the grants to those individuals identified below:

	PSUs		RSUs		Total	
	\$ ¹	#	\$ ²	#	\$	#
William C. Carstanjen	\$8,040,000	42,529	\$3,960,000	16,237	\$12,000,000	58,766
William E. Mudd	\$5,025,000	26,581	\$2,475,000	10,148	\$7,500,000	36,729

- (1) The grant date fair value for the PSUs (\$189.05/unit) in the above table was calculated utilizing the assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model, which allows for the incorporation of the relative TSR modifier that is applied to the award before the share-based payment vests in the grantee. The PSUs in the above table represent the target opportunity, and corresponding fair value, available to the grantees should the Company achieve the pre-determined performance metrics. Measured against the relative TSR modifier, the PSUs which actually vest may be more or less than the PSUs listed in the table above.
- (2) The market value of the time-vesting RSUs in the above table was calculated utilizing the closing price of the Company’s common stock as of October 30, 2018 (\$243.90) multiplied by the total number of time-vesting RSUs granted.

Change in Control, Severance and Indemnity Agreement

Effective October 30, 2018 (the “Effective Date”), the Company entered into an Executive Change in Control, Severance and Indemnity Agreement (the “Severance Agreement”) with each of William C. Carstanjen, the Company’s Chief Executive Officer, and William E. Mudd, the Company’s President and Chief Operating Officer (each an “Executive”), each of which is filed herewith as Exhibit 10.3 and 10.4, as applicable, and incorporated herein by reference.

The Severance Agreement provides that, subject to the Company receiving a general release of claims from the Executive, in the event the Executive's employment is terminated (i) by the Company other than for Cause (as defined in the Severance Agreement), Disability (as defined in the Severance Agreement) or death or (ii) by the Executive for Good Reason (as defined in the Severance Agreement), the executive will be entitled to receive an amount in cash equal to, in the case of Mr. Carstanjen, 2 times and, in the case of Mr. Mudd, 1.5 times the sum of (a) the Executive's annual base salary and (b) the amount of the Executive's annual target bonus for the year in which the Executive was terminated. All equity-based awards in effect at the time of termination for the aforementioned reasons shall remain governed by the applicable plan or award agreement.

Each Severance Agreement provides further that, subject to the Company receiving a general release of claims from the Executive, in the event the Executive's employment is terminated within the two-year period following a Change in Control (as defined in the Severance Agreement) (i) by the Company other than for Cause (as defined in the Severance Agreement), Disability (as defined in the Severance Agreement) or death, or (ii) by the executive for “Good Reason” (as

defined in the Severance Agreement), the Executive will be entitled to receive an amount in cash equal to 2 times the sum of (a) the executive's annual base salary and (b) the amount of the executive's annual target bonus for the year in which the executive was terminated.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
<u>10.1</u>	Form of Performance Share Unit Agreement
<u>10.2</u>	Form of Restricted Stock Unit Agreement
<u>10.3</u>	Change in Control, Severance and Indemnity Agreement, dated as of October 30, 2018, by and between William C. Carstanjen and the Company
<u>10.4</u>	Change in Control, Severance and Indemnity Agreement, dated as of October 30, 2018, by and between William E. Mudd and the Company

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.

CHURCHILL DOWNS INCORPORATED

Date: November 5, 2018

By: /s/ Bradley K. Blackwell

Name: Bradley K. Blackwell

Title: Senior Vice President, General Counsel and Secretary

CHURCHILL DOWNS INCORPORATED
PERFORMANCE SHARE UNIT AGREEMENT

 PERFORMANCE SHARE UNITS

THIS PERFORMANCE SHARE UNIT AGREEMENT (the “Agreement”) is made as of the 30th day of October, 2018 (the “Grant Date”) by and between _____ (the “Executive”), and Churchill Downs Incorporated (the “Company”), a Kentucky corporation with its principal place of business at 600 N. Hurstbourne Parkway, Louisville, Kentucky 40222.

WITNESSETH:

WHEREAS, the Company maintains the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan (the “Plan”) which was approved by shareholders of the Company at the 2016 Annual Meeting of Shareholders on April 27, 2016;

WHEREAS, the Plan provides for the granting of performance share units based on shares of the Company’s common stock, no par value per share (the “Common Stock”) in accordance with the terms and provisions thereof and the Executive is a person eligible for participation under the Plan;

WHEREAS, the Compensation Committee (the “Committee”) of the Board of Directors of the Company by unanimous written consent on October 30, 2018 authorized and directed the Company to make an award of performance share units to the Executive under the terms and conditions set forth in this Agreement; and

WHEREAS, the parties desire to enter into this Agreement to set forth the terms and conditions of such award.

NOW, THEREFORE, in consideration of the foregoing and the mutual undertakings herein contained, and for other good and valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Performance Share Units. Subject to the further terms, conditions and restrictions contained in this Agreement, the Company hereby grants to the Executive _____ performance share units (the “PSUs”) which are equal to an equivalent number of shares of the Company’s Common Stock, in consideration for services to be performed by the Executive as an employee of the Company and its subsidiaries. As long as the PSUs are subject to the Restrictions set forth in Section 3 of this Agreement, such PSUs shall be deemed to be, and are referred to in this Agreement as, the “Performance Share Units”. The number of PSUs ultimately earned by the Executive and for which the Restrictions may lapse will depend upon the Company’s Total Shareholder Return (the “Company’s TSR”) over the performance period relative to the total shareholder return of the companies in the Russell 2000 Index (the “Peer Companies”) over the performance period, which is October 30, 2018 through October 29, 2021 (the “Performance Period”). The actual number of PSUs earned by the Executive and for which the Restrictions may lapse will be determined at the first meeting of the Committee following the completion of the Performance Period. The total number of PSUs that ultimately may be earned and for which the Restrictions may lapse, with any such PSUs for which the Restrictions lapse to be settled in shares of Company Common Stock pursuant to Section 5(a), will vary between 0-200% of the target award amount depending on where in the specified performance range the Company’s TSR over the Performance Period relative to the total shareholder return of the Peer Companies over the Performance Period falls. There will be a minimum level below which the Executive will receive 0% of the target award, and correspondingly a maximum performance level which, even if exceeded, will not generate more than 200% of the target award. Total Shareholder Return shall be calculated as set forth in Appendix B.

2. Adjustments in Performance Share Units.

- (a) In the event of any change in the outstanding Common Stock by reason of a stock dividend or distribution (or distribution on Common Stock of any security convertible into securities of the Company), recapitalization, merger, consolidation, split-up, combination, subdivision, reclassification, exchange of shares or the like, the Committee shall make equitable adjustments in the Performance Share Units so that the Performance Share Units represent the same percentage of the Company's equity as was the case immediately prior to such change. Any new, additional or different securities to which the Executive shall be entitled in respect of Performance Share Units by reason of such adjustment shall be deemed to be Performance Share Units and shall be subject to the same terms, conditions and restrictions as the Performance Share Units so adjusted.
- (b) Subject first to the application of the provisions of Section 5(d), in the event Company merges, consolidates or effects a share exchange with another entity, or all or a substantial portion of Company's assets or outstanding capital stock are acquired (whether by merger, purchase or otherwise) by another entity (any such entity being hereafter referred to as the "Successor") each of the Performance Share Units (or, as applicable a result of the application of Section 5(d), each of the Restricted Stock Units) shall automatically be converted into and replaced by Performance Share Units (or, as applicable as a result of the application of Section 5(d), Restricted Stock Units) representing shares of common stock, or such other class of securities having rights and preferences no less favorable than the Performance Share Units (or, as applicable as a result of the application of Section 5(d), the Restricted Stock Units), of the Successor, and the number of Performance Share Units (or, as applicable a result of the application of Section 5(d), Restricted Stock Units) shall be correspondingly adjusted, so that Executive shall have the right to that number of Performance Share Units (or, as applicable as a result of the application of Section 5(d), the Restricted Stock Units) representing shares of common stock of the Successor that have a value equal, as of the date of the merger, conversion or acquisition, to the value, as of the date of the merger, conversion or acquisition, of the Performance Share Units (or, as applicable as a result of the application of Section 5(d), the Restricted Stock Units).

3. Restrictions. During applicable periods of restriction determined in accordance with Section 5 of this Agreement, Performance Share Units, and all rights with respect to such Performance Share Units, may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered or disposed of and shall be subject to the risk of forfeiture contained in Section 4 of this Agreement (such limitations on transferability and risk of forfeiture being herein referred to as the "Restrictions"), and the Executive shall not have any rights of a stockholder, including, no right to vote the Performance Share Units, receive dividends thereon (provided, dividend equivalents shall accrue and vest on the Performance Share Units and be paid in cash at the same time as the Restrictions lapse on the earned PSUs), or purchase any securities pursuant to that certain Rights Agreement dated as of March 19, 2008, between the Company and National City Bank, as amended, and as the same may be amended, modified or supplemented from time to time.

4. Forfeiture of Performance Share Units. Subject to Section 5 below, in the event that the Executive's employment with the Company and its subsidiaries terminates for any reason, such event shall constitute an "Event of Forfeiture" and all PSUs which at that time are Performance Share Units shall thereupon be forfeited by the Executive to the Company without payment of any consideration by the Company, and neither the Executive nor any heir, personal representative, successor or assign of the Executive shall have any right, title or interest in or to such Performance Share Units.

5. Lapse of Restrictions.

- (a) The Restrictions on the respective Performance Share Units shall lapse per the schedules immediately below, provided, however, that (1) such corresponding date in the second schedule occurs prior to a Termination of Employment (as defined in Appendix A), but subject to Sections 5(c), 5(e) and 5(f) below, and (2) Executive complies with the covenants set forth in Section 6 below:

<u>Relative Company TSR (X) Measured Against the Peer Companies</u>	<u>Initial Percentage of PSUs for which Restrictions may lapse (the “Initial Percentage”)</u>
X<55 th Percentile	0%
X=55 th Percentile	50%
55 th Percentile<X<70 th Percentile	Percentage is linearly interpolated within range
X=70 th Percentile	100%
70 th Percentile<X<85 th Percentile	Percentage is linearly interpolated within range
X≥85 th Percentile	200%

Notwithstanding the target performance set forth above, in the event the Company TSR is negative, the Initial Percentage shall be no greater than 100%.

The Initial Percentage of PSUs for which the Restrictions may lapse as set forth above shall then be subject to the following schedule to determine the final percentage of PSUs for which the Restrictions shall lapse and that will be settled in shares of Company Common Stock pursuant to Section 5(b):

<u>Date</u>	<u>Final Percentage of PSUs for which Restrictions lapse and which become non-forfeitable (the “Final Percentage”)</u>
4th Anniversary of Grant Date	25% of Initial Percentage
5th Anniversary of Grant Date	25% of Initial Percentage
6th Anniversary of Grant Date	25% of Initial Percentage
7th Anniversary of Grant Date	25% of Initial Percentage

- (b) Unless otherwise provided in Section 5(e), upon the lapse of Restrictions in accordance with this Section 5, as soon as practicable thereafter (and in any event, within 30 days thereafter), the Company shall settle the Final Percentage of PSUs (or, as applicable pursuant to Section 5(d), the Restricted Stock Units) in shares of Company Common Stock and deliver to the Executive a certificate (or record as a book entry and deliver evidence of same to the Executive) (without any restrictive endorsement referring to such Restrictions) for such PSUs (or, as applicable pursuant to Section 5(d), the Restricted Stock Units) for which the Restrictions lapsed and which became non-forfeitable pursuant to Section 5.
- (c) Subject to the provisions of Section 5(e), in the event the Executive’s employment is terminated by the Company other than for Cause (as defined in Appendix A), Disability (as defined in Appendix A) or death, or if the Executive voluntarily resigns for Good Reason (as defined in

Appendix A) or retires on or after attaining age 65 with the consent of the Company, then for purposes of determining any lapse of the Restrictions in (a) above and the forfeiture of Performance Share Units (or, as applicable pursuant to Section 5(d), the Restricted Stock Units), if any, under Section 4 and Section 5, and, provided the Executive complies with the covenants set forth in Section 6 (unless the provisions of Section 5(e) provide otherwise), the Executive shall be entitled to a pro rata percentage of the Initial Percentage of PSUs determined under Section 5(a) based on the period of time elapsed between the commencement of the Performance Period and the Executive's date of Termination of Employment (or, as applicable pursuant to Section 5(d), the Restricted Stock Units), with such pro rata percentage of PSUs (or, as applicable pursuant to Section 5(d), the Restricted Stock Units) to be settled in shares of Company Common Stock at the same time and in the same manner as set forth in Section 5(b). Notwithstanding the foregoing, if the Executive voluntarily resigns for Good Reason pursuant to the provisions of Appendix A, Section (l)(ii), the Executive shall be entitled to 100% of the Initial Percentage of PSUs determined under Section 5(a), calculated based on the Company's performance using actual results for the Company TSR as of the date of the Executive's Termination of Employment for Good Reason pursuant to the provisions of Appendix A, Section (l)(ii), with the Restrictions on such PSUs (or, as applicable pursuant to Section 5(d), the Restricted Stock Units) to lapse and be settled in shares of Company Common Stock at the same time and in the same manner as set forth in the second schedule in Section 5(a).

- (d) In the event of a Change in Control (as defined in Appendix A) during the Performance Period, the Performance Share Units (or, as applicable, the pro rata percentage of PSUs determined pursuant to Section 5(c) or Section 5(f)) shall be converted into Restricted Stock Units based on Company performance as of the date of the Change in Control and as calculated using actual results for the Company TSR pursuant to the schedule set forth in Section 5(a). Upon conversion into Restricted Stock Units, the Performance Share Units (or, as applicable the pro rata percentage of PSUs determined pursuant to Section 5(c) or Section 5(f)) shall cease to exist and shall thereafter be null and void. The Restricted Stock Units that resulted from the conversion shall be subject to the same adjustment provision set forth in Section 2, the same Restrictions set forth in Section 3, the same forfeiture provisions set forth in Section 4 and the same withholding and recoupment requirements set forth in Section 7 that applied to the Performance Share Units prior to their conversion into Restricted Stock Units pursuant to this Section 5(d). The Restrictions on the Restricted Stock Units shall lapse pursuant to the second schedule set forth in Section 5(a), provided, however, that such corresponding date in the second schedule occurs prior to a Termination of Employment (as defined in Appendix A), but subject to Sections 5(c), 5(e) and 5(f).
- (e) If, during the 24-month period following a Change in Control (as defined in Appendix A): (i) the Executive is terminated by the Company other than for Cause, Disability or death, or (ii) the Executive voluntarily resigns for Good Reason, all Restrictions on the respective Restrictive Stock Units that have not been previously forfeited under Section 4 as of the date of Termination of Employment shall lapse immediately as of the date of Termination of Employment and the Company shall within thirty (30) days thereafter settle the Restricted Stock Units in shares of Company Common Stock and deliver to the Executive a certificate (or record as a book entry and deliver evidence of same to the Executive) (without any restrictive endorsement referring to such Restrictions) for such Restricted Stock Units for which the Restrictions lapsed and which became non-forfeitable pursuant to Section 5.
- (f) In the event the Executive's employment is terminated due to death or Disability (as defined in Appendix A), the Executive (or, in the event of death, the Executive's estate) shall be entitled

to a pro rata percentage of the Initial Percentage of PSUs determined under Section 5(a) based on the period of time elapsed between the commencement of the Performance Period and the Executive's date of Termination of Employment due to death or Disability (which pro rata percentage shall be 100% of the Initial Percentage of PSUs determined under Section 5(a) if the Executive's termination of employment due to death or Disability occurs following the completion of the Performance Period) (or, as applicable pursuant to Section 5(d), the Restricted Stock Units), with such pro rata percentage of PSUs (or, as applicable pursuant to Section 5(d), the Restricted Stock Units) to be settled in shares of Company Common Stock at the same time and in the same manner as set forth in Section 5(b), with settlement to be made to the Executive's estate in the event of Executive's termination of employment due to death.

6. Covenants.

- (a) Confidentiality. Executive agrees that Executive will not at any time during Executive's employment with the Company or thereafter, except in performance of Executive's obligations to the Company hereunder, disclose, either directly or indirectly, any Confidential Information (as hereinafter defined) that Executive may learn by reason of his association with the Company. The term "Confidential Information" shall mean any past, present, or future confidential or secret plans, programs, documents, agreements, internal management reports, financial information, or other material relating to the business, strategies, services, or activities of the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, including leases, regulatory status, compensation paid to employees, or other terms of employment, and trade secrets, market reports, customer investigations, customer lists, and other similar information that is proprietary information of the Company; provided, however, the term "Confidential Information" shall not include any of the above forms of information which has become public knowledge, unless such Confidential Information became public knowledge due to any act or acts by Executive or his representative(s) in violation of this Agreement. Notwithstanding the foregoing, Executive may disclose such Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company and/or its affiliates, as the case may be, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information; provided, further, that in the event that Executive is ordered by any such court or other government agency, administrative body, or legislative body to disclose any Confidential Information, Executive shall (i) promptly notify the Company of such order, (ii) at the reasonable written request of the Company, diligently contest such order at the sole expense of the Company as expenses occur, and (iii) at the reasonable written request of the Company, seek to obtain, at the sole expense of the Company, such confidential treatment as may be available under applicable laws for any information disclosed under such order.

Nothing contained herein prohibits Executive from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange.

Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (1) is made (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive is further notified that if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

- (b) Non-Solicit. During Executive's employment and for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior written consent of the Company, solicit or induce any then-existing employee of the Company or any of its subsidiaries to leave employment with the Company or any of its subsidiaries or contact any then-existing customer or vendor under contract with the Company or any of its subsidiaries for the purpose of obtaining business similar to that engaged in, or received (as appropriate), by the Company, except that Executive shall not be precluded from (i) hiring any such employee who has been terminated by the Company or its subsidiaries prior to commencement of employment discussions between the Executive or his/her subsequent employer and such employee, (ii) employing or contacting any such person who contacts Executive or his/her subsequent employer on his or her own initiative without any otherwise prohibited solicitation, or (iii) employing or contacting any person as a result of general solicitations not specifically directed at the Company, any of its subsidiaries or any of its employees.
- (c) Future Employment. Notwithstanding any provision herein to the contrary, including Executive's compliance with Section 6(b), herein, for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior consent of the Company, directly or indirectly perform any job, task, function, skill or responsibility for, or render advice or services to, or otherwise assist, a business (including any subsidiary or other related entity of such business, but excluding any tax-exempt, charitable organization), other than the Company, for which _____ provides any such job, task, function, skill or responsibility, or to which _____ renders advice or services, or otherwise assists, during the two (2) year period immediately following Executive's Termination of Employment, provided, the Executive shall be permitted to have (or make) a passive investment in, and serve on the board of (without remuneration), any company or business in which _____ also has (or makes) a passive investment. Notwithstanding the preceding, in the event Executive breaches the covenant set forth in this Section 6(c), Executive shall be obligated to return or repay to Company all PSUs (or, as applicable pursuant to Section 5(d), Restricted Stock Units) previously settled to Executive hereunder and any obligation for the Company to settle any future PSUs (or, as applicable pursuant to Section 5(d), Restricted Stock Units) hereunder shall cease and shall be rendered null and void.
- (d) Non-Disparagement. The Executive agrees that during his employment and following a Termination of Employment for any reason, Executive shall not, directly or indirectly, in any individual or representative capacity whatsoever, make any public or private statements (whether orally or in writing), other than true statements to the extent necessary to prosecute or defend any adversarial proceedings against the Company, that disparage, denigrate or

malign the Company or that could be detrimental in any respect to the reputation or goodwill of the Company.

- (e) Cooperation. Executive agrees that during his employment or following a Termination of Employment for any reason, Executive shall, upon reasonable advance notice, assist and cooperate with the Company as is reasonable with regard to any investigation or litigation related to a matter or project in which Executive was involved during Executive's employment. The Company shall reimburse Executive for all reasonable and necessary expenses related to Executive's services under this Section 6(e) (i.e., travel, lodging, meals, telephone and overnight courier) within ten (10) business days of Executive submitting to the Company appropriate receipts and expense statements.

7. Withholding and Recoupment Requirements. Whenever Restrictions lapse with respect to Performance Share Units, the Company shall have the right to (i) withhold from sums due to the Executive; (ii) require the Executive to remit to the Company; or (iii) retain shares of Company Common Stock otherwise deliverable to the Executive; in an amount sufficient to satisfy any Federal, state or local withholding tax requirements prior to making such payments or delivering any such shares of Company Common Stock to the Executive. In addition, to the extent the Executive violates the Company's Corporate Governance Policy (which is incorporated herein by reference) or to the extent otherwise required under the Dodd-Frank Act or Company's Executive Incentive Compensation Recoupment Policy (which is incorporated herein by reference), the Executive shall be obligated to return to Company all shares of Company Common Stock previously delivered to Executive hereunder (or in the event such shares subsequently were sold by the Executive, Executive shall disgorge to Company all value received in such sale(s)) and any obligation for the Company to deliver any future shares of Company Common Stock hereunder shall cease and shall be rendered null and void.

8. Effect Upon Employment. Nothing contained in this Agreement shall confer upon the Executive the right to continue in the employment of the Company or its subsidiaries or affect any right that the Company or its subsidiaries may have to terminate the employment of the Executive.

9. Amendment. This Agreement may not be amended, modified or supplemented except with the consent of the Committee and by a written instrument duly executed by the Executive and the Company.

10. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, personal representatives, successors and assigns. Executive accepts the award of PSUs hereunder subject to all of the terms and conditions of this Agreement. Executive hereby agrees to accept as binding, conclusive and final all reasonable decisions and interpretations of the Committee upon any questions arising under this Agreement, including without limitation, the interpretation of the Restrictions imposed upon the PSUs.

11. Notices. Notices shall be deemed delivered if delivered personally or if sent by registered or certified mail to the Company at its principal place of business, as set forth above, and to Executive at the address as shall most currently appear on the records of the Company, or at such other address as either party may hereafter designate in writing to the other.

12. Investment Representation. If the PSUs awarded to the Executive under this Agreement are not registered under the Securities Act of 1933, as amended, pursuant to an effective registration statements, the Executive, if the Committee shall reasonably deem it advisable, may be required to represent and agree in writing (i) that any shares of Company Common Stock acquired by the Executive under this Agreement will not be sold except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or pursuant to an exemption from registration under such Act, and (ii) that the Executive has acquired such shares of Company Common Stock for his own account and not with a view to the distribution thereof.

13. Compliance with Section 16(b). This Agreement and the grant of PSUs hereunder is intended to comply with all applicable conditions of Rule 16(b)-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended. All transactions involving the Company's executive officers are subject to such conditions, regardless of whether the conditions are expressly set forth in this Agreement. Any provision of this Agreement that is contrary to a condition of Rule 16b-3 shall not apply.

14. Compliance With Other Laws And Regulations. The rights of the Executive and the obligations of Company under this Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. Company shall not be required to issue or deliver certificates for shares of Common Stock before [i] the listing of such shares on any stock exchange or over-the-counter market, such as NASDAQ, on which the Common Stock may then be listed or traded, and [ii] the completion of any registration or qualification of any governmental body which Company shall, in its sole discretion, determines to be necessary or advisable. The Company agrees to use its best efforts to procure any such listing, registration or qualification.

15. Severability. The invalidity or unenforceability of any provision of the Agreement shall not affect the validity or enforceability of the remaining provisions of the Agreement, and such invalid or unenforceable provision shall be stricken to the extent necessary to preserve the validity and enforceability of the Agreement with the parties agreeing in such event to make all reasonable efforts to replace such invalid or unenforceable provision with a valid provision that will place the parties in approximately the same economic position as contemplated hereunder.

16. Governing Law; Jurisdiction. This Agreement shall be governed by the laws of the Commonwealth of Kentucky. The Executive consents to the exclusive jurisdiction of the courts of the Commonwealth of Kentucky and of any federal court located in Jefferson County, Kentucky in connection with any action or proceeding arising out of or relating to this Agreement, any document or instrument delivered pursuant to or in connection with this Agreement, or any breach of this Agreement or any such document or instrument.

17. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof.

18. Counterparts and Signatures. This Agreement may be signed in counterparts, each of which shall be an original, with the effect as if the signatures thereto and hereto were upon the same instrument. Signatures conveyed by facsimile or PDF file shall constitute original signatures.

19. Code Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall be interpreted and construed consistently with such intent. In the event the terms of this Agreement would subject Executive to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Company and Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible. To the extent the PSUs under this Agreement are payable by reference to Executive's "Termination of Employment" such term and similar terms shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, to the extent the PSUs constitute nonqualified deferred compensation, within the meaning of Section 409A, then if Executive is a specified Executive (within the meaning of Section 409A of the Code) as of the date of Executive's separation from service, if such PSUs are payable upon Executive's separation from service and would have been paid prior to the six-month anniversary of Executive's separation from service, then the payment of such PSUs shall be delayed until the earlier to occur of (A) the first day of the seventh month following Executive's separation from service or (B) the date of Executive's death.

(Signature page follows.)

IN WITNESS WHEREOF, the Company and the Executive have executed and delivered this Agreement as of the date first above written.

EXECUTIVE

CHURCHILL DOWNS INCORPORATED

By:

Charles G. Kenyon

SVP HR

(Authorized Representative)

APPENDIX A

Definitions

- (a) “Agreement” - see the recitals to this Agreement.
- (b) “Base Salary” - means the Executive’s base salary as of the date the Agreement is executed.
- (c) “Board” means the Board of Directors of the Company.
- (d) “Cause” for termination by the Company of Executive’s employment with the Company means any of the

following:

(i) the willful and continued failure of Executive to perform substantially his duties to the Company (other than any such failure resulting from incapacity due to disability), after a written demand to cure such failure (the “Demand to Cure”) is delivered to Executive by the Chief Executive Officer which specifically identifies the manner in which the Board believes that Executive has not substantially performed his duties;

(ii) Executive’s conviction of, or plea of guilty or no contest to (A) a felony or (B) a misdemeanor involving dishonesty or moral turpitude; or

(iii) the willful engaging by Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the business or reputation of the Company.

For purposes of this definition, no act or failure to act, on the part of Executive, shall be considered “willful” unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon specific authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel of the Company which Executive honestly believes is within such counsel’s competence shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The Company shall give written notice to Executive of the termination for Cause. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which the Cause termination is based and such notice shall be given within six (6) months of the occurrence of, or, if later, the Company’s actual knowledge of, the act or acts or the failure or failures to act which constitute the grounds for Cause. Executive shall have sixty (60) days upon receipt of the Demand to Cure in which to cure such conduct, to the extent such cure is possible.

- (e) “Change in Control” has such meaning as is set forth in the Plan.
- (f) “Code” means the Internal Revenue Code of 1986, as amended from time-to-time.
- (g) “Common Stock” means the common stock, no par value, of the Company.
- (h) “Company” - see the recitals to this Agreement.
- (i) “Disability” means that Executive becomes “disabled” within the meaning of Section 409A(a)(2)(C) of the Code or any successor provision and the applicable regulations thereunder.
- (j) “Exchange Act” means the Securities Exchange Act of 1934.
- (k) “Executive” - see recitals to this Agreement.
- (l) “Good Reason” for termination by Executive of Executive’s employment means the occurrence (without Executive’s express written consent) of any one of the following acts by the Company or failures by the Company to act:

(i) the assignment to Executive of any duties inconsistent in any material respect with the position held by the Executive at the time this Agreement is executed (including status, office, title and reporting requirements), or the authority, duties or responsibilities of the position, or any other diminution in any material respect in such position, authority, duties or responsibilities unless agreed to by Executive;

(ii) the sale or other disposition of a material portion of the business or assets of the Company which results in a material change to the Executive's position, authority, duties or responsibilities existing at the time this Agreement is executed (including status, office, title and reporting requirements);

(iii) the Company's requiring Executive to be based at, or perform his principal functions at, any office or location other than a location within 35 miles of the Main Office unless such other location is closer to Executive's then-primary residence than the Main Office;

(iv) a material reduction in Base Salary;

(v) a material reduction in Executive's welfare benefits plans, qualified retirement plan, or paid time off benefit unless other senior executives suffer a comparable reduction; and

(vi) any purported termination of Executive's employment under this Agreement by the Company other than for Cause, death or Disability.

Prior to Executive's right to terminate employment for Good Reason, he shall give written notice to the Company of his intention to terminate his employment on account of a Good Reason. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which Executive's Good Reason termination is based and such notice shall be given within six (6) months of the occurrence of the act or acts or the failure or failures to act which constitute the grounds for Good Reason. The Company shall have sixty (60) days upon receipt of the notice in which to cure such conduct, to the extent such cure is possible.

(m) "Main Office" means 600 N. Hurstbourne Parkway, Louisville, Kentucky.

(n) "Termination of Employment" means a termination by the Company or by Executive of Executive's employment with the Company.

APPENDIX B

Calculation of Total Shareholder Return (“TSR”)

- “Company Percentile Rank” means the percentile rank of Company’s TSR relative to the TSR of the Peer Companies. The Peer Companies remaining at the Performance Period end date will be ranked from high to low according to their respective TSRs. A percentile rank calculation will be performed according to the following equation:

$$\text{Company Percentile Rank} = 1 - \frac{(R-1)}{(N-1)} * 100$$

where: R is the Company’s rank relative to the Peer Companies remaining at the Performance Period end date; and

N is the number of Peer Companies remaining at the end of the Performance Period end date.

Example: If there are 1,901 Peer Companies remaining at the Performance Period end date, and the Company’s TSR is ranked as number 761, then the Company Percentile Rank would be 60.00.

- “TSR” means, for each of the Company and the Peer Companies, the company’s total shareholder return, which will be calculated by dividing (i) the Closing Average Share Value by (ii) the Opening Average Share Value.
- “Opening Average Share Value” means the average, over the trading days in the Opening Average Period, of the closing price of a company’s stock multiplied by the Accumulated Shares for each trading day during the Opening Average Period.
- “Opening Average Period” means the twenty (20) trading days immediately preceding the start of the Performance Period.
- “Accumulated Shares” means, for a given trading day, the sum of (i) one (1) share; and (ii) a cumulative number of shares of a company’s common stock purchased with dividends declared on the company’s common stock, assuming same day reinvestment of the dividends in the common stock of a company at the closing price on the ex-dividend date, for ex-dividend dates between the first day of the twenty (20) trading days immediately preceding the start of the Performance Period and the trading day.
- “Closing Average Share Value” means (i) in the absence of a Change in Control (as defined in Appendix A) on or before the Performance Period end date, the average, over the trading days in the Closing Average Period, of the closing price of the company’s stock multiplied by the Accumulated Shares for each trading day during the Closing Average Period; or (ii) if there is a Change of Control (as defined in Appendix A) on or before the Performance Period end date, the price of the closing price of the Company’s stock on the last trading day prior to the Change of Control (as defined in Appendix A) multiplied by the Accumulated Shares.
- “Closing Average Period” means the twenty (20) trading days immediately preceding the last day of the Performance Period; provided, if the last day of the Performance Period is a trading day, the Closing Average Period shall be the following twenty (20) trading days: the last day of the Performance Period and the nineteen (19) trading days immediately preceding the last day of the Performance Period.
- “Peer Companies” means the member companies of the Russell 2000 Index at the Performance Period start date. The member companies will be changed as follows:
 - (i) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company.

- (ii) In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a Peer Company, or with an entity that is not a Peer Company, in each case where the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company.
- (iii) In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company, a “going private” transaction involving a Peer Company or the liquidation of a Peer Company, where the Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.
- (iv) In the event of a bankruptcy of a Peer Company, such company shall remain a Peer Company.
- (v) The Peer Companies will not be changed due to Russell’s annual or other rebalancing of the Russell 2000 index.

CHURCHILL DOWNS INCORPORATED
RESTRICTED STOCK UNIT AGREEMENT

_____ RESTRICTED STOCK UNITS

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement") is made as of the 30th day of October, 2018 (the "Grant Date") by and between _____ (the "Executive"), and Churchill Downs Incorporated (the "Company"), a Kentucky corporation with its principal place of business at 600 N. Hurstbourne Parkway, Louisville, Kentucky 40222.

WITNESSETH:

WHEREAS, the Company maintains the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan (the "Plan") which was approved by shareholders of the Company at the 2016 Annual Meeting of Shareholders on April 27, 2016;

WHEREAS, the Plan provides for the granting of restricted stock units based on shares of the Company's common stock, no par value per share (the "Common Stock") in accordance with the terms and provisions thereof and the Executive is a person eligible for participation under the Plan;

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors of the Company by unanimous written consent on October 30, 2018 authorized and directed the Company to make an award of restricted stock units to the Executive under the terms and conditions set forth in this Agreement; and

WHEREAS, the parties desire to enter into this Agreement to set forth the terms and conditions of such award.

NOW, THEREFORE, in consideration of the foregoing and the mutual undertakings herein contained, and for other good and valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Restricted Stock Units. Subject to the further terms, conditions and restrictions contained in this Agreement, the Company hereby grants to the Executive _____ restricted stock units (the "RSUs") which are equal to an equivalent number of shares of the Company's Common Stock, in consideration for services to be performed by the Executive as an employee of the Company and its subsidiaries. As long as the RSUs are subject to the Restrictions set forth in Section 3 of this Agreement, such RSUs shall be deemed to be, and are referred to in this Agreement as, the "Restricted Stock Units".

2. Adjustments in Restricted Stock Units.

(a) In the event of any change in the outstanding Common Stock by reason of a stock dividend or distribution (or distribution on Common Stock of any security convertible into securities of the Company), recapitalization, merger, consolidation, split-up, combination, subdivision, reclassification, exchange of shares or the like, the Committee shall make equitable adjustments in the Restricted Stock Units so that the Restricted Stock Units represent the same percentage of the Company's equity as was the case immediately prior to such change. Any new, additional or different securities to which the Executive shall be entitled in respect of Restricted Stock Units by reason of such adjustment shall be deemed to be Restricted Stock Units and shall be subject to the same terms, conditions and restrictions as the Restricted Stock Units so adjusted.

(b) In the event Company merges, consolidates or effects a share exchange with another entity, or all or a substantial portion of Company's assets or outstanding capital stock are acquired (whether by merger, purchase or otherwise) by another entity (any such entity being hereafter referred to as the "Successor") each of the Restricted Stock Units shall automatically be

converted into and replaced by Restricted Stock Units representing shares of common stock, or such other class of securities having rights and preferences no less favorable than the Restricted Stock Units, of the Successor, and the number of Restricted Stock Units shall be correspondingly adjusted, so that Executive shall have the right to that number of Restricted Stock Units representing shares of common stock of the Successor that have a value equal, as of the date of the merger, conversion or acquisition, to the value, as of the date of the merger, conversion or acquisition, of the Restricted Stock Units.

3. Restrictions. During applicable periods of restriction determined in accordance with Section 5 of this Agreement, Restricted Stock Units, and all rights with respect to such Restricted Stock Units, may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered or disposed of and shall be subject to the risk of forfeiture contained in Section 4 of this Agreement (such limitations on transferability and risk of forfeiture being herein referred to as the “Restrictions”), and the Executive shall not have any rights of a stockholder, including, no right to vote the Restricted Stock Units, receive dividends thereon (provided, dividend equivalents shall accrue and vest on the Restricted Stock Units and be paid in cash at the same time as the Restrictions lapse), or purchase any securities pursuant to that certain Rights Agreement dated as of March 19, 2008, between the Company and National City Bank, as amended, and as the same may be amended, modified or supplemented from time to time.

4. Forfeiture of Restricted Stock Units. Subject to Section 5 below, in the event that the Executive’s employment with the Company and its subsidiaries terminates for any reason, such event shall constitute an “Event of Forfeiture” and all RSUs which at that time are Restricted Stock Units shall thereupon be forfeited by the Executive to the Company without payment of any consideration by the Company, and neither the Executive nor any heir, personal representative, successor or assign of the Executive shall have any right, title or interest in or to such Restricted Stock Units.

5. Lapse of Restrictions.

(a) The Restrictions on the respective Restricted Stock Units shall lapse per the schedule immediately below, provided, however, that (1) such corresponding date occurs prior to a Termination of Employment (as defined in Appendix A), but subject to Sections 5(c), 5(d) and 5(e) below, and (2) Executive complies with the covenants set forth in Section 6 below:

<u>Date</u>	<u># of RSUs for which Restrictions lapse and which become non-forfeitable</u>
4th Anniversary of Grant Date	1/4
5th Anniversary of Grant Date	1/4
6th Anniversary of Grant Date	1/4
7th Anniversary of Grant Date	1/4

(b) Upon the lapse of the Restrictions in accordance with this Section 5, the Company shall, as soon as practicable thereafter (and in any event, within thirty (30) days thereafter), settle the RSUs in shares of Company Common Stock and deliver to the Executive a certificate (or record as a book entry and deliver evidence of same to the Executive) (without any restrictive endorsement referring to such Restrictions) for the RSUs that are no longer subject to such Restrictions.

(c) In the event the Executive’s employment is terminated by the Company other than for Cause (as defined in Appendix A), Disability (as defined in Appendix A) or death, or if the Executive voluntarily resigns for Good Reason (as defined in Appendix A) or retires on or after attaining age 65 with the consent of the Company, then for purposes of determining any lapse of the

Restrictions in (a) above and the forfeiture of Restricted Stock Units, if any, under Section 4 and Section 5, and, provided the Executive complies with the covenants set forth in Section 6, the Executive's employment shall be considered to continue through the Restriction lapse dates set forth in Section 5(a), with the RSUs to be settled pursuant to Section 5(b) following the Restriction lapse dates set forth in Section 5(a).

- (d) If, during the 24-month period following a Change in Control (as defined in Appendix A): (i) the Executive is terminated by the Company other than for Cause, Disability or death, or (ii) the Executive voluntarily resigns for Good Reason, all Restrictions on the respective Restricted Stock Units that have not been previously forfeited under Section 4 as of the date of Termination of Employment shall lapse immediately as of the date of Termination of Employment.
- (e) In the event the Executive's employment is terminated due to death or Disability (as defined in Appendix A), all Restrictions on the respective Restricted Stock Units that have not been previously forfeited under Section 4 as of the date of death or Disability shall lapse immediately, with settlement to be made to the Executive's estate in the event of Executive's termination of employment due to death.

6. Covenants.

- (a) Confidentiality. Executive agrees that Executive will not at any time during Executive's employment with the Company or thereafter, except in performance of Executive's obligations to the Company hereunder, disclose, either directly or indirectly, any Confidential Information (as hereinafter defined) that Executive may learn by reason of his association with the Company. The term "Confidential Information" shall mean any past, present, or future confidential or secret plans, programs, documents, agreements, internal management reports, financial information, or other material relating to the business, strategies, services, or activities of the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, including leases, regulatory status, compensation paid to employees, or other terms of employment, and trade secrets, market reports, customer investigations, customer lists, and other similar information that is proprietary information of the Company; provided, however, the term "Confidential Information" shall not include any of the above forms of information which has become public knowledge, unless such Confidential Information became public knowledge due to any act or acts by Executive or his representative(s) in violation of this Agreement. Notwithstanding the foregoing, Executive may disclose such Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company and/or its affiliates, as the case may be, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information; provided, further, that in the event that Executive is ordered by any such court or other government agency, administrative body, or legislative body to disclose any Confidential Information, Executive shall (i) promptly notify the Company of such order, (ii) at the reasonable written request of the Company, diligently contest such order at the sole expense of the Company as expenses occur, and (iii) at the reasonable written request of the Company, seek to obtain, at the sole expense of the Company, such confidential treatment as may be available under applicable laws for any information disclosed under such order.

Nothing contained herein prohibits Executive from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange.

Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive is further notified that if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

- (b) Non-Solicit. During Executive's employment and for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior written consent of the Company, solicit or induce any then-existing employee of the Company or any of its subsidiaries to leave employment with the Company or any of its subsidiaries or contact any then-existing customer or vendor under contract with the Company or any of its subsidiaries for the purpose of obtaining business similar to that engaged in, or received (as appropriate), by the Company, except that Executive shall not be precluded from (i) hiring any such employee who has been terminated by the Company or its subsidiaries prior to commencement of employment discussions between the Executive or his/her subsequent employer and such employee, (ii) employing or contacting any such person who contacts Executive or his/her subsequent employer on his or her own initiative without any otherwise prohibited solicitation, or (iii) employing or contacting any person as a result of general solicitations not specifically directed at the Company, any of its subsidiaries or any of its employees.
- (c) Future Employment. Notwithstanding any provision herein to the contrary, including Executive's compliance with Section 6(b), herein, for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior consent of the Company, directly or indirectly perform any job, task, function, skill or responsibility for, or render advice or services to, or otherwise assist, a business (including any subsidiary or other related entity of such business, but excluding any tax-exempt, charitable organization), other than the Company, for which _____ provides any such job, task, function, skill or responsibility, or to which _____ renders advice or services, or otherwise assists, during the two (2) year period immediately following Executive's Termination of Employment, provided, the Executive shall be permitted to have (or make) a passive investment in, and serve on the board of (without remuneration), any company or business in which _____ also has (or makes) a passive investment. Notwithstanding the preceding, in the event Executive breaches the covenant set forth in this Section 6(c), Executive shall be obligated to return or repay to Company all RSUs previously settled to Executive hereunder and any obligation for the Company to settle any future RSUs hereunder shall cease and shall be rendered null and void.

- (d) Non-Disparagement. The Executive agrees that during his employment and following a Termination of Employment for any reason, Executive shall not, directly or indirectly, in any individual or representative capacity whatsoever, make any public or private statements (whether orally or in writing), other than true statements to the extent necessary to prosecute or defend any adversarial proceedings against the Company, that disparage, denigrate or malign the Company or that could be detrimental in any respect to the reputation or goodwill of the Company.
- (e) Cooperation. Executive agrees that during his employment or following a Termination of Employment for any reason, Executive shall, upon reasonable advance notice, assist and cooperate with the Company as is reasonable with regard to any investigation or litigation related to a matter or project in which Executive was involved during Executive's employment. The Company shall reimburse Executive for all reasonable and necessary expenses related to Executive's services under this Section 6(e) (i.e., travel, lodging, meals, telephone and overnight courier) within ten (10) business days of Executive submitting to the Company appropriate receipts and expense statements.

7. Withholding Requirements. Whenever Restrictions lapse with respect to Restricted Stock Units, the Company shall have the right to (i) withhold from sums due to the Executive; (ii) require the Executive to remit to the Company; or (iii) retain shares of Company Common Stock otherwise deliverable to the Executive; in an amount sufficient to satisfy any Federal, state or local withholding tax requirements prior to making such payments or delivering any such shares of Company Common Stock to the Executive.

8. Effect Upon Employment. Nothing contained in this Agreement shall confer upon the Executive the right to continue in the employment of the Company or its subsidiaries or affect any right that the Company or its subsidiaries may have to terminate the employment of the Executive.

9. Amendment. This Agreement may not be amended, modified or supplemented except with the consent of the Committee and by a written instrument duly executed by the Executive and the Company.

10. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, personal representatives, successors and assigns. Executive accepts the award of RSUs hereunder subject to all of the terms and conditions of this Agreement. Executive hereby agrees to accept as binding, conclusive and final all reasonable decisions and interpretations of the Committee upon any questions arising under this Agreement, including without limitation, the interpretation of the Restrictions imposed upon the RSUs.

11. Notices. Notices shall be deemed delivered if delivered personally or if sent by registered or certified mail to the Company at its principal place of business, as set forth above, and to Executive at the address as shall most currently appear on the records of the Company, or at such other address as either party may hereafter designate in writing to the other.

12. Investment Representation. If the RSUs awarded to the Executive under this Agreement are not registered under the Securities Act of 1933, as amended, pursuant to an effective registration statements, the Executive, if the Committee shall reasonably deem it advisable, may be required to represent and agree in writing (i) that any shares of Company Common Stock acquired by the Executive under this Agreement will not be sold except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or pursuant to an exemption from registration under such Act, and (ii) that the Executive has acquired such shares of Company Common Stock for his own account and not with a view to the distribution thereof.

13. Compliance with Section 16(b). This Agreement and the grant of RSUs hereunder is intended to comply with all applicable conditions of Rule 16(b)-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended. All transactions involving the Company's executive officers

are subject to such conditions, regardless of whether the conditions are expressly set forth in this Agreement. Any provision of this Agreement that is contrary to a condition of Rule 16b-3 shall not apply.

14. Compliance With Other Laws And Regulations. The rights of the Executive and the obligations of Company under this Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. Company shall not be required to issue or deliver certificates for shares of Common Stock before [i] the listing of such shares on any stock exchange or over-the-counter market, such as NASDAQ, on which the Common Stock may then be listed or traded, and [ii] the completion of any registration or qualification of any governmental body which Company shall, in its sole discretion, determines to be necessary or advisable. The Company agrees to use its best efforts to procure any such listing, registration or qualification.

15. Severability. The invalidity or unenforceability of any provision of the Agreement shall not affect the validity or enforceability of the remaining provisions of the Agreement, and such invalid or unenforceable provision shall be stricken to the extent necessary to preserve the validity and enforceability of the Agreement with the parties agreeing in such event to make all reasonable efforts to replace such invalid or unenforceable provision with a valid provision that will place the parties in approximately the same economic position as contemplated hereunder.

16. Governing Law; Jurisdiction. This Agreement shall be governed by the laws of the Commonwealth of Kentucky. The Executive consents to the exclusive jurisdiction of the courts of the Commonwealth of Kentucky and of any federal court located in Jefferson County, Kentucky in connection with any action or proceeding arising out of or relating to this Agreement, any document or instrument delivered pursuant to or in connection with this Agreement, or any breach of this Agreement or any such document or instrument.

17. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof.

18. Counterparts and Signatures. This Agreement may be signed in counterparts, each of which shall be an original, with the effect as if the signatures thereto and hereto were upon the same instrument. Signatures conveyed by facsimile or PDF file shall constitute original signatures.

19. Code Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall be interpreted and construed consistently with such intent. In the event the terms of this Agreement would subject Executive to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Company and Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible. To the extent the RSUs under this Agreement are payable by reference to Executive's "Termination of Employment" such term and similar terms shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, to the extent the RSUs constitute nonqualified deferred compensation, within the meaning of Section 409A, then if Executive is a specified Executive (within the meaning of Section 409A of the Code) as of the date of Executive's separation from service, if such RSUs are payable upon Executive's separation from service and would have been paid prior to the six-month anniversary of Executive's separation from service, then the payment of such RSUs shall be delayed until the earlier to occur of (A) the first day of the seventh month following Executive's separation from service or (B) the date of Executive's death.

(Signature page follows.)

IN WITNESS WHEREOF, the Company and the Executive have executed and delivered this Agreement as of the date first above written.

EXECUTIVE

CHURCHILL DOWNS INCORPORATED

By:

Charles G. Kenyon
SVP HR
(Authorized Representative)

APPENDIX A

Definitions

- (a) “Agreement” - see the recitals to this Agreement.
- (b) “Base Salary” - means the Executive’s base salary as of the date the Agreement is executed.
- (c) “Board” means the Board of Directors of the Company.
- (d) “Cause” for termination by the Company of Executive’s employment with the Company means any of the

following:

(i) the willful and continued failure of Executive to perform substantially his duties to the Company (other than any such failure resulting from incapacity due to disability), after a written demand to cure such failure (the “Demand to Cure”) is delivered to Executive by the Chief Executive Officer which specifically identifies the manner in which the Board believes that Executive has not substantially performed his duties;

(ii) Executive’s conviction of, or plea of guilty or no contest to (A) a felony or (B) a misdemeanor involving dishonesty or moral turpitude; or

(iii) the willful engaging by Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the business or reputation of the Company.

For purposes of this definition, no act or failure to act, on the part of Executive, shall be considered “willful” unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon specific authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel of the Company which Executive honestly believes is within such counsel’s competence shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The Company shall give written notice to Executive of the termination for Cause. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which the Cause termination is based and such notice shall be given within six (6) months of the occurrence of, or, if later, the Company’s actual knowledge of, the act or acts or the failure or failures to act which constitute the grounds for Cause. Executive shall have sixty (60) days upon receipt of the Demand to Cure in which to cure such conduct, to the extent such cure is possible.

- (e) “Change in Control” has such meaning as is set forth in the Plan.
- (f) “Code” means the Internal Revenue Code of 1986, as amended from time-to-time.
- (g) “Common Stock” means the common stock, no par value, of the Company.
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- (i) “Disability” means that Executive becomes “disabled” within the meaning of Section 409A(a)(2)(C) of the Code or any successor provision and the applicable regulations thereunder.
- (j) “Exchange Act” means the Securities Exchange Act of 1934.
- (k) “Executive” - see recitals to this Agreement.
- (l) “Good Reason” for termination by Executive of Executive’s employment means the occurrence (without Executive’s express written consent) of any one of the following acts by the Company or failures by the Company to act:

(i) the assignment to Executive of any duties inconsistent in any material respect with the position held by the Executive at the time this Agreement is executed (including status, office, title and reporting requirements), or the authority, duties or responsibilities of the position, or any other diminution in any material respect in such position, authority, duties or responsibilities unless agreed to by Executive;

(ii) the sale or other disposition of a material portion of the business or assets of the Company which results in a material change to the Executive's position, authority, duties or responsibilities existing at the time this Agreement is executed (including status, office, title and reporting requirements);

(iii) the Company's requiring Executive to be based at, or perform his principal functions at, any office or location other than a location within 35 miles of the Main Office unless such other location is closer to Executive's then-primary residence than the Main Office;

(iv) a material reduction in Base Salary;

(v) a material reduction in Executive's welfare benefits plans, qualified retirement plan, or paid time off benefit unless other senior executives suffer a comparable reduction; and

(vi) any purported termination of Executive's employment under this Agreement by the Company other than for Cause, death or Disability.

Prior to Executive's right to terminate employment for Good Reason, he shall give written notice to the Company of his intention to terminate his employment on account of a Good Reason. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which Executive's Good Reason termination is based and such notice shall be given within six (6) months of the occurrence of the act or acts or the failure or failures to act which constitute the grounds for Good Reason. The Company shall have sixty (60) days upon receipt of the notice in which to cure such conduct, to the extent such cure is possible.

(m) "Main Office" means 600 N. Hurstbourne Parkway, Louisville, Kentucky.

(n) "Termination of Employment" means a termination by the Company or by Executive of Executive's employment with the Company.

CHURCHILL DOWNS INCORPORATED

Executive Change in Control, Severance and Indemnity Agreement

THIS AGREEMENT is made and entered into as of the 30th day of October, 2018 (the "Effective Date"), by and between **Churchill Downs Incorporated** (hereinafter referred to as the "Company") and **William C. Carstanjen** (hereinafter referred to as the "Executive").

WHEREAS, the Board has approved the Company's entering into change in control, severance and indemnity agreements with certain key executives of the Company; and

WHEREAS, the Executive is a key executive of the Company;

NOW THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of the Executive's advice and counsel notwithstanding the possibility, threat, or occurrence of a Change in Control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive agree as follows:

Article 1. Establishment, Term, and Purpose

This Agreement will commence on the Effective Date and will continue in effect for a three (3) year term, until the third anniversary of the Effective Date. Upon the expiration of the third anniversary of the Effective Date (and each applicable anniversary thereafter, to the extent the Agreement is extended as provided herein), the term of this Agreement will be extended automatically for one (1) additional year, unless either party to this Agreement delivers written notice at least six (6) months prior to such anniversary to the other party that this Agreement will not be extended. In such case, this Agreement will terminate at the end of the term or extended term. Executive hereby acknowledges, for avoidance of doubt, that any termination of this Agreement vis-à-vis notice provided pursuant to this Article 1 shall not constitute an act subject to Section 2.14 or Article 3.

However, in the event a Change in Control occurs during the original or any extended term, this Agreement will remain in effect for the longer of: (i) twenty-four (24) months beyond the month in which such Change in Control occurred; or (ii) until all obligations of the Company hereunder have been fulfilled, and until all benefits required hereunder have been paid to the Executive.

Article 2. Definitions

Whenever used in this Agreement, the following terms will have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

2.1 Agreement - see the recitals to this Agreement.

2.2 Accrued Obligations means the aggregate of (i) an Executive's earned but unpaid Base Salary through the Executive's date of termination; (ii) payment in respect of any paid time off days accrued but unused through the Executive's date of termination, to the extent provided by Company policy; (iii) reimbursement for all business expenses properly incurred in accordance with Company policy prior to the Executive's date of termination and not yet reimbursed by the Company; and (iv) subject to Section 3.3, any earned but unpaid annual bonus in respect of any of the Company's fiscal years preceding the fiscal year in which the termination occurs (provided, however, that if Executive's termination is by the Company for Cause and such event(s) and/or action(s) that constitute Cause are materially and demonstrably injurious to the business or reputation of the Company, then no payment will be made pursuant to this clause (iv)).

2.3 Base Salary means the salary of record paid to an Executive as annual salary, excluding amounts received under incentive or other bonus plans, whether or not deferred.

2.4 Board means the Board of Directors of the Company.

2.5 Cause for termination by the Company of Executive's employment with the Company means any of the following:

- (a) the willful and continued failure of Executive to perform substantially his duties to the Company (other than any such failure resulting from incapacity due to disability), after a written demand to cure such failure (the "Demand to Cure") is delivered to Executive by the Chief Executive Officer or the Board, as the case may be, which specifically identifies the manner in which the Board believes that Executive has not substantially performed his duties;
- (b) Executive's conviction of, or plea of guilty or no contest to (A) a felony or (B) a misdemeanor involving dishonesty or moral turpitude; or
- (c) the willful engaging by Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the business or reputation of the Company.

For purposes of this definition, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon specific authority given pursuant to a resolution duly adopted by the Board or upon instructions of the Chief Executive Officer or the Board, as the case may be, or based upon the advice of counsel of the Company which Executive honestly believes is within such counsel's competence shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The Company shall give written notice to Executive of the termination for Cause. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which the Cause termination is based and such notice shall be given within six (6) months of the occurrence of, or, if later, the Company's actual knowledge of, the act or acts or the failure or failures to act which constitute the grounds for Cause. Executive shall have sixty (60) days upon receipt of the Demand to Cure in which to cure such conduct, to the extent such cure is possible.

2.6 Change in Control has such meaning as is set forth in the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan.

2.7 Code means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

2.8 Common Stock means the common stock, no par value, of the Company.

2.9 Company - see the recitals to this Agreement.

2.10 Disability means that Executive becomes "disabled" within the meaning of Section 409A(a)(2)(C) of the Code or any successor provision and the applicable regulations thereunder.

2.11 Effective Date - see recitals to this Agreement.

2.12 Exchange Act means the Securities Exchange Act of 1934, as amended from time to time.

2.13 Executive - see recitals to this Agreement.

2.14 Good Reason for termination by Executive of Executive's employment means the occurrence (without Executive's express written consent) of any one of the following acts by the Company or failures by the Company to act:

- (a) the assignment to Executive of any duties inconsistent in any material respect with the position of **Chief Executive Officer** (including, office, title and reporting requirements), or the authority, duties or responsibilities of the **Chief Executive Officer**, or any other diminution

in any material respect in such position, authority, duties or responsibilities unless agreed to by Executive (other than any such diminution resulting from incapacity due to disability);

- (b) the sale or other disposition of a material portion of the business or assets of the Company which results in a material change to the Executive's position as **Chief Executive Officer**, or the authority, duties or responsibilities associated with such position (including office, title and reporting requirements);
- (c) the Company's involuntary relocation of Executive's primary office to any location more than 35 miles from the Company's principal executive offices, resulting in a materially longer normal commute for Executive (excluding reasonably required travel on Company business);
- (d) a reduction in Base Salary or annual incentive target opportunity under the Executive Annual Incentive Plan or other such plan; and
- (e) a material reduction in Executive's welfare benefits plans, qualified retirement plan, or paid time off benefit unless other senior executives suffer a comparable reduction.

Following a Change in Control, the Executive's terms and conditions of employment as in effect immediately prior to the Change in Control shall be the basis for determining whether "Good Reason" exists. "Good Reason" for Executive's termination of employment will exist only if (i) Executive gives written notice to the Company of his intention to terminate his employment on account of a Good Reason, with the notice stating in detail the particular act or acts or the failure or failures to act that constitute the grounds on which Executive's Good Reason termination is based and given within six (6) months of the occurrence of the act or acts or the failure or failures to act which constitute the grounds for Good Reason, (ii) the Company fails to cure the conduct within sixty (60) days following receipt of Executive's written notice, and (iii) Executive terminates employment with the Company effective not later than sixty (60) days after the end of the Company's cure period.

2.15 Main Office means 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky.

2.16 Taxes means the incremental United States federal, state and local income, excise and other taxes payable by Executive with respect to any applicable item of income.

2.17 Termination of Employment means a termination by the Company or by Executive of Executive's employment with the Company that constitutes a separation from service under Code Section 409A.

Article 3. Severance Benefits

3.1 Right to Severance Benefits. The Executive will be entitled to receive from the Company Severance Benefits, as described in this Article 3 herein, if the Executive satisfies the conditions set forth in this Article 3. Except with respect to the Accrued Obligations (and subject to Section 3.3, as applicable), in no event herein, except as may be required by applicable federal and/or state law, shall the Executive be entitled to receive any other Severance Benefits if the Executive's employment is terminated (i) for Cause or (ii) due to a voluntary termination without Good Reason.

3.2 Severance Benefits.

- (a) Termination Without Cause by the Company or Voluntary Resignation by Executive for Good Reason. If Executive is terminated by the Company other than for Cause, Disability or death, or if Executive voluntarily resigns for Good Reason, Executive shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) cash payments equal to the product of 2 times the sum of (x) Executive's Base Salary (disregarding for this purpose any reduction in Base Salary that forms the basis for Good Reason) plus (y) Executive's target bonus for the year of the Termination of Employment (disregarding for this purpose any reduction in target bonus that forms the basis for Good Reason), payable in equal installments over the 18 months

following Termination of Employment, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) a lump sum amount equal to the prorated in-cycle bonus of Executive's target bonus for the year in which the Executive's Termination of Employment occurs (disregarding for this purpose any reduction in target bonus that forms the basis of Good Reason) based on target performance for such year, and (D) a lump sum amount equal to the total premiums for medical, dental and vision benefits for a three month period which the Executive may, but is not required to, use to pay for COBRA continuation coverage, if applicable. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive in a lump sum amount within sixty (60) days following the Executive's date of termination.

- (b) Termination following a Change in Control. If, during the 2-year period following a Change in Control, Executive is terminated by the Company other than for Cause, Disability or death, or if Executive voluntarily resigns for Good Reason, Executive shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) cash payments equal to the product of 2 times the sum of (x) Executive's Base Salary (disregarding for this purpose any reduction in Base Salary that forms the basis for Good Reason) plus (y) Executive's target bonus for the year of the Termination of Employment (disregarding for this purpose any reduction in target bonus that forms the basis for Good Reason), payable in equal installments over the 18 months following such Termination of Employment, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) a lump sum amount equal to the prorated in-cycle bonus of Executive's target bonus for the year in which the Executive's Termination of Employment occurs (disregarding for this purpose any reduction in target bonus that forms the basis of Good Reason) based on target performance for such year, and (D) a lump sum amount equal to the total premiums for medical, dental and vision benefits for a three month period which the Executive may, but is not required to, use to pay for COBRA continuation coverage, if applicable. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive in a lump sum amount within sixty (60) days following the Executive's date of termination.
- (c) Death. Following a Termination of Employment for death, Executive's estate shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) a pro-rata bonus, if any, for the year of death, based on the target bonus for which Executive was eligible for such year, and paid when bonuses under such applicable bonus plans are normally paid, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) all other benefits and payments per the applicable plan or program, and (D) life insurance benefits paid per such applicable plans. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive's estate in a lump sum amount within sixty (60) days following the Executive's date of termination. All other accrued and vested benefits, if any, due Executive following a Termination of Employment for death shall be determined in accordance with the plans, policies, and practices of the Company.
- (d) Disability. Following a Termination of Employment for Disability, Executive shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) a pro-rata bonus, if any, for the year of Termination of Employment, based on the target bonus for which Executive was eligible for such year, and paid when bonuses under the applicable bonus plans are normally paid, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) all other benefits and payments per the applicable plan or program, and (D) short-term and long-term disability benefits per the applicable plans. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive in a lump sum amount within sixty (60) days following the Executive's date of termination. All other

accrued and vested benefits, if any, due Executive following a Termination of Employment for Disability shall be determined in accordance with the plans, policies, and practices of the Company.

3.3 **Release.** Notwithstanding any other provision of this Agreement to the contrary, Executive acknowledges and agrees that any and all payments to which Executive is entitled under this Article 3, which are described as being subject to this Section 3.3 are conditioned upon and shall not be payable unless (A) Executive complies with the covenants set forth in Article 4, (B) Executive, or, if applicable, his or her estate's personal representative, executes a general release and waiver, in such reasonable and customary form as shall be prepared by the Company, of all claims Executive may have against the Company and its directors, officers, subsidiaries and affiliates, except as to (i) matters covered by provisions of this Agreement that expressly survive the termination of this Agreement and (ii) rights to which Executive is entitled by virtue of his participation in the employee benefit plans, policies and arrangements of the Company, within the minimum time period required under applicable state and federal laws, or if no such period, ten business days following the date of Executive's termination, and (C) Executive, or, if applicable, his or his estate's personal representative, has not revoked such release agreement described in Section 3.3(B) within the time permitted under applicable law. Payments subject to this Section 3.3 shall commence or be made, as applicable, on the sixtieth (60th) day after the Termination of Employment, with any payments scheduled to occur between the Termination of Employment and such sixtieth (60th) day provided on such day.

3.4 **Withholding of Taxes.** The Company will be entitled to withhold from any amounts payable under this Agreement all Taxes as may be legally required (including, without limitation, any United States federal taxes and any other state, city, or local taxes).

Article 4. Covenants

- (a) **Confidentiality.** Executive agrees that Executive will not at any time during Executive's employment with the Company or thereafter, except in performance of Executive's obligations to the Company hereunder, disclose, either directly or indirectly, any Confidential Information (as hereinafter defined) that Executive may learn by reason of his association with the Company. The term "Confidential Information" shall mean any past, present, or future confidential or secret plans, programs, documents, agreements, internal management reports, financial information, or other material relating to the business, strategies, services, or activities of the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, including leases, regulatory status, compensation paid to employees, or other terms of employment, and trade secrets, market reports, customer investigations, customer lists, and other similar information that is proprietary information of the Company; provided, however, the term "Confidential Information" shall not include any of the above forms of information which has become public knowledge, unless such Confidential Information became public knowledge due to any act or acts by Executive or his representative(s) in violation of this Agreement. Notwithstanding the foregoing, Executive may disclose such Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company and/or its affiliates, as the case may be, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information; provided, further, that in the event that Executive is ordered by any such court or other government agency, administrative body, or legislative body to disclose any Confidential Information, Executive shall (i) promptly notify the Company of such order, (ii) at the reasonable written request of the Company, diligently

contest such order at the sole expense of the Company as expenses occur, and (iii) at the reasonable written request of the Company, seek to obtain, at the sole expense of the Company, such confidential treatment as may be available under applicable laws for any information disclosed under such order.

Nothing contained herein prohibits Executive from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange.

Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive is further notified that if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

- (b) Non-Solicit. During Executive's employment and for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior written consent of the Company, solicit or induce any then-existing employee of the Company or any of its subsidiaries to leave employment with the Company or any of its subsidiaries or contact any then-existing customer or vendor under contract with the Company or any of its subsidiaries for the purpose of obtaining business similar to that engaged in, or received (as appropriate), by the Company, except that Executive shall not be precluded from (i) hiring any such employee who has been terminated by the Company or its subsidiaries prior to commencement of employment discussions between the Executive or his/her subsequent employer and such employee, (ii) employing or contacting any such person who contacts Executive or his/her subsequent employer on his or her own initiative without any otherwise prohibited solicitation, or (iii) employing or contacting any person as a result of general solicitations not specifically directed at the Company, any of its subsidiaries or any of its employees.
- (c) Future Employment. Notwithstanding any provision herein to the contrary, including Executive's compliance with Section 4(b), herein, for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior consent of the Company, directly or indirectly perform any job, task, function, skill or responsibility for, or render advice or services to, or otherwise assist, a business (including any subsidiary or other related entity of such business, but excluding any tax-exempt, charitable organization), other than the Company, for which William E. Mudd provides any such job, task, function, skill or responsibility, or to which Mr. Mudd renders advice or services, or otherwise assists, during the two (2) year period immediately following Executive's Termination of Employment, provided, the Executive shall be permitted to have (or make) a passive investment in, and serve on the board of (without remuneration), any company or business in which Mr. Mudd also has (or makes) a passive investment. Notwithstanding the preceding,

in the event Executive breaches covenant set forth in this Section 4(d), Executive shall be obligated to repay to Company all benefits previously paid to Executive hereunder and any obligation for the Company to make any future payments hereunder shall cease and shall be rendered null and void.

- (d) Non-Disparagement. The Executive agrees that during his employment and following a Termination of Employment for any reason, Executive shall not, directly or indirectly, in any individual or representative capacity whatsoever, make any public or private statements (whether orally or in writing), other than true statements to the extent necessary to prosecute or defend any adversarial proceedings against the Company, that disparage, denigrate or malign the Company or that could be detrimental in any respect to the reputation or goodwill of the Company.
- (e) Cooperation. Executive agrees that during his employment or following a Termination of Employment for any reason, Executive shall, upon reasonable advance notice, assist and cooperate with the Company as is reasonable with regard to any investigation or litigation related to a matter or project in which Executive was involved during Executive's employment. The Company shall reimburse Executive for all reasonable and necessary expenses related to Executive's services under this Section 4(e) (i.e., travel, lodging, meals, telephone and overnight courier) within ten (10) business days of Executive submitting to the Company appropriate receipts and expense statements.
- (f) Survivability. The duties and obligations of Executive pursuant to this Section 4 shall survive the termination of this Agreement and Executive's Termination of Employment for any reason.
- (g) Remedies. Executive acknowledges that the protections of the Company set forth in this Section 4 are fair and reasonable. Executive agrees that remedies at law for a breach or threatened breach of the provisions of this Section 4 would be inadequate and, therefore, the Company shall be entitled, in addition to any other available remedies, without posting a bond, to equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may be then available.
- (h) Limitation. If the duration, scope, or nature of any restriction on business activity covered by any provision of Section 4(b) above is in excess of what is valid and enforceable under applicable law, such restriction shall be construed to limit duration, scope or activity to an extent that is valid and enforceable, with such extent to be the maximum extent possible under applicable law. For Section 4(b) above, Executive hereby acknowledges that such Section shall be given the construction which renders its provisions valid and enforceable to the maximum extent, not exceeding its express terms, possible under applicable law.

Article 5. Tax Adjustment Payment

5.1 Tax Adjustment Payment. In the event that the Executive becomes entitled to Severance Benefits or any other payment or benefit under this Agreement, or under any other agreement with or plan of the Company (in the aggregate, the "Total Payments"), whether or not the Executive has terminated employment with the Company, if all or any part of the Total Payments will be subject to the tax imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed) (the "Excise Tax"), the Total Payments shall be reduced (but not below zero) such that the value of the Total Payments shall be one dollar (\$1) less than the maximum amount of payments which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code; provided, however, that the foregoing limitation shall not apply in the event that it is determined that the Total Payments on an after-tax basis (i.e., after payment of federal, state, and local income taxes, penalties, interest, and Excise Tax) if such limitation is not applied would exceed the after-tax benefits to the Executive if such limitation is applied. The Executive shall bear the expense of any

and all Excise Taxes due on any payments that are deemed to be “excess parachute payments” under Section 280G of the Code.

5.2 Tax Computation. The determination of whether any of the Total Payments will be subject to the Excise Tax and the assumptions to be used in arriving at such determination, shall be made by a nationally recognized certified public accounting firm that does not serve as an accountant or auditor for any individual, entity or group effecting the Change in Control as designated by the Company (the “Accounting Firm”). The Accounting Firm will provide detailed supporting calculations to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive or the Company requesting a calculation hereunder. All fees and expenses of the Accounting Firm will be paid by the Company.

Article 6. The Company's Payment Obligation

The Company's obligation to make the payments and the arrangements provided for herein will be absolute and unconditional, and will not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against the Executive or anyone else. All amounts payable by the Company hereunder will be paid without notice or demand. Subject to the provisions of Sections 3.2 and 3.3 and Article 4, in the event of the Executive's death prior to the full payment of benefits due and owing to the Executive hereunder, any payments still remaining to be made shall be made to the Executive's estate in a single, lump sum amount within sixty (60) days following the Executive's date of death.

The Executive will not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment will in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Agreement.

Notwithstanding anything in this Agreement to the contrary, if Severance Benefits are paid under this Agreement, no severance benefits under any program of the Company, other than benefits described in this Agreement, will be paid to the Executive.

Article 7. Indemnification

7.1 Indemnity of Executive. To the fullest extent permitted by law, and subject only to the exclusions set forth in Sections 7.2 and 7.10 of this Agreement, the Company hereby agrees to hold harmless and indemnify the Executive from and against any and all reasonable costs and expenses (including, but not limited to, attorneys' fees) and any liabilities (including, but not limited to, judgments, fines, penalties and reasonable settlements) paid by or on behalf of, or imposed against, the Executive in connection with any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative, investigative or other (including any appeal relating thereto), whether formal or informal, and whether made or brought by or in the right of the Company or otherwise, in which the Executive is, was or at any time becomes a party or witness, or is threatened to be made a party or witness, or otherwise, by reason of the fact that the Executive is, was or at any time becomes a director, officer, employee or agent of the Company or, at the Company's request, a director, officer, partner, manager, trustee, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise.

7.2 Limitations on Indemnity. No Indemnity pursuant to Section 7.1 of this Agreement shall be paid by the Company:

- (a) if a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, that such indemnification is prohibited by law;

- (b) in connection with any transaction with respect to which a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, (i) that the Executive's personal financial interest was in conflict with the financial interests of the Company or its shareholders and (ii) that the Executive derived an improper personal benefit;
- (c) on account of acts or omissions of the Executive to the extent a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, that such acts or omissions (i) were not in good faith, or (ii) involved intentional misconduct, or (iii) were known to the Executive to be a violation by law;
- (d) in respect of any liability to the extent that a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, that such liability arises under any federal or state statute providing for personal liability by reason of the fact that the Executive is or was a director or officer of the Company, including, by way of example and not limitation, liability under Section 16(b) of the Securities Exchange Act of 1934, as amended, but excluding any liability resulting from actions taken or omitted by the Executive as a fiduciary of an employee benefit plan of the Company to the extent otherwise indemnifiable hereunder;
- (e) to the extent and only to the extent that a majority of the Board of Directors of the Company or a duly designated committee thereof, in either case consisting entirely of directors who are not at the time parties to the claim, action, suit or proceeding against the Executive, determines that the amount of expenses and/or settlements for which indemnification is sought is unreasonable, as determined by an informal survey of the outcomes in similar cases, if any, and/or the Company's previous dealings in other matters or offers of settlement, if applicable; or
- (f) in connection with any claim, action, suit or proceeding if such claim, action, suit or proceeding was initiated by the Executive or his personal or legal representative, or involved the voluntary solicitation or intervention by the Executive or his personal or legal representative (other than an action to enforce indemnification rights or an action initiated with the approval of a majority of the Board of Directors).

7.3 Continuation of Indemnity. All agreements and obligations of the Company contained in this Article 7 shall continue during the period the Executive serves in any capacity entitling the Executive to indemnification under this Article 7 and shall continue thereafter so long as the Executive shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative or other including any appeal relating thereto), whether formal or informal, arising as a result of acts or omissions occurring during the period the Executive served as a director or officer of the Company.

7.4 Notification of Claim. It shall be a condition precedent to indemnification under this Article 7 that, within thirty days after receipt by the Executive of actual notice that the Executive is or will be a party, witness or otherwise involved in any threatened or pending action, suit or proceeding described in Section 7.1, the Executive shall have notified the Company in writing of the assertion or commencement thereof. The omission to so notify the Company will not relieve it from any liability which it may have to the Executive otherwise than under this Article 7.

7.5 Advancement of Costs and Expenses. The costs and expenses (including, but not limited to, attorneys' fees) incurred by the Executive in investigating, defending, being a witness in, appealing or otherwise participating in any threatened or pending claim or any threatened or pending action, suit or proceeding described in Section 7.1 shall, at the written request of the Executive, be paid by the Company in advance

of final judgment or settlement with the understanding, undertaking and agreement hereby made and entered into by the Executive and the Company that the Executive shall, if it is ultimately determined in accordance with Section 7.2 or pursuant to Section 7.10 that the Executive is not entitled to be indemnified, or was not entitled to be fully indemnified, repay to the Company such amount, or the appropriate portion thereof, so paid or advanced. Such advancements shall be made within ten business days of written request therefor by the Executive.

7.6 Enforcement. If a claim for payment under this Article 7 is not paid in full by the Company within ninety days after a written demand has been delivered by the Executive to the Company, or within thirty days after delivery of a written demand by the Executive to the Company based upon a final and unappealable judgment of a court of competent jurisdiction, the Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the Executive shall also be entitled to be paid all costs and expenses (including, but not limited to, attorneys' fees) incurred by the Executive in prosecuting such suit. In any suit brought by the Executive to enforce this Article 7, the burden of proof shall be on the Company to establish that the Executive is not entitled to the relief sought under this Article 7.

7.7 Partial Indemnity. If the Executive is entitled under any provision of this Article 7 to indemnification by the Company for some or a portion of the costs, expenses, judgments, fines, penalties and amounts paid in settlement, but not for the total amount thereof, the Company shall nevertheless indemnify the Executive for the portion thereof to which the Executive is entitled.

7.8 Non-exclusivity. The rights of the Executive under this Article 7 shall be in addition to any other rights the Executive may have under the Articles of Incorporation or Bylaws of the Company or by agreement, vote of shareholders or disinterested directors, as a matter of law or otherwise.

7.9 Subrogation. In the event of any payment under this Article 7, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Executive, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents as may be necessary to enable the Company effectively to bring suit to enforce such rights.

7.10 No Duplication of Payments. The Company shall not be liable under this Article 7 to make any payment to the extent the Executive has otherwise actually received payment (under any insurance policy, bylaw or otherwise) of the amounts otherwise payable by the Company under this Article 7. The Executive shall use his best efforts to collect from all third parties any amounts otherwise payable by the Company under this Article 7. If the Executive is entitled to but has not received payment from a third party (under an insurance policy or otherwise) of amounts otherwise payable by the Company under this Article 7, the Company shall nevertheless pay the Executive such amounts with the understanding, undertaking and agreement hereby made and entered into by the Executive and the Company that the Executive will repay to the Company such amounts to the extent they are ultimately paid to the Executive by such third party.

7.11 Directors' and Officers' Liability Insurance. The Company agrees to maintain in effect throughout the term of Executive's employment with the Company and for a period of two years thereafter, directors' and officers' liability insurance policies for the benefit of the Executive in a form at least as comprehensive as, and in an amount that is at least equal to, that maintained by the Company at such time for any officer or director of the Company.

Article 8. Miscellaneous

8.1 Employment Status. The employment of the Executive by the Company is "at will," and may be terminated by either the Executive or the Company at any time, subject to applicable law.

8.2 Resolution of Disputes and Reimbursement of Legal Costs. Except as otherwise provided in Article 4, the Company and Executive agree that any controversy or claim arising out of or relating to this Agreement

or the breach thereof shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules then in effect. Venue for any arbitration pursuant to this Agreement will lie in Louisville, Kentucky. Any award entered by the arbitrator(s) shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. Each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and shall share the fees of the American Arbitration Association and the arbitrator(s), if applicable, equally.

8.3 Governing Law. This Agreement will be governed by, and interpreted in accordance with, the laws of the Commonwealth of Kentucky applicable to agreements made and to be wholly performed within the Commonwealth of Kentucky, without regard to the conflict of laws provisions of any jurisdiction which would cause the application of any law other than that of the Commonwealth of Kentucky.

8.4 Entire Agreement/Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations, representations or proposals, whether written or oral. Without limitation of the foregoing, this Agreement supersedes and replaces in its entirety that certain Executive Change in Control, Severance and Indemnity Agreement between the Company and the Executive dated August 27, 2014, which is terminated and no longer effective as of the Effective Date of this Agreement. Notwithstanding the preceding, and for purposes of clarity, this Agreement does not supersede or replace any award previously granted to the Executive under the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan.

This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto. Articles 3, 4 and 7 of this Agreement shall survive the termination of Executive's employment with the Company, except as otherwise specifically stated therein.

8.5 Neutral Interpretation. This Agreement constitutes the product of the negotiation of the parties hereto and the enforcement of this Agreement shall be interpreted in a neutral manner, and not more strongly for or against any party based upon the source of the draftsmanship of the Agreement. Each party has been provided ample time and opportunity to review and negotiate the terms of this Agreement and consult with legal counsel regarding the Agreement.

8.6 No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

8.7 Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

8.8 Successors.

- (a) This Agreement is personal to Executive and shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.
- (b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to all or a substantial portion of its business and/or assets, by agreement in form and substance reasonably satisfactory to Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform this Agreement if no such succession had taken place.

Regardless of whether such an agreement is executed, this Agreement shall be binding upon any successor of the Company and such successor shall be deemed the "Company" for purposes of this Agreement.

8.9 Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, if sent by facsimile transmission or if mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission, and (iii) notices sent by United States registered mail shall be deemed given two days after the date of deposit in the United States mail.

If to the Company, to:

Churchill Downs Incorporated
Attn: Senior Vice President, Human Resources
600 N. Hurstbourne Parkway, Ste. 400
Louisville, KY 40222

with copy to:

Churchill Downs Incorporated
Attn: General Counsel
600 N. Hurstbourne Parkway, Ste. 400
Louisville, KY 40222

If to Executive, to

Churchill Downs Incorporated
Attn: William Carstanjen
600 N. Hurstbourne Parkway, Ste. 400
Louisville, KY 40222

8.10 Counterparts and Signatures. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures delivered by facsimile or PDF file shall constitute original signatures.

8.11 Code Section 409A. It is intended that any amounts payable under this Agreement and the Company's and Executive's exercise of authority or discretion hereunder shall comply with Code Section 409A (including the Treasury regulations and other published guidance relating thereto) so as not to subject Executive to the payment of any interest or additional tax imposed under Code Section 409A. To the extent any amount payable under this Agreement would trigger the additional tax imposed by Code Section 409A, the Agreement shall be modified to avoid such additional tax. Notwithstanding the foregoing, to the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A and the rules and regulations thereunder ("Section 409A"), if Executive is a "specified employee" (as defined under Section 409A) as of the date of his "separation from service" (as defined under Section 409A) from the Company, then any payment of benefits scheduled to be paid by the Company to Executive during the first six (6) month period following the date of a termination of employment hereunder that constitutes deferred compensation under Code Section 409A shall not be paid until the earlier of (a) the expiration of the six (6) month period measured from the date of Executive's "separation from service" and (b) the date of Executive's death. All payments and benefits that are delayed pursuant to the immediately preceding sentence shall be paid to Executive in

a lump sum as soon as practicable following the expiration of such period (or if earlier, upon Executive's death) but in no event later than thirty (30) days following such period. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, no amount or benefit that is payable upon a termination of employment or services from the Company shall be payable unless such termination also meets the requirements of a "separation from service" under Section 409A. Each payment, including each installment payment, made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A. As such, and to the extent applicable and permissible under Section 409A, each such "separate payment" shall be made in a manner so as to satisfy Section 409A and Treasury Regulations promulgated thereunder, including the provisions which exempt certain compensation from Section 409A, including but not limited to Treasury Regulations Section 1.409A-1(b)(4) regarding payments made within the applicable 2 ½ month period and Section 1.409A-1(b)(9)(iii) regarding payments made only upon an involuntary separation from service. In addition, the parties shall cooperate fully with one another to ensure compliance with Section 409A, including, without limitation, adopting amendments to arrangements subject to Section 409A and operating such arrangements in compliance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, in no event shall the Company make any gross-up payment hereunder as a result of the imposition of any interest or additional taxes under Code Section 409A.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement on this 30th day of October, 2018.

CHURCHILL DOWNS INCORPORATED EXECUTIVE:

By: /s/ Chuck Kenyon
Name: Chuck Kenyon
Its: SVP, Human Resources

/s/ William C. Carstanjen
William C. Carstanjen

CHURCHILL DOWNS INCORPORATED

Executive Change in Control, Severance and Indemnity Agreement

THIS AGREEMENT is made and entered into as of the 30th day of October, 2018 (the "Effective Date"), by and between **Churchill Downs Incorporated** (hereinafter referred to as the "Company") and **William E. Mudd** (hereinafter referred to as the "Executive").

WHEREAS, the Board has approved the Company's entering into change in control, severance and indemnity agreements with certain key executives of the Company; and

WHEREAS, the Executive is a key executive of the Company;

NOW THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of the Executive's advice and counsel notwithstanding the possibility, threat, or occurrence of a Change in Control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive agree as follows:

Article 1. Establishment, Term, and Purpose

This Agreement will commence on the Effective Date and will continue in effect for a three (3) year term, until the third anniversary of the Effective Date. Upon the expiration of the third anniversary of the Effective Date (and each applicable anniversary thereafter, to the extent the Agreement is extended as provided herein), the term of this Agreement will be extended automatically for one (1) additional year, unless either party to this Agreement delivers written notice at least six (6) months prior to such anniversary to the other party that this Agreement will not be extended. In such case, this Agreement will terminate at the end of the term or extended term. Executive hereby acknowledges, for avoidance of doubt, that any termination of this Agreement vis-à-vis notice provided pursuant to this Article 1 shall not constitute an act subject to Section 2.14 or Article 3.

However, in the event a Change in Control occurs during the original or any extended term, this Agreement will remain in effect for the longer of: (i) twenty-four (24) months beyond the month in which such Change in Control occurred; or (ii) until all obligations of the Company hereunder have been fulfilled, and until all benefits required hereunder have been paid to the Executive.

Article 2. Definitions

Whenever used in this Agreement, the following terms will have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

2.1 Agreement - see the recitals to this Agreement.

2.2 Accrued Obligations means the aggregate of (i) an Executive's earned but unpaid Base Salary through the Executive's date of termination; (ii) payment in respect of any paid time off days accrued but unused through the Executive's date of termination, to the extent provided by Company policy; (iii) reimbursement for all business expenses properly incurred in accordance with Company policy prior to the Executive's date of termination and not yet reimbursed by the Company; and (iv) subject to Section 3.3, any earned but unpaid annual bonus in respect of any of the Company's fiscal years preceding the fiscal year in which the termination occurs (provided, however, that if Executive's termination is by the Company for Cause and such event(s) and/or action(s) that constitute Cause are materially and demonstrably injurious to the business or reputation of the Company, then no payment will be made pursuant to this clause (iv)).

2.3 Base Salary means the salary of record paid to an Executive as annual salary, excluding amounts received under incentive or other bonus plans, whether or not deferred.

2.4 Board means the Board of Directors of the Company.

2.5 Cause for termination by the Company of Executive's employment with the Company means any of the following:

- (a) the willful and continued failure of Executive to perform substantially his duties to the Company (other than any such failure resulting from incapacity due to disability), after a written demand to cure such failure (the "Demand to Cure") is delivered to Executive by the Chief Executive Officer or the Board, as the case may be, which specifically identifies the manner in which the Board believes that Executive has not substantially performed his duties;
- (b) Executive's conviction of, or plea of guilty or no contest to (A) a felony or (B) a misdemeanor involving dishonesty or moral turpitude; or
- (c) the willful engaging by Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the business or reputation of the Company.

For purposes of this definition, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon specific authority given pursuant to a resolution duly adopted by the Board or upon instructions of the Chief Executive Officer or the Board, as the case may be, or based upon the advice of counsel of the Company which Executive honestly believes is within such counsel's competence shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The Company shall give written notice to Executive of the termination for Cause. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which the Cause termination is based and such notice shall be given within six (6) months of the occurrence of, or, if later, the Company's actual knowledge of, the act or acts or the failure or failures to act which constitute the grounds for Cause. Executive shall have sixty (60) days upon receipt of the Demand to Cure in which to cure such conduct, to the extent such cure is possible.

2.6 Change in Control has such meaning as is set forth in the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan.

2.7 Code means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

2.8 Common Stock means the common stock, no par value, of the Company.

2.9 Company - see the recitals to this Agreement.

2.10 Disability means that Executive becomes "disabled" within the meaning of Section 409A(a)(2)(C) of the Code or any successor provision and the applicable regulations thereunder.

2.11 Effective Date - see recitals to this Agreement.

2.12 Exchange Act means the Securities Exchange Act of 1934, as amended from time to time.

2.13 Executive - see recitals to this Agreement.

2.14 Good Reason for termination by Executive of Executive's employment means the occurrence (without Executive's express written consent) of any one of the following acts by the Company or failures by the Company to act:

- (a) the assignment to Executive of any duties inconsistent in any material respect with the position

of **President and Chief Operating Officer** (including, office, title and reporting requirements), or the authority, duties or responsibilities of the **President and Chief Operating Officer**, or any other diminution in any material respect in such position, authority, duties or responsibilities unless agreed to by Executive (other than any such diminution resulting from incapacity due to disability);

- (b) the sale or other disposition of a material portion of the business or assets of the Company which results in a material change to the Executive's position as **President and Chief Operating Officer**, or the authority, duties or responsibilities associated with such position (including office, title and reporting requirements);
- (c) the Company's involuntary relocation of Executive's primary office to any location more than 35 miles from the Company's principal executive offices, resulting in a materially longer normal commute for Executive (excluding reasonably required travel on Company business);
- (d) a reduction in Base Salary or annual incentive target opportunity under the Executive Annual Incentive Plan or other such plan; and
- (e) a material reduction in Executive's welfare benefits plans, qualified retirement plan, or paid time off benefit unless other senior executives suffer a comparable reduction.

Following a Change in Control, the Executive's terms and conditions of employment as in effect immediately prior to the Change in Control shall be the basis for determining whether "Good Reason" exists. "Good Reason" for Executive's termination of employment will exist only if (i) Executive gives written notice to the Company of his intention to terminate his employment on account of a Good Reason, with the notice stating in detail the particular act or acts or the failure or failures to act that constitute the grounds on which Executive's Good Reason termination is based and given within six (6) months of the occurrence of the act or acts or the failure or failures to act which constitute the grounds for Good Reason, (ii) the Company fails to cure the conduct within sixty (60) days following receipt of Executive's written notice, and (iii) Executive terminates employment with the Company effective not later than sixty (60) days after the end of the Company's cure period.

2.15 Main Office means 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky.

2.16 Taxes means the incremental United States federal, state and local income, excise and other taxes payable by Executive with respect to any applicable item of income.

2.17 Termination of Employment means a termination by the Company or by Executive of Executive's employment with the Company that constitutes a separation from service under Code Section 409A.

Article 3. Severance Benefits

3.1 Right to Severance Benefits. The Executive will be entitled to receive from the Company Severance Benefits, as described in this Article 3 herein, if the Executive satisfies the conditions set forth in this Article 3. Except with respect to the Accrued Obligations (and subject to Section 3.3, as applicable), in no event herein, except as may be required by applicable federal and/or state law, shall the Executive be entitled to receive any other Severance Benefits if the Executive's employment is terminated (i) for Cause or (ii) due to a voluntary termination without Good Reason.

3.2 Severance Benefits.

- (a) Termination Without Cause by the Company or Voluntary Resignation by Executive for Good Reason. If Executive is terminated by the Company other than for Cause, Disability or death, or if Executive voluntarily resigns for Good Reason, Executive shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) cash payments equal to the product of 1.5 times the sum of (x) Executive's Base Salary (disregarding for this purpose

any reduction in Base Salary that forms the basis for Good Reason) plus (y) Executive's target bonus for the year of the Termination of Employment (disregarding for this purpose any reduction in target bonus that forms the basis for Good Reason), payable in equal installments over the 18 months following Termination of Employment, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) a lump sum amount equal to the prorated in-cycle bonus of Executive's target bonus for the year in which the Executive's Termination of Employment occurs (disregarding for this purpose any reduction in target bonus that forms the basis of Good Reason) based on target performance for such year, and (D) a lump sum amount equal to the total premiums for medical, dental and vision benefits for a three month period which the Executive may, but is not required to, use to pay for COBRA continuation coverage, if applicable. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive in a lump sum amount within sixty (60) days following the Executive's date of termination.

- (b) Termination following a Change in Control. If, during the 2-year period following a Change in Control, Executive is terminated by the Company other than for Cause, Disability or death, or if Executive voluntarily resigns for Good Reason, Executive shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) cash payments equal to the product of 2 times the sum of (x) Executive's Base Salary (disregarding for this purpose any reduction in Base Salary that forms the basis for Good Reason) plus (y) Executive's target bonus for the year of the Termination of Employment (disregarding for this purpose any reduction in target bonus that forms the basis for Good Reason), payable in equal installments over the 18 months following such Termination of Employment, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) a lump sum amount equal to the prorated in-cycle bonus of Executive's target bonus for the year in which the Executive's Termination of Employment occurs (disregarding for this purpose any reduction in target bonus that forms the basis of Good Reason) based on target performance for such year, and (D) a lump sum amount equal to the total premiums for medical, dental and vision benefits for a three month period which the Executive may, but is not required to, use to pay for COBRA continuation coverage, if applicable. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive in a lump sum amount within sixty (60) days following the Executive's date of termination.
- (c) Death. Following a Termination of Employment for death, Executive's estate shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) a pro-rata bonus, if any, for the year of death, based on the target bonus for which Executive was eligible for such year, and paid when bonuses under such applicable bonus plans are normally paid, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) all other benefits and payments per the applicable plan or program, and (D) life insurance benefits paid per such applicable plans. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive's estate in a lump sum amount within sixty (60) days following the Executive's date of termination. All other accrued and vested benefits, if any, due Executive following a Termination of Employment for death shall be determined in accordance with the plans, policies, and practices of the Company.
- (d) Disability. Following a Termination of Employment for Disability, Executive shall receive: (i) the Accrued Obligations; and (ii) subject to Section 3.3, (A) a pro-rata bonus, if any, for the year of Termination of Employment, based on the target bonus for which Executive was eligible for such year, and paid when bonuses under the applicable bonus plans are normally paid, (B) treatment of all equity-based awards per the terms of the applicable plan, award or agreement, (C) all other benefits and payments per the applicable plan or program, and (D)

short-term and long-term disability benefits per the applicable plans. Except for amounts subject to Section 3.3, the remaining Accrued Obligations shall be paid to Executive in a lump sum amount within sixty (60) days following the Executive's date of termination. All other accrued and vested benefits, if any, due Executive following a Termination of Employment for Disability shall be determined in accordance with the plans, policies, and practices of the Company.

3.3 **Release.** Notwithstanding any other provision of this Agreement to the contrary, Executive acknowledges and agrees that any and all payments to which Executive is entitled under this Article 3, which are described as being subject to this Section 3.3 are conditioned upon and shall not be payable unless (A) Executive complies with the covenants set forth in Article 4, (B) Executive, or, if applicable, his or her estate's personal representative, executes a general release and waiver, in such reasonable and customary form as shall be prepared by the Company, of all claims Executive may have against the Company and its directors, officers, subsidiaries and affiliates, except as to (i) matters covered by provisions of this Agreement that expressly survive the termination of this Agreement and (ii) rights to which Executive is entitled by virtue of his participation in the employee benefit plans, policies and arrangements of the Company, within the minimum time period required under applicable state and federal laws, or if no such period, ten business days following the date of Executive's termination, and (C) Executive, or, if applicable, his or his estate's personal representative, has not revoked such release agreement described in Section 3.3(B) within the time permitted under applicable law. Payments subject to this Section 3.3 shall commence or be made, as applicable, on the sixtieth (60th) day after the Termination of Employment, with any payments scheduled to occur between the Termination of Employment and such sixtieth (60th) day provided on such day.

3.4 **Withholding of Taxes.** The Company will be entitled to withhold from any amounts payable under this Agreement all Taxes as may be legally required (including, without limitation, any United States federal taxes and any other state, city, or local taxes).

Article 4. Covenants

- (a) **Confidentiality.** Executive agrees that Executive will not at any time during Executive's employment with the Company or thereafter, except in performance of Executive's obligations to the Company hereunder, disclose, either directly or indirectly, any Confidential Information (as hereinafter defined) that Executive may learn by reason of his association with the Company. The term "Confidential Information" shall mean any past, present, or future confidential or secret plans, programs, documents, agreements, internal management reports, financial information, or other material relating to the business, strategies, services, or activities of the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, including leases, regulatory status, compensation paid to employees, or other terms of employment, and trade secrets, market reports, customer investigations, customer lists, and other similar information that is proprietary information of the Company; provided, however, the term "Confidential Information" shall not include any of the above forms of information which has become public knowledge, unless such Confidential Information became public knowledge due to any act or acts by Executive or his representative(s) in violation of this Agreement. Notwithstanding the foregoing, Executive may disclose such Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company and/or its affiliates, as the case may be, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive

to divulge, disclose or make accessible such information; provided, further, that in the event that Executive is ordered by any such court or other government agency, administrative body, or legislative body to disclose any Confidential Information, Executive shall (i) promptly notify the Company of such order, (ii) at the reasonable written request of the Company, diligently contest such order at the sole expense of the Company as expenses occur, and (iii) at the reasonable written request of the Company, seek to obtain, at the sole expense of the Company, such confidential treatment as may be available under applicable laws for any information disclosed under such order.

Nothing contained herein prohibits Executive from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange.

Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive is further notified that if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

(b) Non-Solicit. During Executive's employment and for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior written consent of the Company, solicit or induce any then-existing employee of the Company or any of its subsidiaries to leave employment with the Company or any of its subsidiaries or contact any then-existing customer or vendor under contract with the Company or any of its subsidiaries for the purpose of obtaining business similar to that engaged in, or received (as appropriate), by the Company, except that Executive shall not be precluded from

(i) hiring any such employee who has been terminated by the Company or its subsidiaries prior to commencement of employment discussions between the Executive or his/her subsequent employer and such employee, (ii) employing or contacting any such person who contacts Executive or his/her subsequent employer on his or her own initiative without any otherwise prohibited solicitation, or (iii) employing or contacting any person as a result of general solicitations not specifically directed at the Company, any of its subsidiaries or any of its employees.

(c) Future Employment. Notwithstanding any provision herein to the contrary, including Executive's compliance with Section 4(b), herein, for two (2) years immediately following a Termination of Employment for any reason, Executive shall not, without the prior consent of the Company, directly or indirectly perform any job, task, function, skill or responsibility for, or render advice or services to, or otherwise assist, a business (including any subsidiary or other related entity of such business, but excluding any tax-exempt, charitable organization), other than the Company, for which William C. Carstanjen provides any such job, task, function, skill or responsibility, or to which Mr. Carstanjen renders advice or

services, or otherwise assists, during the two (2) year period immediately following Executive's Termination of Employment, provided, the Executive shall be permitted to have (or make) a passive investment in, and serve on the board of (without remuneration), any company or business in which Mr. Carstanjen also has (or makes) a passive investment. Notwithstanding the preceding, in the event Executive breaches covenant set forth in this Section 4(d), Executive shall be obligated to repay to Company all benefits previously paid to Executive hereunder and any obligation for the Company to make any future payments hereunder shall cease and shall be rendered null and void.

(d) Non-Disparagement. The Executive agrees that during his employment and following a Termination of Employment for any reason, Executive shall not, directly or indirectly, in any individual or representative capacity whatsoever, make any public or private statements (whether orally or in writing), other than true statements to the extent necessary to prosecute or defend any adversarial proceedings against the Company, that disparage, denigrate or malign the Company or that could be detrimental in any respect to the reputation or goodwill of the Company.

(e) Cooperation. Executive agrees that during his employment or following a Termination of Employment for any reason, Executive shall, upon reasonable

advance notice, assist and cooperate with the Company as is reasonable with regard to any investigation or litigation related to a matter or project in which Executive was involved during Executive's employment. The Company shall reimburse Executive for all reasonable and necessary expenses related to Executive's services under this Section 4(e) (i.e., travel, lodging, meals, telephone and overnight courier) within ten (10) business days of Executive submitting to the Company appropriate receipts and expense statements.

(f) Survivability. The duties and obligations of Executive pursuant to this Section 4 shall survive the termination of this Agreement and Executive's Termination of Employment for any reason.

(g) Remedies. Executive acknowledges that the protections of the Company set forth in this Section 4 are fair and reasonable. Executive agrees that remedies at law for a breach or threatened breach of the provisions of this Section 4 would be inadequate and, therefore, the Company shall be entitled, in addition to any other available remedies, without posting a bond, to equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may be then available.

(h) Limitation. If the duration, scope, or nature of any restriction on business activity covered by any provision of Section 4(b) above is in excess of what is valid and enforceable under applicable law, such restriction shall be construed to limit duration, scope or activity to an extent that is valid and enforceable, with such extent to be the maximum extent possible under applicable law. For Section 4(b) above, Executive hereby acknowledges that such Section shall be given the construction which renders its provisions valid and enforceable to the maximum extent, not exceeding its express terms, possible under applicable law.

Article 5. Tax Adjustment Payment

5.1 Tax Adjustment Payment. In the event that the Executive becomes entitled to Severance Benefits or any other payment or benefit under this Agreement, or under any other agreement with or plan of the Company (in the aggregate, the "Total Payments"), whether or not the Executive has terminated employment with the Company, if all or any part of the Total Payments will be subject to the tax imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed) (the "Excise Tax"), the Total Payments shall be reduced (but not below zero) such that the value of the Total Payments shall be one dollar (\$1) less

than the maximum amount of payments which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code; provided, however, that the foregoing limitation shall not apply in the event that it is determined that the Total Payments on an after-tax basis (i.e., after payment of federal, state, and local income taxes, penalties, interest, and Excise Tax) if such limitation is not applied would exceed the after-tax benefits to the Executive if such limitation is applied. The Executive shall bear the expense of any and all Excise Taxes due on any payments that are deemed to be “excess parachute payments” under Section 280G of the Code.

5.2 Tax Computation. The determination of whether any of the Total Payments will be subject to the Excise Tax and the assumptions to be used in arriving at such determination, shall be made by a nationally recognized certified public accounting firm that does not serve as an accountant or auditor for any individual, entity or group effecting the Change in Control as designated by the Company (the “Accounting Firm”). The Accounting Firm will provide detailed supporting calculations to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive or the Company requesting a calculation hereunder. All fees and expenses of the Accounting Firm will be paid by the Company.

Article 6. The Company's Payment Obligation

The Company's obligation to make the payments and the arrangements provided for herein will be absolute and unconditional, and will not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against the Executive or anyone else. All amounts payable by the Company hereunder will be paid without notice or demand. Subject to the provisions of Sections 3.2 and 3.3 and Article 4, in the event of the Executive's death prior to the full payment of benefits due and owing to the Executive hereunder, any payments still remaining to be made shall be made to the Executive's estate in a single, lump sum amount within sixty (60) days following the Executive's date of death.

The Executive will not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment will in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Agreement.

Notwithstanding anything in this Agreement to the contrary, if Severance Benefits are paid under this Agreement, no severance benefits under any program of the Company, other than benefits described in this Agreement, will be paid to the Executive.

Article 7. Indemnification

7.1 Indemnity of Executive. To the fullest extent permitted by law, and subject only to the exclusions set forth in Sections 7.2 and 7.10 of this Agreement, the Company hereby agrees to hold harmless and indemnify the Executive from and against any and all reasonable costs and expenses (including, but not limited to, attorneys' fees) and any liabilities (including, but not limited to, judgments, fines, penalties and reasonable settlements) paid by or on behalf of, or imposed against, the Executive in connection with any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative, investigative or other (including any appeal relating thereto), whether formal or informal, and whether made or brought by or in the right of the Company or otherwise, in which the Executive is, was or at any time becomes a party or witness, or is threatened to be made a party or witness, or otherwise, by reason of the fact that the Executive is, was or at any time becomes a director, officer, employee or agent of the Company or, at the Company's request, a director, officer, partner, manager, trustee, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise.

7.2 Limitations on Indemnity. No Indemnity pursuant to Section 7.1 of this Agreement shall be paid by the Company:

- (a) if a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, that such indemnification is prohibited by law;
- (b) in connection with any transaction with respect to which a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, (i) that the Executive's personal financial interest was in conflict with the financial interests of the Company or its shareholders and (ii) that the Executive derived an improper personal benefit;
- (c) on account of acts or omissions of the Executive to the extent a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, that such acts or omissions (i) were not in good faith, or (ii) involved intentional misconduct, or (iii) were known to the Executive to be a violation by law;
- (d) in respect of any liability to the extent that a court of competent jurisdiction renders a final adjudication on the merits, in an action, suit or proceeding in which the Executive is a party, that such liability arises under any federal or state statute providing for personal liability by reason of the fact that the Executive is or was a director or officer of the Company, including, by way of example and not limitation, liability under Section 16(b) of the Securities Exchange Act of 1934, as amended, but excluding any liability resulting from actions taken or omitted by the Executive as a fiduciary of an employee benefit plan of the Company to the extent otherwise indemnifiable hereunder;
- (e) to the extent and only to the extent that a majority of the Board of Directors of the Company or a duly designated committee thereof, in either case consisting entirely of directors who are not at the time parties to the claim, action, suit or proceeding against the Executive, determines that the amount of expenses and/or settlements for which indemnification is sought is unreasonable, as determined by an informal survey of the outcomes in similar cases, if any, and/or the Company's previous dealings in other matters or offers of settlement, if applicable; or
- (f) in connection with any claim, action, suit or proceeding if such claim, action, suit or proceeding was initiated by the Executive or his personal or legal representative, or involved the voluntary solicitation or intervention by the Executive or his personal or legal representative (other than an action to enforce indemnification rights or an action initiated with the approval of a majority of the Board of Directors).

7.3 Continuation of Indemnity. All agreements and obligations of the Company contained in this Article 7 shall continue during the period the Executive serves in any capacity entitling the Executive to indemnification under this Article 7 and shall continue thereafter so long as the Executive shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative or other including any appeal relating thereto), whether formal or informal, arising as a result of acts or omissions occurring during the period the Executive served as a director or officer of the Company.

7.4 Notification of Claim. It shall be a condition precedent to indemnification under this Article 7 that, within thirty days after receipt by the Executive of actual notice that the Executive is or will be a party, witness or otherwise involved in any threatened or pending action, suit or proceeding described in Section 7.1, the Executive shall have notified the Company in writing of the assertion or commencement thereof. The omission to so notify the Company will not relieve it from any liability which it may have to the Executive otherwise than under this Article 7.

7.5 Advancement of Costs and Expenses. The costs and expenses (including, but not limited to, attorneys'

fees) incurred by the Executive in investigating, defending, being a witness in, appealing or otherwise participating in any threatened or pending claim or any threatened or pending action, suit or proceeding described in Section 7.1 shall, at the written request of the Executive, be paid by the Company in advance of final judgment or settlement with the understanding, undertaking and agreement hereby made and entered into by the Executive and the Company that the Executive shall, if it is ultimately determined in accordance with Section 7.2 or pursuant to Section 7.10 that the Executive is not entitled to be indemnified, or was not entitled to be fully indemnified, repay to the Company such amount, or the appropriate portion thereof, so paid or advanced. Such advancements shall be made within ten business days of written request therefor by the Executive.

7.6 **Enforcement.** If a claim for payment under this Article 7 is not paid in full by the Company within ninety days after a written demand has been delivered by the Executive to the Company, or within thirty days after delivery of a written demand by the Executive to the Company based upon a final and unappealable judgment of a court of competent jurisdiction, the Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the Executive shall also be entitled to be paid all costs and expenses (including, but not limited to, attorneys' fees) incurred by the Executive in prosecuting such suit. In any suit brought by the Executive to enforce this Article 7, the burden of proof shall be on the Company to establish that the Executive is not entitled to the relief sought under this Article 7.

7.7 **Partial Indemnity.** If the Executive is entitled under any provision of this Article 7 to indemnification by the Company for some or a portion of the costs, expenses, judgments, fines, penalties and amounts paid in settlement, but not for the total amount thereof, the Company shall nevertheless indemnify the Executive for the portion thereof to which the Executive is entitled.

7.8 **Non-exclusivity.** The rights of the Executive under this Article 7 shall be in addition to any other rights the Executive may have under the Articles of Incorporation or Bylaws of the Company or by agreement, vote of shareholders or disinterested directors, as a matter of law or otherwise.

7.9 **Subrogation.** In the event of any payment under this Article 7, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Executive, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents as may be necessary to enable the Company effectively to bring suit to enforce such rights.

7.10 **No Duplication of Payments.** The Company shall not be liable under this Article 7 to make any payment to the extent the Executive has otherwise actually received payment (under any insurance policy, bylaw or otherwise) of the amounts otherwise payable by the Company under this Article 7. The Executive shall use his best efforts to collect from all third parties any amounts otherwise payable by the Company under this Article 7. If the Executive is entitled to but has not received payment from a third party (under an insurance policy or otherwise) of amounts otherwise payable by the Company under this Article 7, the Company shall nevertheless pay the Executive such amounts with the understanding, undertaking and agreement hereby made and entered into by the Executive and the Company that the Executive will repay to the Company such amounts to the extent they are ultimately paid to the Executive by such third party.

7.11 **Directors' and Officers' Liability Insurance.** The Company agrees to maintain in effect throughout the term of Executive's employment with the Company and for a period of two years thereafter, directors' and officers' liability insurance policies for the benefit of the Executive in a form at least as comprehensive as, and in an amount that is at least equal to, that maintained by the Company at such time for any officer or director of the Company.

Article 8. Miscellaneous

8.1 **Employment Status.** The employment of the Executive by the Company is "at will," and may be terminated by either the Executive or the Company at any time, subject to applicable law.

8.2 Resolution of Disputes and Reimbursement of Legal Costs. Except as otherwise provided in Article 4, the Company and Executive agree that any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules then in effect. Venue for any arbitration pursuant to this Agreement will lie in Louisville, Kentucky. Any award entered by the arbitrator(s) shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. Each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and shall share the fees of the American Arbitration Association and the arbitrator(s), if applicable, equally.

8.3 Governing Law. This Agreement will be governed by, and interpreted in accordance with, the laws of the Commonwealth of Kentucky applicable to agreements made and to be wholly performed within the Commonwealth of Kentucky, without regard to the conflict of laws provisions of any jurisdiction which would cause the application of any law other than that of the Commonwealth of Kentucky.

8.4 Entire Agreement/Amendments. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations, representations or proposals, whether written or oral. Without limitation of the foregoing, this Agreement supersedes and replaces in its entirety that certain Executive Change in Control, Severance and Indemnity Agreement between the Company and the Executive dated August 27, 2014, which is terminated and no longer effective as of the Effective Date of this Agreement. Notwithstanding the preceding, and for purposes of clarity, this Agreement does not supersede or replace any award previously granted to the Executive under the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan.

This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto. Articles 3, 4 and 7 of this Agreement shall survive the termination of Executive's employment with the Company, except as otherwise specifically stated therein.

8.5 Neutral Interpretation. This Agreement constitutes the product of the negotiation of the parties hereto and the enforcement of this Agreement shall be interpreted in a neutral manner, and not more strongly for or against any party based upon the source of the draftsmanship of the Agreement. Each party has been provided ample time and opportunity to review and negotiate the terms of this Agreement and consult with legal counsel regarding the Agreement.

8.6 No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

8.7 Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

8.8 Successors.

- (a) This Agreement is personal to Executive and shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.
- (b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to all or a substantial portion of its business and/or assets, by agreement in form and substance reasonably satisfactory to Executive, expressly to assume

and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform this Agreement if no such succession had taken place. Regardless of whether such an agreement is executed, this Agreement shall be binding upon any successor of the Company and such successor shall be deemed the "Company" for purposes of this Agreement.

8.9 Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, if sent by facsimile transmission or if mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission, and (iii) notices sent by United States registered mail shall be deemed given two days after the date of deposit in the United States mail.

If to the Company, to:

Churchill Downs Incorporated
Attn: Senior Vice President, Human Resources
600 N. Hurstbourne Parkway, Ste. 400
Louisville, KY 40222

with copy to:

Churchill Downs Incorporated
Attn: General Counsel
600 N. Hurstbourne Parkway, Ste. 400
Louisville, KY 40222

If to Executive, to

Churchill Downs Incorporated
Attn: William Mudd
600 N. Hurstbourne Parkway, Ste. 400
Louisville, KY 40222

8.10 Counterparts and Signatures. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures delivered by facsimile or PDF file shall constitute original signatures.

8.11 Code Section 409A. It is intended that any amounts payable under this Agreement and the Company's and Executive's exercise of authority or discretion hereunder shall comply with Code Section 409A (including the Treasury regulations and other published guidance relating thereto) so as not to subject Executive to the payment of any interest or additional tax imposed under Code Section 409A. To the extent any amount payable under this Agreement would trigger the additional tax imposed by Code Section 409A, the Agreement shall be modified to avoid such additional tax. Notwithstanding the foregoing, to the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A and the rules and regulations thereunder ("Section 409A"), if Executive is a "specified employee" (as defined under Section 409A) as of the date of his "separation from service" (as defined under Section 409A) from the Company, then any payment of benefits scheduled to be paid by the Company to Executive during the first six (6) month period following the date of a termination of employment hereunder that constitutes deferred

compensation under Code Section 409A shall not be paid until the earlier of (a) the expiration of the six (6) month period measured from the date of Executive's "separation from service" and (b) the date of Executive's death. All payments and benefits that are delayed pursuant to the immediately preceding sentence shall be paid to Executive in a lump sum as soon as practicable following the expiration of such period (or if earlier, upon Executive's death) but in no event later than thirty (30) days following such period. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, no amount or benefit that is payable upon a termination of employment or services from the Company shall be payable unless such termination also meets the requirements of a "separation from service" under Section 409A. Each payment, including each installment payment, made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A. As such, and to the extent applicable and permissible under Section 409A, each such "separate payment" shall be made in a manner so as to satisfy Section 409A and Treasury Regulations promulgated thereunder, including the provisions which exempt certain compensation from Section 409A, including but not limited to Treasury Regulations Section 1.409A-1(b)(4) regarding payments made within the applicable 2 ½ month period and Section 1.409A-1(b)(9)(iii) regarding payments made only upon an involuntary separation from service. In addition, the parties shall cooperate fully with one another to ensure compliance with Section 409A, including, without limitation, adopting amendments to arrangements subject to Section 409A and operating such arrangements in compliance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, in no event shall the Company make any gross-up payment hereunder as a result of the imposition of any interest or additional taxes under Code Section 409A.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement on this 30th day of October, 2018.

CHURCHILL DOWNS INCORPORATED EXECUTIVE:

By: /s/ Chuck Kenyon
Name: Chuck Kenyon
Its: SVP, Human Resources

/s/ William E. Mudd
William E. Mudd