



May 6, 2009

## Churchill Downs Incorporated Reports 2009 First-Quarter Results

**Churchill Downs Incorporated (NASDAQ: CHDN) ("Company") today reported results for the first quarter ended March 31, 2009.**

Net revenues from continuing operations for the first quarter of 2009 totaled \$73.7 million, an increase of 12 percent over net revenues from continuing operations of \$65.7 million recorded during the first quarter of 2008. Net revenues from continuing operations for the quarter were positively affected by the continued strong first quarter performance of the Company's gaming operations in Louisiana, which opened its permanent facility in November 2008, as well as the continued growth of its on-line businesses, including TwinSpire.com. Additionally, we benefited from the receipt of \$4.3 million in one-time source market fees paid to Arlington Park, previously held in escrow by the National Thoroughbred Racing Association ("NTRA"), during the first quarter of 2009.

Net loss from continuing operations for the period was \$5.1 million, or \$0.37 per diluted common share, compared to net earnings from continuing operations of \$0.8 million, or \$0.06 per diluted common share, in the same period of 2008. Total EBITDA (earnings before interest, taxes, depreciation and amortization) decreased to a loss of \$0.9 million in the first quarter of 2009, compared to income of \$9.3 million for the first quarter of 2008. Net (loss) earnings from continuing operations and EBITDA for the quarter were lower year-over-year primarily due to the recognition of \$17.2 million in insurance recoveries during the first quarter of 2008 related to damages sustained at Fair Grounds Race Course & Slots ("Fair Grounds") from Hurricane Katrina. Factors positively impacting net (loss) earnings from continuing operations and EBITDA for the period included increased wagering activity in existing accounts through TwinSpire, increased revenues related to the permanent slot facility at Fair Grounds, and the recognition of \$2.2 million of source market fees received from the NTRA, which is net of the related purse expense.

Churchill Downs Incorporated President and Chief Executive Officer Robert L. Evans said the Company continued to make steady progress during the quarter. "Despite the continued challenges of the economy, Churchill Downs Incorporated showed solid results during the first quarter of 2009. We grew total net revenues from continuing operations by 12 percent during the period. Our On-line Business generated \$16.8 million in net revenue from continuing operations, a 19 percent increase over the first quarter of 2008, and our Gaming Business generated \$17.9 million in net revenue from continuing operations, up 43 percent over the \$12.5 million generated a year prior. Average daily gross win per unit at our permanent slots facility at Fair Grounds is \$243. The insurance recoveries recorded in the prior year by our Racing Operations were the primary driver for our year-over-year decreases in net earnings from continuing operations and EBITDA. Otherwise, we experienced the continued success of our expanded gaming operation in Louisiana and the growth of our advance-deposit wagering ("ADW") platform, TwinSpire.com. We also continued to repay bank debt in the first quarter of 2009 and maintain our strong balance sheet.

"Although our On-line and Gaming Businesses continue to gain market share and post strong numbers, we believe the soft economy contributed to a 6 percent decline in our pari-mutuel handle for the first three months of 2009 compared to the same period of 2008. Total handle for the domestic pari-mutuel industry was down by 9 percent in the first quarter, according to figures published by Equibase. We remain in a solid financial position, however, as we begin our current racing meets at Churchill Downs, Arlington Park and Calder Race Course.

"We continue to pursue expanded gaming in Kentucky and Illinois in an effort to remain competitive with surrounding states and with other gaming opportunities available to our customers.

"We were pleased to see the continued popularity of our signature racing events last weekend, as the 135th running of the Kentucky Derby Presented by Yum! Brands drew a crowd of 153,563 and wagering of over \$155 million on the day, while the 135th running of the Kentucky Oaks produced a crowd of 104,867 and all-sources wagering of over \$30 million on the card. Despite the very difficult economy, we again conducted the biggest weekend of racing in North America that produced solid overall handle figures and treated our fans to another extraordinary edition of the Kentucky Derby. I would like to take this opportunity to again congratulate all those involved with Mine That Bird on their historic victory, and we wish them the best of luck throughout the Triple Crown series.

"We continue to innovate and improve both the on- and off-track experience for our fans. This year's Kentucky Oaks and Kentucky Derby included the brand-new Infield Club hospitality area; our Chief Party Officer promotion; new Oaks and Derby Day wagers; the Kentucky Derby Red Carpet Show; KentuckyDerbyParty.com; television coverage on Oaks Day through the Bravo network; and a new partnership with Susan G. Komen for the Cure on Kentucky Oaks Day to raise funds for breast

cancer awareness and research. I am proud of the Churchill Downs team's hard work and dedication, and look forward to further discussing the financial impact of our marquee racing event during our second-quarter report."

A conference call regarding this news release is scheduled for Thursday, May 7, 2009, at 9 a.m. EDT. Investors and other interested parties may listen to the teleconference by accessing the online, real-time webcast and broadcast of the call at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com) or [www.earnings.com](http://www.earnings.com), or by dialing (866) 804-6920 and entering the pass code 68349677 at least 10 minutes before the appointed time. The online replay will be available at approximately noon EDT and continue for two weeks. A two-week telephonic replay will be available one hour after the call ends by dialing (888) 286-8010 and entering 22275169 when prompted for the access code. A copy of the Company's news release announcing quarterly results and relevant financial and statistical information about the period will be accessible at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com).

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has provided a non-GAAP measurement, which presents a financial measure of earnings before interest, taxes, depreciation and amortization ("EBITDA"). Churchill Downs Incorporated uses EBITDA as a key performance measure of results of operations for purposes of evaluating performance internally. The Company believes the use of this measure enables management and investors to evaluate and compare, from period to period, the Company's operating performance in a meaningful and consistent manner. This non-GAAP measurement is not intended to replace the presentation of the Company's financial results in accordance with GAAP.

Churchill Downs Incorporated ("Churchill Downs"), headquartered in Louisville, Ky., owns and operates world-renowned horse racing venues throughout the United States. Churchill Downs' four racetracks in Florida, Illinois, Kentucky and Louisiana host many of North America's most prestigious races, including the Kentucky Derby and Kentucky Oaks, Arlington Million, Princess Rooney Handicap and Louisiana Derby. Churchill Downs racetracks have hosted seven Breeders' Cup World Championships. Churchill Downs also owns off-track betting facilities and has interests in various advance-deposit wagering, television production, telecommunications and racing services companies, including a 50-percent interest in the national cable and satellite network HorseRacing TV™, that support the Company's network of simulcasting and racing operations. Churchill Downs trades on the NASDAQ Global Select Market under the symbol CHDN and can be found on the Internet at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com).

Information set forth in this news release contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the Act. The reader is cautioned that such forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. Forward-looking statements are typically identified by the use of terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project," "should," "will," and similar words, although some forward-looking statements are expressed differently. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from expectations include: the effect of global economic conditions, including any disruptions in the credit markets; the effect (including possible increases in the cost of doing business) resulting from future war and terrorist activities or political uncertainties; the overall economic environment; the impact of increasing insurance costs; the impact of interest rate fluctuations; the effect of any change in our accounting policies or practices; the financial performance of our racing operations; the impact of gaming competition (including lotteries and riverboat, cruise ship and land-based casinos) and other sports and entertainment options in those markets in which we operate; the impact of live racing day competition with other Florida and Louisiana racetracks within those respective markets; costs associated with our efforts in support of alternative gaming initiatives; costs associated with customer relationship management initiatives; a substantial change in law or regulations affecting pari-mutuel and gaming activities; a substantial change in allocation of live racing days; changes in Illinois law that impact revenues of racing operations in Illinois; the presence of wagering facilities of Indiana racetracks near our operations; our continued ability to effectively compete for the country's top horses and trainers necessary to field high-quality horse racing; our continued ability to grow our share of the interstate simulcast market and obtain the consents of horsemen's groups to interstate simulcasting; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to successfully complete any divestiture transaction; our ability to execute on our permanent slot facility in Florida; market reaction to our expansion projects; the loss of our totalisator companies or their inability to provide us assurance of the reliability of their internal control processes through Statement on Auditing Standards No. 70 audits or to keep their technology current; the need for various alternative gaming approvals in Louisiana; our accountability for environmental contamination; the loss of key personnel; the impact of natural disasters on our operations and our ability to adjust the casualty losses through our property and business interruption insurance coverage; any business disruption associated with a natural disaster and/or its aftermath; our ability to integrate businesses we acquire, including our ability to maintain revenues at historic levels and achieve anticipated cost savings; the impact of wagering laws, including changes in laws or enforcement of those laws by regulatory agencies; the outcome of pending or threatened litigation, including the outcome of any counter-suits or claims arising in connection with a

pending lawsuit in federal court in the Western District of Kentucky styled Churchill Downs Incorporated, et al v. Thoroughbred Horsemen's Group, LLC, Case #08-CV-225-S; changes in our relationships with horsemen's groups and their memberships; our ability to reach agreement with horsemen's groups on future purse and other agreements (including, without limiting, agreements on sharing of revenues from gaming and advance deposit wagering); the effect of claims of third parties to intellectual property rights; and the volatility of our stock price.

[Click here for financial tables.](#)