



October 5, 2012

Churchill Downs Incorporated to Acquire Riverwalk Casino and Hotel in Vicksburg, Miss.

LOUISVILLE, Ky., Oct. 5, 2012 (GLOBE NEWSWIRE) -- Churchill Downs Incorporated ("CDI" or "Company") (Nasdaq:CHDN) announced today, Friday, October 5, 2012, that it has entered into a definitive purchase agreement to acquire Riverwalk Casino and Hotel ("Riverwalk" or "Sellers") in Vicksburg, Miss., for total consideration of approximately \$141 million, to be paid in cash.

The transaction, which is contingent upon the Company securing a gaming license from the Mississippi Gaming Commission and other usual and customary closing conditions, is anticipated to close by the end of the year. If certain closing conditions are not satisfied, the Company could be obligated to pay a \$7 million termination fee.

The transaction price represents a multiple of approximately 7.4 times the property's trailing twelve month EBITDA (earnings before interest, taxes, depreciation and amortization) and will be funded through the Company's existing credit facility. While the acquisition is an equity transaction, for tax purposes it will be treated as an asset transaction which the Company expects will provide tax benefits that will effectively reduce the transaction price multiple to approximately 6.4 times the property's trailing twelve month EBITDA.

The transaction is expected to be immediately accretive to earnings per share by approximately \$0.31.

Based on historical performance, the Company estimates that Riverwalk's annual impact is expected to be approximately \$55 million in revenue (net of promotional allowances), \$19 million in EBITDA, and \$9.9 million in free cash flow (EBITDA minus maintenance capital, interest and taxes).

CDI Chairman and CEO Robert L. Evans said this acquisition continues to reflect CDI's commitment to the Company's growth via diversification strategy.

"We are excited to have another property in the business-friendly state of Mississippi to add to our Harlow's Casino Resort & Hotel property in Greenville, located 90 miles north of Riverwalk along the Mississippi River," Evans said. "Riverwalk is an attractive investment for CDI as it is a newer facility with superior design, high quality amenities and is operated by an outstanding team of over 400 employees with whom we look forward to working in the near future. We continue to look for opportunities to invest capital in growth opportunities, and we are hopeful that other jurisdictions, such as Kentucky and Illinois, will offer us a similar opportunity to invest and create jobs in the near future."

Greg Carlin, CEO of Riverwalk and Rush Street Gaming, said, "We're grateful to the entire Riverwalk team for its dedication and hard work in making Riverwalk the best casino in Vicksburg." Carlin went on to note that, "Operations at our remaining casinos in the U.S. and Canada are unaffected by this transaction and we continue to pursue new development opportunities."

Riverwalk, which is located on approximately 22 acres of land in Vicksburg, Miss., on the Mississippi River less than one mile from Interstate 20, features a 25,000-square-foot single-level gaming floor with 723 Class III slot machines and 18 table games; a five-story, 80-room attached hotel; a 5,600-square-foot multi-functional event center overlooking the river; and two separate dining areas. Of the 19 Mississippi casinos located along the Mississippi River, Riverwalk was one of the two facilities that were not forced to close in 2011 due to record flooding.

The property, which opened in October 2008, is operated by Magnolia Hill, LLC and is owned by High River Gaming, LLC; JB3 Corporation; and Taiman Holdings Corporation. Neil Bluhm is the largest principal in Riverwalk with an approximately 70 percent equity position.

Sidley Austin LLP is acting as legal advisor to the Company in this transaction. Macquarie Capital is acting as financial advisor and Perkins Coie, LLP is acting as legal advisor to the Sellers in this matter.

About Churchill Downs Incorporated

Churchill Downs Incorporated ("CDI") (Nasdaq:CHDN), headquartered in Louisville, Ky., owns and operates the world-renowned Churchill Downs Racetrack, home of the Kentucky Derby and Kentucky Oaks, as well as racetrack and casino operations and a poker room in Miami Gardens, Fla.; racetrack, casino and video poker operations in New Orleans, La.; racetrack operations in Arlington Heights, Ill.; and a casino resort in Greenville, Miss. CDI also owns the country's premier advance-deposit wagering company, TwinSpires.com; the totalisator company, United Tote; Bluff Media, an Atlanta-based multimedia poker content, brand and publishing company; and a collection of racing-related telecommunications and data companies. Information about CDI can

be found online at 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," "hope," "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; a decrease in consumers' discretionary income; 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, online gaming and riverboat, cruise ship and land-based casinos) and other sports and entertainment options in the markets in which we operate; our ability to maintain racing and gaming licenses to conduct our businesses; the impact of live racing day competition with other Florida, Illinois and Louisiana racetracks within those respective markets; the impact of higher purses and other incentives in states that compete with our racetracks; 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 Kentucky, Florida, Illinois or Louisiana law or regulations that impact revenues or costs of racing operations in those states; the presence of wagering and gaming operations at other states' racetracks and casinos near our operations; our continued ability to effectively compete for the country's horses and trainers necessary to achieve full field horse races; 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 enter into agreements with other industry constituents for the purchase and sale of racing content for wagering purposes; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to successfully complete any divestiture transaction; market reaction to our expansion projects; the inability of our totalisator company, United Tote, to maintain its processes accurately or keep its technology current; our accountability for environmental contamination; the ability of our online business to prevent security breaches within its online technologies; the loss of key personnel; the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses (including losses related to business interruption); our ability to integrate any businesses we acquire into our existing operations, 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; 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.

CONTACT: Courtney Yopp Norris

(502) 636-4564

Courtney.Norris@kyderby.com