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Churchill Downs Incorporated
(NASDAQ: CHDN)

Bill Mudd
EVP & CFO



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Forward-Looking Statements

In addition to historical facts or statements of current conditions, this presentation contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results, or otherwise are not statements of historical fact. The actual performance of the Company may differ materially from what is projected in such forward-looking statements.

Investors should refer to statements included in reports filed by the Company with the Securities and Exchange Commission for discussion of additional information concerning factors that could cause our actual results of operation to differ materially from the forward-looking statements made in this presentation.

The information being provided today is as of this date only, and Churchill Downs Incorporated expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements to reflect any changes in expectations.



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Agenda:

- I. Strategic direction - historical perspective
- II. Growth Strategy
 - i. The Kentucky Derby & Oaks / Racing
 - ii. On-Line Gaming
 - iii. Casino Gaming
 - iv. Churchill Downs Entertainment
- III. Financials
- IV. Q&A



Historical Perspective: Derby & Oaks

Kentucky Oaks & Kentucky Derby

Trend



	<u>2004</u>	<u>2009</u>
Attendance	238,499	258,430
Handle	\$174 mil.	\$186 mil.
% U.S. Industry	~1.2%	~1.5%
TV Programming	1.5 Hours	3.0 Hours

- 135 Years of History
- The longest continuously held sporting event in the U.S.
- #10 on Forbes list of “The Worlds Most Valuable Sports Events Brands”



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Historical Perspective: Live Racing

Live Racing

Trend



	<u>2004</u>	<u>2009</u>
CDI Race Tracks	7	4
CDI Race Days	640	407

- Sold Hollywood Park in 2005
- Sold Ellis Park in 2006
- Sold Hoosier Park in 2007



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Historical Perspective: Gaming

Gaming

Trend



	<u>2004</u>	<u>2009</u>	
Video Poker Machines	758 ^{-a)}	809	
Slots - New Orleans	-	606	
Poker Tables – Miami Gardens	-	29	
Slots – Miami Gardens	-	1,245	Opened 1/22/10

- Local gaming strategy focused on ROI
- Permanent New Orleans facility opened Nov, '08
- New 104,000 sq ft, \$85 million facility opened January 22, 2010 in Miami Gardens, FL

(a – Note: Purchased Fair Grounds in Oct, 2004



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Historical Perspective: On-Line

On-Line Wagering (ADW)

	<u>2004</u>	<u>2009</u>	Trend 
Handle (\$ millions)	\$0	\$330	
BRIS Data business	x	✓	
HRTV	x	✓	

- Started TwinSpire.com in Q2 2007
- Purchased and integrated AmericaTab & BRIS in mid-2007
- Announced definitive agreement to acquire Youbet.com, Inc on Nov 11th, 2009
 - Innovation and efficiency gains
 - United Tote business



Historical Perspective: Entertainment

Entertainment

Jazz Fest Host

2004

✓^{-a)}

HullabaLOU

✗

Wine & Food Festivals

✗

Other

The Rolling Stones Concert - 2006

The Police Concert – 2007

2009

✓

✓

✓

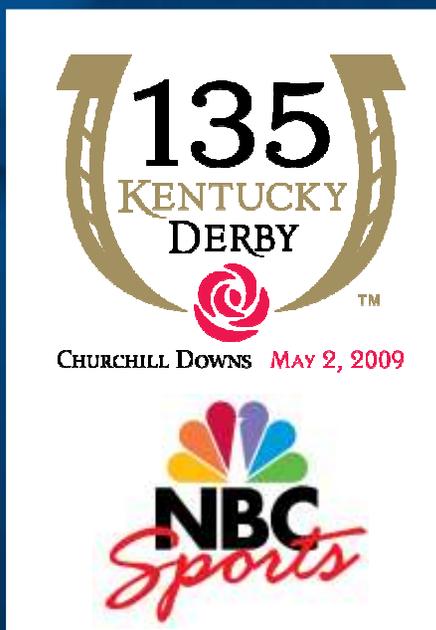
Trend



(a – Note: Purchased Fair Grounds in Oct, 2004; Jazz Fest hosted by previous owners



The Kentucky Derby & Oaks



TV ratings up 11% in 2009
 16.3 million Derby viewers;
 Most in 20 years



First Sports Illustrated cover since Smarty Jones in 2004. Before that, Sunny's Halo in 1983

The Kentucky Oaks ... more than the 'day before Derby'



- Make it a stand alone event
- Focus on women and their interest
- Moved coverage to Bravo, better demographics:
 - Same number of viewers
 - Median age dropped from 58.1 to 49.1
 - Female viewers increased from 21% to 49% of audience
- Susan G. Komen for the Cure

Expanded Network Coverage	2007	2008	2009
Access Hollywood @ The Derby		30 min.	60 min.
Red Carpet	30 min.	30 min.	30 min.
Pre-Race	30 min.	45 min.	30 min.
Race	60 min.	60 min.	60 min.
Total	2 hours	2 hrs. 45 min.	3 hours

U.S. Thoroughbred Racing Handle Declining

Dollars in Millions



Source: Jockey Club Fact Book.Equibase for 20009

Note: Inflation averaged 2.7% and 3.4% over the last 10 and 4 years, respectively (CPI).

Customers Increasingly Choose to Wager On-Line

Dollars in Millions

The only channel growing handle in thoroughbred racing... \$1.6B growth in last 9 years

On-Line

Industry



% On-Track	16%	14%	13%	13%	12%	12%	11%	11%	11%	11%
% On-Line	0%	1%	3%	6%	7%	9%	9%	10%	11%	13%

-a) Source: Oregon Racing Commission
 Note: Includes all handle through Oregon Racing Commission with the exception of IRG
 2010 Estimated based on 9 mos. Data extrapolated for TY industry handle



Using Technology to Grow On-Line Wagering



- ❑ First Internet Protocol TV Network devoted to Thoroughbred Racing
- ❑ “My OTB” - wager & watch! from virtually anywhere
- ❑ Watch up to five live tracks at once; access simulcast feeds across most tracks
- ❑ Wagering, Program & Handicapping information synchronized with Video
- ❑ Integrated BRIS handicapping data
- ❑ Ability to display races in High-Definition 16:9 aspect ratio

On-Line Acquisition: Youbet.com

Dollars in Millions

- Nov 11th, 2009: Announced a definitive merger agreement to acquire Youbet.com
- Valued at \$126.2 million at the time of the announcement

Deal Rationale:

- ✓ The On-Line wagering channel is growing
- ✓ Better innovation & features for our customers
- ✓ Synergy savings in excess of \$10 million/year
- ✓ Better positioned to pursue other on-line business opportunities
- ✓ Improved tote stability for our tracks & ADW

Youbet.com Handle



Youbet.com Revenue



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Growing our Casino Gaming Business



Fair Grounds Slots
Opened November 2008



Calder Slots
Opened January 2010



Growing Our Entertainment Offerings



The Rolling Stones at Churchill Downs



JazzFest Hosted at Fair Grounds



The Police at Churchill Downs

Growing Our Entertainment Offerings



- Announced Nov 30, 2009
- 3 day, 65+ act Kentucky music & arts festival targeted at 35-54 year old demographic
- 5 themed stages, music genre to match market research
- July 23-25, 2010 – fits ‘window of opportunity’ in Midwest entertainment and routing schedule
- Named headliner each day on main stage
 - Bon Jovi
 - Kenny Chesney
 - Dave Matthews Band



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Growth Summary

2010

Racing /
Derby

+ Night Racing
+ Breeder's Cup

On-Line

+ Channel shift / organic
+ Youbet.com acquisition

Gaming

+ Calder casino opening
+ New OTB – Chalmette

Entertainment

+ HullabaLOU
+ Food & Wine Festivals

2011 & Beyond

→ New TV & Presenting Sponsor
→ Derby pricing and attendance

+ Channel shift / organic
+ Youbet.com carryover
→ Expansion beyond pari-mutuel

+ Calder casino carryover
→ Gaming opportunities in
IL or KY

→ Other venues and events



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Financials - Revenue

Dollars in Millions

Annual Revenues



Significantly diversified revenue mix

- ✓ Gaming now 14% of total ... growing with Calder Casino in '10
- ✓ On-Line now 16% of total, growing with Youbet.com acquisition
- ✓ Racing/Derby declining slightly

	2005	2009	CAGR
Racing/Derby	\$344	\$307	(3)%
Gaming	12	62	51%
On-Line	0	71	Fav.
Total	\$356	\$440	5%

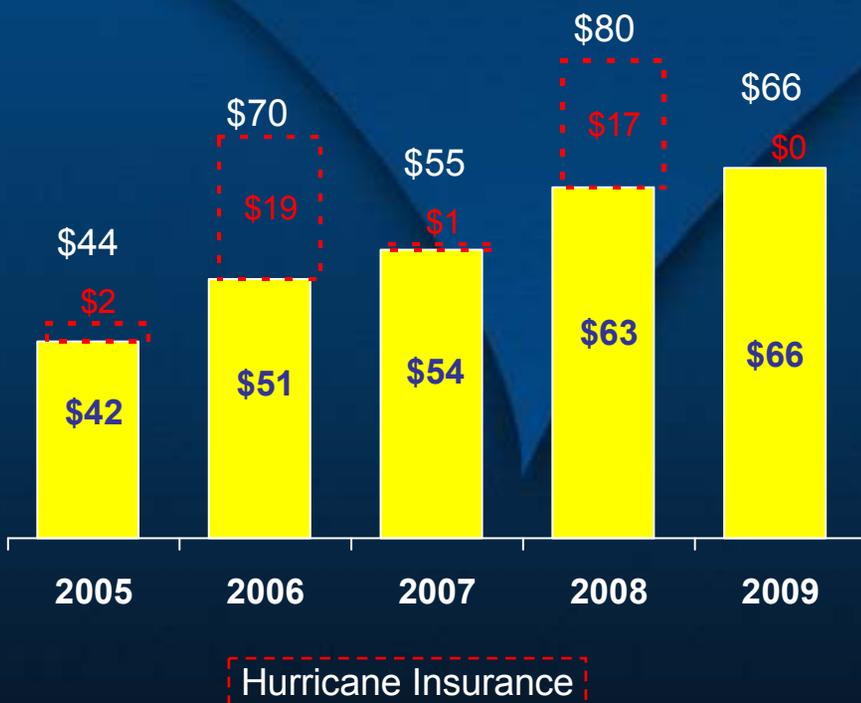


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Financials - EBITDA

Dollars in Millions

Annual EBITDA



Significantly diversified EBITDA

- ✓ On-Line up 11 points in 2009 to 21% of EBITDA in '09...growing with Youbet.com / organic growth
- ✓ Racing / Derby now approx. half of EBITDA in '09, diversifying around core business
- ✓ Gaming down 2 points in '09, resulting from Calder pre-opening costs, growing in '10 / '11

% of Total Company EBITDA

	<u>2006</u>	<u>2008</u>	<u>2009</u>
Racing/Derby	84%	63%	53%
Gaming	21%	30%	28%
On-Line	- %	10%	21%
Corp/Other	(5)%	(3)%	(2)%

(Note: excludes hurricane insurance recoveries in each year)

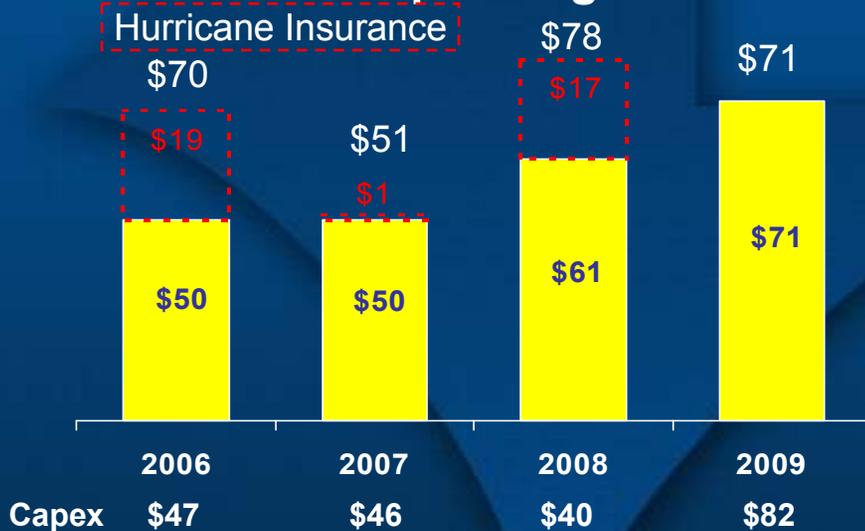


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Financials – Cash Flow & Debt

Dollars in Millions

Cash From Operating Activities



Very Strong Balance Sheet

- ✓ Very strong cash flow generation
- ✓ Amended and expanded credit facility in December, 2009 to \$275 million
- ✓ Cash flow values back-stopped with hard assets/real estate

Bank Revolver Long-Term Debt



Capital Spending Drivers

- 2006: Fair Grounds hurricane repairs
- 2007: FGs temporary slots facility + Arlington PolyTrack
- 2008: FGs permanent slots facility
- 2009: Calder Casino

Summary

- Best known brands in our industry
- Diversified growth strategy
- Strong cash flow with access to capital
- Strong balance sheet, back stopped with real assets
- Careful cost management
- Proven management team with a record of success



Questions?



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