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# Churchill Downs Incorporated

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## Code of Conduct

Version 2.1

February, 2012



**CHURCHILL DOWNS**  
I N C O R P O R A T E D

Dear CDI Employee:

Welcome to Churchill Downs Incorporated (“CDI” or the “Company”). CDI has successfully attained a leadership position in the Thoroughbred racing industry, and its racetracks, account-wagering platform, TwinSpires.com, and casinos, along with its subsidiaries and affiliates are poised to set the standard for future racing and gaming opportunities. We can only continue to progress and grow if we adhere to the principles and values that have served us for hundreds of years and helped us to grow our business in an ethical and responsible manner.

CDI’s reputation is a priceless asset that each of us is responsible for maintaining. Our Company is committed to maintaining the highest level of integrity in its business dealings with people, organizations, communities and governments wherever we operate. We must maintain our outstanding reputation for honesty and the highest ethical standards, and we can only achieve this goal through our actions. We should and do take great pride as we build this reputation.

This Code of Conduct has been prepared to assist you in performing your job. This Code of Conduct states the corporate principles and defines the standards of conduct for employees who are the foundation of our business operations. As an employee of CDI, you are expected to use the Code to guide you as you carry out your job.

The Code cannot, and does not, cover every situation in which choices and decisions must be made. Other Company policies, practices and procedures, as well as common sense, also apply. Each of us has a personal responsibility to abide by these standards. We must remember that misconduct by only a few can discredit our Company, harm our reputation and reflect poorly on all of us. Misconduct is often motivated not by personal gain, but rather by the belief that it is somehow benefiting our Company. This is a mistaken belief. Unlawful or improper business conduct can only harm our Company.

In summary, as you conduct the Company’s business, remember that observing the law is a requirement without exception, but that is not enough. We must also adhere to the Company’s Code of Conduct. I expect you to read our Code of Conduct and the other policies and apply them to your work. If you have any questions about how its principles, or about how any of the Company’s standards or policies apply, please seek answers from your immediate supervisor, the head of your facility or business unit, Human Resources Director, Corporate Human Resources or our Company’s Legal Department.

The continuing success of our Company is dependent upon maintaining and enhancing our reputation, a goal that is largely in your hands. Please acknowledge your understanding of the CDI Code of Conduct by signing the final page of this booklet and returning it to the Human Resource representative at your facility.

Sincerely,  
Robert L. Evans  
Chairman and Chief Executive Officer



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# **INTRODUCTION**

Churchill Downs Incorporated (“CDI”, “We”, “our”, “us” or the “Company”) is committed to the highest standards of ethical business conduct in accordance with all applicable laws, rules and regulations. The Board of Directors has approved this Code of Conduct (the "Code") as a set of guidelines for Company employees and officers (“You”), intended to promote honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with applicable governmental laws, rules and regulations; and to provide guidance to help you recognize and deal with ethical issues. We expect our consultants to generally abide by this Code.

This Code will help guide your conduct in the course of our business. Many of the principles described in this Code are general in nature, and the Code does not cover every situation that may arise. Use common sense and good judgment in applying this Code. If you have any questions about applying the Code, it is your responsibility to seek guidance from management.

This Code is not the exclusive source of guidance and information regarding the conduct of our business. You should consult applicable policies and procedures in specific areas as they apply. Should there be a conflict or inconsistency between this Code and other policies of the Company, those policies shall apply.

You should not hesitate to ask your supervisor questions about whether any conduct may violate the Code, voice concerns or clarify gray areas with your Manager. You have a duty to report any known or suspected violation of this Code to management, including any violation of laws, fraud, rules, regulations or policies that apply to our Company without fear of retaliation

Any employee or officer who violates the standards in the Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of employment, may result in discipline up to and including termination of employment and, in appropriate cases, civil legal action or referral for regulatory or criminal prosecution.

We are committed to continuously reviewing and updating our policies and procedures. The Company reserves the right to amend, alter, or terminate this Code at any time and for any reason, subject to applicable law. The current version of this Code will be posted and maintained on CCNnet at [www.ccnnet.net/departments/company\\_policies.html](http://www.ccnnet.net/departments/company_policies.html). A paper copy can also be obtained from the Human Resources Director at your site. Amendments will also be posted on the corporate website, [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com), as required by applicable law.

You are expected to adhere to this Code as a condition of employment; however, nothing contained in this Code is to be construed as a contract of employment. Any waiver of the Code for Executive Officers may be made only by the Board of Directors and must be disclosed to shareholders, along with the reasons for the waiver.

## **Management Responsibilities**

If you supervise others, you have an important responsibility to lead by example and maintain the highest standards of behavior. You are expected to create an environment where employees understand their ethical responsibilities and feel comfortable raising issues and concerns to you without fear of retaliation. If an issue is raised, you must take prompt action to address the concerns and correct problems that arise.

You must also make sure that each employee under your supervision understands our Code and the policies, laws and regulations that affect our workplace. Most importantly, you must ensure that employees understand that business performance is never more important than ethical business conduct.

## Employee Responsibilities

As a CDI employee, you are expected to comply with both the letter and the spirit of our Code. This means you must understand and comply with all of the Company's policies, laws and regulations that apply to your job.

Periodically, you may be asked to provide a written certification that you have reviewed and understand CDI's Code of Conduct, have complied with its standards and are not personally aware of any violations of the Code by others. This certification is your pledge to live up to our Code and its expectations and to promptly raise concerns about any situation that you think may violate our Code. Employees who violate our Code put themselves, their fellow employees and our Company at risk and are subject to disciplinary action up to and including termination of employment.

Never engage in behavior that harms the reputation of the Company. If you wouldn't want to tell your family about your actions – or wouldn't want to read about it in a newspaper – don't do it.

## Compliance Hotline

We promote an open door policy for communicating concerns to management in our workplaces. Most compliance matters may be resolved by openly communicating any concerns to your supervisor or a member of management, the Human Resources Director at your facility, or the CDI Legal Department. However, anonymous concerns regarding potential or actual violations of Company policy, fraud, laws, rules or regulations, may also be made. CDI has retained The Network, a third party service provider whose staff is experienced in receiving concerns by toll free telephone, email, or the Internet. This service is known as our "Ethics and Compliance Hotline" and is available 24 hours a day, seven days a week, 365 days a year. Interpreters are available for language assistance when necessary.

The method for reporting a concern to the Compliance Hotline is as follows:

The Network	
toll free:	1-800-736-0485
email:	<a href="mailto:reportline@tnwinc.com">reportline@tnwinc.com</a>
Internet:	<a href="https://www.tnwinc.com/webreport">https://www.tnwinc.com/webreport</a>

Legal Department contact information:

- Alan K. Tse, Executive Vice President, General Counsel and Secretary, phone 502/636-4530, email: [alan.tse@kyderby.com](mailto:alan.tse@kyderby.com).
- Rebecca C. Reed, Senior Vice President, Legal Affairs and Chief Compliance Officer, phone 502/636-4429, email: [rebecca.reed@kyderby.com](mailto:rebecca.reed@kyderby.com).

# **OUR RELATIONSHIPS**

## **OUR STOCKHOLDERS**

### **Public Disclosures**

We strive to communicate with the public in an accurate and consistent manner. To be sure that we comply with all public disclosure laws and regulations and protect the interests of our Company, statements to the public or media should only be made by those employees specifically authorized to do so.

If you receive an inquiry, either verbal or written, from an outside contact about a Company matter, you must refrain from answering and refer the inquiry to the Vice President of Corporate Communications. Please refer to CDI's Disclosure Policy posted on CCN for a full discussion of the Company's policy in this area.

**Question:** *I have been contacted by a journalist requesting information about a rumored acquisition. I have heard a lot of discussion in the office about the deal and knowing that the news would likely boost our Company's stock price, I believe I might be helping CDI by passing on what I have heard. Should I speak to the journalist?*

**Answer:** *No. You shouldn't divulge what you've heard to the journalist. The information you possess may be incorrect or incomplete. Even if the information were correct, sharing it with the journalist could harm our Company and the public. You should forward the journalist's call to our Corporate Communications Department or your racetrack Racing Communications staff.*

### **Insider Trading**

As a CDI employee, at times, you may receive confidential Company information before it is made publicly available that may be considered significant, or "material", and could be important to an investor deciding to buy, sell or hold securities, such as CDI stock. Examples are:

- Information about possible business deals, such as a merger, purchase, sale or joint venture.
- Financial results or changes in dividends.
- Important management changes.
- Major raw material shortages or discoveries.
- Significant product or manufacturing process developments.
- Gain or loss of a significant customer or supplier.
- Major lawsuit or regulatory investigation.
- Any other information that may positively or negatively affect the stock price of CDI or any other company.

You may not use confidential information for personal benefit or trade securities based on material inside information. Do not provide inside information to others. Employees may purchase and sell CDI stock, exercise options granted to them or transfer stock into or out of CDI stock funds in any company savings plan or other benefit plan when they do not have material, inside information. Consult with your supervisor or the Legal Department if you are unsure whether you have material, inside information at any point in time. You should not trade in the Company's securities until two business days after material, inside information has been publicly disclosed to ensure the market has had an opportunity to absorb and evaluate the information.

**Question:** *If I tell my uncle, Bob, about something important going on at the Company and he buys or sells CDI shares, am I liable for providing him with material, inside information?*

**Answer:** *Yes, most likely. If you pass material, non-public information to him, a court would probably hold you liable based on a finding that you were trying to help him profit or to gain something personal by telling him. Bob would also be liable.*

The foregoing example is illustrative only and is not intended to address all circumstances that may arise. Please refer to our policy on Insider Trading posted on CCN for a full discussion of our policy in this area.

## **Conflicts of Interest**

You must avoid conflicts of interest that occur when personal interests may interfere in any way with the performance of your duties or the best interests of our Company. In other words, business will be awarded on the basis of the best price, dependability as to delivery and quality, and other terms ensuring material and services of the required quality and quantity. The terms of doing business with vendors will be fair and determined on the basis of competition, market conditions and other economic factors. Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest, including the appearance of such conflicts, are prohibited unless specifically authorized as described below or as specified in our Procurement/Vendor policy posted on CCN.

You must disclose all proposed or existing outside positions or other employment to your supervisor or Human Resources, who will determine if a conflict exists. If one does exist, you will not be permitted to accept, or continue in, that position or employment.

You must also disclose any relationship you have with any third party including, but not limited to vendors, consultants and independent contractors.

You also may not invest or participate in any partnership or other business arrangement that acquires assets from, or provides services to, our Company. If you have an investment in an entity that is considering such a relationship with us, you must notify your supervisor or Human Resources immediately.

Although no list can include every possible situation in which a conflict of interest could arise, the following are examples of situations that may, depending on the facts and circumstances, involve problematic conflicts of interests:

- Employment by (including consulting for) or service on the board of a competitor, customer or supplier or other service provider.
- Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with us.
- Soliciting or accepting gifts, favors, loans or preferential treatment from any person or entity that does business or seeks to do business with us.
- Soliciting contributions to any charity or for any political candidate from any person or entity that does business or seeks to do business with us.
- Taking personal advantage of corporate opportunities.
- Conducting our business transactions with your family member or a business in which you have a significant financial interest.
- Exercising supervisory or other authority on behalf of our Company over a co-worker who is also a family member.

**Question:** *My brother, Sam's company is seeking to become a supplier to CDI. Does this create a conflict of interest?*

**Answer:** *If you have decision-making authority in the supplier selection process or with respect to Sam's company, a conflict of interest exists. Even if you do not have such authority, this relationship may create the appearance of a conflict of interest. You should report the situation to your supervisor and remove yourself from the decision-making process if you are in any way involved.*

**Question:** *I have developed a friendship with a supplier, Jim. I am considering entering into a partnership with him in a business venture unrelated to CDI. Would this violate our Company policy?*

**Answer:** *Yes, it probably would. Even if you are able to keep your personal and financial dealings from affecting your judgment on behalf of our Company, others may perceive that you are biased. Before taking any action, you must discuss your plans with your supervisor or Human Resources.*

**Question:** *My sister, Jenny, works for one of our customers, but she has no dealings with CDI. I work in Sales, but have had no contact with her company. I now have been asked to manage her Company's account. What should I do?*

**Answer:** *Tell your manager about Jenny's employment, because in your new job you will have discretionary authority in dealing with her company. If your manager still wants you to work on her company's account, seek approval from the Legal Department.*

**Question:** *My supervisor, Ben, owns a house and his tenants recently moved out. Ben is looking for new tenants and I am looking for a place to live. May I rent Ben's house?*

**Answer:** *No, the Landlord-Tenant relationship between a supervisor and subordinate may cause a conflict of interest, and even if it doesn't, a conflict of interest may appear to exist. We must strive to avoid any appearance of a conflict of interest. If you have any concerns, please discuss the situation with Human Resources.*

## **Gifts and Entertainment**

We believe that no gift, favor or entertainment should be accepted or provided if it will obligate, or appear to obligate you. The giving or accepting of bribes, inappropriate, lavish or repeated gifts or other benefits is always prohibited, even if acceptable by local custom. Similarly, requesting or soliciting gifts or services, or requesting contributions from vendors, suppliers or other business partners for yourself or for our Company, is prohibited, except with regard to charitable organizations specifically sanctioned or supported by our Company. In general, providing or accepting normal sales promotion items, occasional meals or other non-cash items of minimal commercial value is permitted. Our gift limit is \$50. Any gift above \$50 requires the approval of a CDI Senior Vice President or higher. You may never accept a gift of cash or a cash equivalent unless it is a tip as discussed in the next section. Gift cards may be accepted, but must be reported to your supervisor.

Modest gifts, favors and entertainment are often used to strengthen business relationships. However, no gift, favor or entertainment should be accepted or given if it obligates, or appears to obligate you, or if it might be perceived as an attempt to influence fair judgment. In general, unless you have supervisory approval you should not provide any gift or entertainment to customers, suppliers or others that you would not be able to accept from a customer, supplier or others under this Code.

## **Tips and Gratuities**

Employees in customarily tipped positions may accept tips and gratuities in connection with job performance in customary amounts from guests and customer. "Tip eligible" employees will vary by location but generally include the following:

- Concessions staff
- Bartenders
- Wait staff
- Bus staff

- Food and Beverage staff
- Mutuels staff
- Video Poker staff
- Guest Service staff
- Parking staff
- Valets
- Others

Any employee in the position of Director or above must never accept tips. Please refer to CDI's Tips and Gratuities Policy for a full discussion of the Company's policy in this area.

### **Compliance with the Law**

We play by the rules. We conduct our business in compliance with applicable federal, state and local laws and regulations, wherever we conduct business around the world. You have a responsibility to acquire appropriate knowledge of and comply with the laws and regulations that apply to your job and your area of responsibility and to recognize the potential dangers of non-compliance.

You should not take any action on behalf of the Company that you know, or reasonably should know, violates any law or regulation. If you have questions regarding the application of particular laws or regulations, contact the Legal Department. If you are advised that an action or inaction would constitute a violation of law or regulation, you are expected to follow the advice of corporate legal counsel.

### **Company Assets and Resources**

You are expected to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Our property, such as office supplies, computer equipment, buildings and products, are expected to be used only for legitimate business purposes. You may not use our corporate name, any brand name or trademark owned or associated with CDI or any letterhead stationery for any personal purpose.

All data residing on or transmitted through our computing and communications facilities, including email, word processing documents, databases and other electronic files, are the property of CDI and subject to inspection, retention and review by our Company, with or without your knowledge, consent or approval, and in accordance with applicable law. Any misuse or suspected misuse of our assets must be immediately reported to your supervisor or the Chief Compliance Officer.

**Question:** *What if I write a personal letter, surf the Internet or call a family member on my office phone – are these types of activities okay?*

**Answer:** *Generally, limited personal use of Company resources is permitted as long as there is no incremental cost to the Company and your work is not disrupted.*

**Question:** *What if I operate a small side business from home that does not represent a conflict of interest with my CDI work. Is it okay for my customers to leave messages on my CDI voicemail?*

**Answer:** *No. Even though there is no conflict of interest, you have an obligation to use CDI company assets (including the communications system and voicemail) only for CDI business. Employees are not permitted to use assets to support a second job, self-employment venture, or consulting effort.*

### **Business Records**

It is our policy to retain records only for as long as the records are being actively used, unless the law or business needs require longer retention. This policy applies to records maintained in all forms at our

Company, including records kept in written and electronic form.

If you are responsible for preparing or maintaining any Company records, refer to our Record Retention Policy for a full discussion of our Company's policy in this area.

### **Accurate Reporting**

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and are the source of essential data that guides our business decision-making and strategic planning. All Company records must be complete, accurate and reliable in all material respects. There is never a reason to make false or misleading entries. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited.

It is your responsibility to report any unrecorded funds or assets or false or artificial entries in the books and records of our Company if you become aware of them. If you learn of or suspect accounting fraud, report it immediately. Call the Corporate Internal Auditor, the Chief Compliance Officer or our Compliance Hotline. Material issues will be reported to the Audit Committee of the Board of Directors.

**Question:** *My business unit is falling short of its financial targets. My manager approaches me while I'm closing the books for the quarter and asks me not to record certain vendor invoices that were just received, even though the vendor's work was completed weeks ago. I know that this is improper and would overstate my business unit's operating income. What should I do?*

**Answer:** *You should not act on your manager's request. Your manager is violating our accounting policies, as all known expenses must be recorded in our Company's financial records at the end of a reporting period. You should report this matter to the Legal Department or call our Compliance Hotline.*

## **OUR COMMUNITY**

### **Government Agencies**

We value our excellent relations with local, state, federal and foreign governments. We are committed to being a "good corporate citizen" and are proud of our record of service to the communities where we operate.

From time to time, employees may interact with local government officials. We are committed to complying with local laws, regulations and codes and to working fairly and honestly with local officials and others in our communities. In doing so, your actions must meet high ethical and legal standards.

Our policy is to comply with valid governmental requests and processes. You must be truthful and straightforward in your dealings with the government and may not direct or encourage another employee or anyone else to provide false or misleading information to any government agent or representative. You must not direct or encourage anyone to destroy records relevant to an investigation.

If you are contacted by a Government Agency, please call your Supervisor.

### **Environmental Commitment**

We believe that being accountable means conducting our business in a manner that respects, protects and improves the environment. If your work affects environmental compliance, you must be completely familiar with the permits, laws and regulations that apply to your work and our operations. Please refer to our Environmental Policy for a full discussion of our Company's policy in this area.

## **Political Activities and Contributions**

We encourage you to participate in the political process and respect your right to participate or not participate as you see fit. However, federal and state laws and the laws of many countries prohibit corporations from making political contributions, whether directly or indirectly, and regulate corporate lobbying efforts. Your contributions to a candidate for elective office or a political party must be at your own expense, and any political activities you engage in must be on your own time.

In addition, you may not devote any work time to any candidate's campaign or political party, nor may you use or permit any campaign or candidate to use any CDI facility or property, including a CDI trademark. You must not promote any political or personal views or beliefs (including by posting or distributing notices or other materials) on or around our premises, and you may not indicate or suggest that you speak for us or that our Company supports your views.

You may not use your position to coerce or pressure employees to make contributions or support candidates or political causes. In certain instances, our Company may encourage employees to support or oppose legislative issues that affect our Company's businesses. If you have a question about what is or is not proper you should consult with the Senior Vice President of Public Affairs or your facility's President or General Manager before agreeing to do anything that could be construed as involving our Company in any political activity.

## **Charitable Contributions**

We support community development in the areas where we do business. You may contribute to these efforts, or may choose to contribute to organizations of your own choice. However, as with political activities, you may not use Company resources to personally support charitable or other non-profit institutions not specifically endorsed or supported by our Company. To find out which institutions are supported by our Company, please contact the Director of Community Relations.

## **Foreign Corrupt Practices Act**

Upholding the reputation of CDI for the ethical conduct of business is important both within the United States as well as internationally. The Foreign Corrupt Practices Act and other federal laws prohibit payment of any money or anything of value to a foreign official, foreign political party (or official thereof) or any candidate for foreign political office for the purposes of obtaining, retaining or directing of business. You are expected to consult with the Legal Department before conducting business internationally.

Please refer to our Foreign Corrupt Practices Act Policy for a full discussion of our Company's policy in this area.

## **Improper Payments and Bribes**

We do not offer expensive gifts, bribes or any other kind of payment or benefit to representatives of customers, suppliers, competitors, government or governmental agencies. This applies to any individual or organization at any level, within or outside of the U.S. We expect you to refuse to make questionable payments. In cases where the propriety of a payment is not clear, or the alternatives might be harmful to our Company or employees, the matter should be approved in advance by the Legal Department. Our policy on questionable payments includes not only your direct actions, but also forbids indirect actions by agents, distributors, representatives, joint venture partners, or third parties acting on our behalf. Ignoring activity that appears to be questionable is also a violation of our policy and, in some cases, the law.

## OUR PARTNERS

### Fair Purchasing

We expect our suppliers and vendors to adhere to applicable legal requirements in their business relationships, including those with their employees, their local communities and our Company. We must give them a chance to compete fairly for our business, including small businesses and businesses owned by the disadvantaged, minorities and women. You should review the Finance policies and procedures on the Company's intranet for more detailed information.

**Question:** *I am negotiating with a supplier and striving to get the lowest possible price for CDI. I am considering mentioning to the supplier that offering a very low price now will lead to increased business from CDI in the future. I know that the chances of this happening are low, but I believe this statement is somewhat true and I want to help our Company. Is this the right thing to do?*

**Answer:** *No. You must only make statements that are completely honest and truthful when negotiating with our suppliers. Even though the statement you are considering making may benefit our Company in the short term, taking unfair advantage of our suppliers is unethical and won't benefit anyone in the end.*

### Anti-Trust

In the normal course of business, it is not unusual to acquire information about many other companies and organizations, including competitors. Doing so is a normal business activity and is not unethical in and of itself. Information may be collected from a variety of legitimate sources to evaluate the relative merits of our Company's own products, services and marketing methods, to evaluate a potential acquisition, or for other legitimate business purposes. Doing so is proper and necessary in a competitive system.

Many countries have competition or antitrust laws to set and enforce standards of corporate and individual behavior in this area. Breaking these laws can result in very severe penalties to both our Company and you. We will fully comply with these laws. This compliance includes the following guidelines:

- You may not discuss or enter into a formal or informal agreement with any competitor about prices, or matters affecting price, production levels or inventory levels, bids, or dividing production, sales territory, products, customers or suppliers. A good general rule is not to meet with competitors.
- Agreements with customers or suppliers that establish the resale price of a product, limit a customer's right to sell products, or condition the sale of products on an agreement to buy other CDI products are not allowed in many jurisdictions. Decisions to end a business relationship, or price a product below set levels, may be restricted by local laws.

Please refer to our Anti-Trust Policy for a full discussion of our Company's policy in this area.

**Question:** *I recently attended a conference and while there I met up with my friend Erica who works for a competitor. At lunch she implied that if I could get CDI to charge more for a certain product, she'd make sure her company would charge the same price for a similar product. How should I respond?*

**Answer:** *You should tell Erica that this isn't a proper business discussion, excuse yourself from the meal and promptly report the conversation to the Legal Department. Price fixing violates antitrust and competition laws and can carry severe consequences for both the individuals involved and the Company.*

## OUR EMPLOYEES

### Equal Opportunity

We provide equal employment opportunities for all applicants and employees without regard to race, color, religion, national origin, gender, age, disability, marital status, sexual orientation, or veteran's status. This means that we comply with all applicable human rights and employment legislation, and we do not discriminate in any aspect of employment, including recruiting, hiring, compensation, promotions, reductions in force, or terminations. Managers are responsible for implementing and communicating this policy. Each operating unit should periodically monitor, report and, if necessary, correct its performance in the areas of equal opportunity.

### Harassment

We strive to maintain a professional environment that is based on respect and tolerance. Therefore, any form of harassment will not be tolerated. Our zero-tolerance policy extends to all employees, as well as to related parties such as vendors, suppliers, contractors, consultants and customers. Harassment may include but is not limited to:

- Verbally derogatory comments (e.g. vulgarity, profanity, jokes, threats, whistling).
- Physical harassment (e.g. pinching, gestures, unwelcome touching).
- Visual harassment (e.g. pictures, drawings, posters, email, calendars, unwarranted surveillance).
- Requests for sexual favors in exchange for preferential treatment (e.g. promotions, raises).
- Overt use of title or position to sexually or otherwise harass another.

If you believe you are being harassed, or if you have witnessed harassment, you need to report this to your supervisor, the Manager in charge of your facility, Human Resources, CDI's Compliance Hotline or the Chief Compliance Officer. We will act promptly in investigating all your concerns and directly address the issue with the individuals involved. We recognize the sensitive nature of these claims and will work to ensure confidential treatment of the allegations in order to protect all involved. Retaliation against any employee who reports harassment will not be tolerated.

**Question:** *My co-worker, John keeps telling racially charged jokes. He thinks they're funny, but the jokes make me feel uncomfortable. What should I do?*

**Answer:** *John should be made aware that his jokes are creating a negative work environment. You are encouraged to do this yourself or to report this to your supervisor who will be expected to take action. You can also call the Human Resources Director at your facility or the CDI Compliance Hotline.*

**Question:** *Simon, a co-worker of mine, constantly comments on my appearance in a way that makes me feel embarrassed and uncomfortable. What should I do?*

**Answer:** *Simon's behavior is creating an intimidating and offensive environment for you and may even be affecting your job performance. You should report this to either your supervisor or your Human Resources Director at your facility. If you prefer, you can speak with the Chief Compliance Officer or contact the CDI Compliance Hotline.*

The foregoing examples are illustrative only and are not intended to address all circumstances that may arise. We expect you to use good judgment and, if in doubt, contact your supervisor.

### Substance Abuse

We strive to maintain a professional, drug-free work environment. The misuse of drugs, both legal and illegal, may endanger the health and safety of employees, or lead to a loss of productivity. As such, the use,

possession, sale, purchase, or distribution of drugs is prohibited while conducting business on behalf of the Company.

You may be subject to pre-employment drug testing and you may be tested if you display unusual behavior or when there is reasonable suspicion of drug or alcohol abuse. Where permitted, you may be tested on a random basis.

Reporting for work or conducting business under the influence of alcohol is strictly prohibited. Such irresponsible consumption of alcohol will result in employment action, up to and including termination. For a complete discussion of the Company's Policy in this area, please refer to the Employee Drug and Alcohol Policy.

### **Violence**

With the exception of authorized security personnel, you are not permitted to carry firearms or any other weapons while on the job or store any such items in Company vehicles, on Company premises or job sites. This applies even to those with a permit or license to carry a firearm.

Acts or threats of violence interfere with our commitment to health and safety and will not be tolerated. Any threatening behavior, even if made in a seemingly joking manner, must be reported to management immediately. If you or someone you know is in *immediate* danger, call local law enforcement authorities (local emergency or 911) before reporting the incident to Security.

### **Health and Safety**

You must be aware of the rules and procedures that apply to your workplace, diligently follow the rules, and encourage others to do the same. Immediately report any unsafe situations or acts to your supervisor or the Human Resources Director at your facility.

We are committed to providing you with a clean, safe and healthy work environment. To achieve this goal, we must recognize our shared responsibilities to follow all safety rules and practices, to cooperate with officials who enforce those rules and practices, to take necessary steps to protect ourselves, other team members and the public, to attend required safety training and to report immediately all accidents, injuries and unsafe practices or conditions.

# **BUSINESS INTEGRITY**

## **Privacy**

We respect the privacy of employees and customers. We collect and handle the personal information of customers and employees only for business reasons consistent with applicable law. Access to personal information is limited only to those who have a legal right to see the information, and then only on a need-to-know basis for the performance of their job. Those who handle personal information are advised on a regular basis of their duty to protect this information. You have the right to review and comment on information contained in your personnel records maintained by our Company, and may perform other actions with your records as allowed by applicable federal data privacy laws.

If you learn that personal information or confidential information has been used in violation of the CDI's Internal Privacy Policy and Procedures, or if you learn that the security of any system or device containing personal data has been compromised, immediately notify your manager and the Legal Department.

## **Spending Company Money**

A core Company value has always been to spend money wisely. When you submit an expense for reimbursement or spend money on our Company's behalf, make sure that the cost is approved, reasonable, directly related to Company business and supported by appropriate documentation. Always record the business purpose and comply with other submission requirements. Managers are responsible for all money spent and expenses incurred by their direct reports, and should carefully review such spend and expenses before approving. Please refer to our Travel, Meals and Expense Reimbursement Policy for a full discussion of our Company's policy in this area.

## **Signing a Contract**

If you are authorized to enter into a business transaction on our Company's behalf, there should be documentation recording that agreement and it should be reviewed by the Legal Department in accordance with our Contract Review and Approval Policy. Signing a contract on behalf of CDI is a very big deal. Never sign any contract on behalf of our Company unless *all* of the following are met:

- The contract has been approved by the Legal Department. If you are using an approved CDI form contract, you don't need further legal approval unless you have made changes to the form contract or are using it for other than its intended purpose;
- You have studied the contract, understood its terms and decided that entering into the contract is in our Company's interest; and
- You are authorized in writing to do so.

Please refer to our Contract Review and Approval Policy for a full discussion of our Company's policy in this area.

## **E-mail and the Internet**

We have specific requirements concerning your use of Company e-mail, the Internet, Company intranet and other electronic information sources while on Company time or using Company computers. All data stored on Company computers, including e-mail sent or received on our network, is Company property and is subject to search and monitoring, with or without notice, regardless of whether our systems are accessed in or out of the office, or whether the communications pass through our servers. For these reasons, you have no personal right to privacy in anything created, received, saved or sent using our Company's email or computer systems, including through third-party Internet service providers, nor an expectation of privacy in such communications, except as required by local law. You are not allowed to use Company resources to send,

receive, access, or save electronic information that is sexually explicit, or promotes hate, violence, illegal gambling, illegal drugs, or the illegal purchase or use of weapons. You may not install or use computer files or software not licensed by the Company or previously approved by management, or use approved software in a way that goes against the license or copyright agreement.

Be respectful and professional when using social media tools. Policies and guidelines regarding the use of these tools emphasize the need to communicate in a respectful and professional manner and avoid disclosing Company confidential or propriety information.

Please refer to our Social Networking Policy for a full discussion of our Company's policy in this area.

**Question:** *I often work in the office after hours. Sometimes, when I'm alone in the office late at night, I read personal emails that others may find offensive and I forward them along to my friends. I figure that I'm not disturbing anyone, and I don't think I'm harming the Company since I'm doing this after operating hours. Am I right?*

**Answer:** *No. It's never okay to use Company computers or network systems to view or forward inappropriate emails, even if you're alone in the office, at home or on a business trip. Also, you shouldn't expect any privacy when using the Internet or sending emails using Company equipment and systems.*

### **Proprietary and Confidential Information**

One of our most important assets is our confidential business information. In the course of your employment, you may learn of information about our Company that is confidential and proprietary. This includes, but is not limited to, financial, technical, operating, marketing and administrative information in many forms. If you have received or have access to confidential information, you should take care to keep this information confidential. Confidential materials should:

- Be stored in a secure place and should not be left out where others can see them.
- Be clearly marked as confidential.
- Not be sent to unattended fax machines or printers.
- Not be discussed where others may hear.

You are expected to keep confidential and proprietary information confidential unless and until that information is released to the public through approved channels (usually through a press release, an SEC filing or a formal communication from a member of senior management).

This policy requires you to refrain from discussing confidential or proprietary information with outsiders and even with other CDI employees, unless those fellow employees have a legitimate need to know the information in order to perform their job duties.

Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited. You may not comment on our business, information or prospects anywhere, regardless of whether you use your own name or a pseudonym. All CDI emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of CDI, except where required for legitimate business purposes.

These provisions apply to you even if they leave our Company. When you terminate employment with our Company, you must return all copies and originals of Company documents and records. Please review our Company's Trade Secret and Computer, E-Mail, Voicemail, Internet and Telephone Usage policies for a full discussion of our Company's policy in this area.

## **Trade Secrets**

A trade secret is any information which is not known to our competitors and which may give us a competitive advantage. Examples of our trade secrets include (but are not limited to) the identities of our Kentucky Derby or other premium ticket holders, our customers' names and addresses, our plans regarding the acquisition, sale or improvement of properties, strategic business plans, our financial records, our advertising and marketing strategies, our lobbying efforts and development plans.

Trade secrets may be found in a wide variety of formats, including e-mails, written records, letters, plans, drawings, and computer programs. Many trade secrets known to you may or may not be recorded in any format, but which nonetheless belong to our Company. If you are in doubt about whether something is a trade secret, assume that it is a trade secret until you have a chance to discuss the matter with your supervisor.

If you have been authorized by management to disclose confidential information to an outside party you must first ensure that the outside party has signed a confidentiality agreement. Such an agreement can be provided by our Legal Department.

You must not use any of our trade secrets for your own benefit or for the benefit of any other party, either during or after your employment with us. Upon termination of your employment, you must return all documents that contain our trade secrets.

## **Our Brands**

You must protect our trademarks, copyrights and patents. A trademark includes a word, term, name, symbol or device that identifies and distinguishes the source of goods of one party from those of another; a brand name. Materials that can be protected by copyright include logos, advertisements, documentation, training materials, computer codes and other works of authorship you or others develop for our Company.

As an employee, the things you create for CDI belong to us. This includes inventions, discoveries, ideas, improvements, software programs, artwork and works of authorship. This work product is CDI property if it is created or developed, in whole or in part, on Company time, as part of your duties or through the use of Company resources or information. You must promptly disclose to CDI, in writing, any such work product and cooperate with our efforts to obtain protection for CDI.

To ensure that we receive the benefit of work done by outside consultants, it is essential that an appropriate written agreement or release be in place before any work begins. Contact the Legal Department for assistance.

## **Protecting the Brands of Others**

You must respect the intellectual property belonging to third parties. It is our policy to not knowingly infringe upon the intellectual property rights of others. When preparing advertising or promotional materials, using the name or printed materials of another company, or operating a software program on a Company computer, you must be sure that the use of any third-party intellectual property is proper. In addition, you may not copy software or bring in software programs from home. Only software properly licensed by CDI is permitted on our computers. You also may not copy third-party newsletters or periodicals for broad distribution.

You should not disclose to CDI, confidential information or trade secrets of others (e.g., your former employer).

DO NOT:

- Make unauthorized copies of software.
- Photocopy magazine/journal articles or other publications unless you have the authority or license to

do so.

- Hire a competitor's employee to obtain that competitor's trade secrets.
- Affix the trademark of another company to goods without authorization.
- Fail to remove another's trademark when the goods or parts are remanufactured.
- Erroneously allege patent infringement or mark a product with an untrue patent notice.

### **Horse Ownership**

You may not participate in the sale, purchase or ownership of any horse racing at any meeting conducted by our Company's racetracks without the consent of the General Manager of your facility. The General Manager will be responsible for notifying the Corporate Human Resources Director. Corporate employees must receive consent from the Company's Chief Operating Officer. Employees should seek consent annually.

### **Money Laundering**

Please refer to our Anti Money Laundering for a full discussion of our Company's policy in this area.

[ END ]

## **CHURCHILL DOWNS INCORPORATED OPERATIONS**

### **Arlington Park Racecourse, LLC**

2200 West Euclid Avenue  
Arlington Heights, IL 60006  
(847) 385-7500

### **Bloodstock Research Information Services (BRIS)**

801 Corporate Drive, Suite 3000  
Lexington, KY 40503  
(859) 223-4444

### **Bluff Media**

1200 Lake Hearn Drive, Suite 450  
Atlanta, GA 30319  
(404) 250-1943

### **Calder Casino & Race Course**

21001 NW 27th Avenue  
Miami, FL 33056  
(305) 625-1311

### **Churchill Downs Racetrack**

700 Central Avenue  
Louisville, KY 40208  
(502) 636-4400

### **Churchill Downs Incorporated**

600 North Hurstbourne Parkway, Suite 400  
Louisville, KY 40222  
(502) 636-4400

### **Fair Grounds Race Course & Slots**

1751 Gentilly Boulevard  
New Orleans, LA 70152  
(504) 944-5515

### **Harlow's Casino Resort and Hotel**

4280 Harlows Blvd.  
Greenville, Mississippi 38701  
(662) 390-4900

### **Riverwalk Casino Hotel**

1046 Warrenton Road  
Vicksburg, MS 39180  
(601) 634-0100

### **TwinSpires.com**

800 W. El Camino Real, Suite 400  
Mountain View, CA 94040  
(650) 429-2898

### **United Tote Company**

600 North Hurstbourne Parkway, Suite 400  
Louisville, KY 40222  
(502) 636-4400

**CODE OF CONDUCT ACKNOWLEDGMENT**

I have carefully read and understand the booklet "Churchill Downs Code of Conduct". I have complied with and agree to comply with its purposes and provisions, rules and regulations. I am unaware of any instances of non-compliance by myself or others.

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Printed Name of Employee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Business Unit

\_\_\_\_\_  
Location of Business Unit (City, State)

**INSIDER TRADING ACKNOWLEDGMENT**

I have read and understand the Company's Statement of Policy "Securities Trades by Company Personnel" and the pre-clearance procedures and blackout periods for executive officers and other key employees (collectively, the "insider trading policy"). I understand that the General Counsel is available to answer any questions I have regarding the insider trading policy.

Since \_\_\_\_\_, or such shorter period of time that I have been an officer or employee of the Company, I have complied with the insider trading policy.

I have complied with, and will continue to comply with, the insider trading policy for as long as I am subject to the policy.

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Printed Name of Employee

\_\_\_\_\_  
Date

**ELECTRONIC RESOURCE USAGE POLICY**

I hereby acknowledge that I have read and understand and will comply with the policies described above, and that I have been provided with a copy of the policy.

I waive any privacy rights in any matter created, received or sent by CDI's internal E-mail or through the Internet, any documents or data or information I create using the Company's computer or telephone systems (including cell phones or PDA devices), any documents stored on the computer system, or any messages stored in the telephone voice message system or in any other systems. I understand that CDI, in its discretion, reserves the right to monitor, if necessary, and to access any matter created, received or sent from the system, and I consent to the access and disclosure of such by authorized Company management.

Failure to sign and return the acknowledgment will not allow a user to violate any provision of this policy and all users are governed by this policy regardless of the existence of a signed agreement. I understand that any violation of this policy may result in discipline up to and including termination of employment, and limitation of my rights to use any of the systems described in this policy.

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Printed Name of Employee

\_\_\_\_\_  
Date