Company **▲** 

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

#### — PARTICIPANTS

## **Corporate Participants**

Julie Koenig Loignon – Vice President - Corporate Communications Robert L. Evans – Chairman & Chief Executive Officer William E. Mudd – Chief Financial Officer & Executive Vice President

#### **Other Participants**

Stephen Altebrando – Research Analyst, Sidoti & Co. LLC Ryan L. Worst – Research Analyst, Brean, Murray, Carret & Co. LLC

### — MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Churchill Downs Incorporated Second Quarter Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions] As a reminder, today's conference call is being recorded.

I would now like to introduce your host for today's conference Ms. Julie Koenig, Vice President of Corporate Communications. Ma'am, you may begin.

## Julie Koenig Loignon, Vice President - Corporate Communications

Thank you, Devoin. Good morning and welcome to this Churchill Downs Incorporated conference call to review the company's results for the second quarter and six months ended June 30, 2011. The results were released yesterday afternoon in a news release that has been covered by the financial media.

A copy of this release announcing results and any other financial and statistical information about the period to be presented in this conference call, including any information required by Regulation G, is available at the section of the company's website titled Company News, located at churchilldownsincorporated.com as well as at that website's Investors section. Let me also note that a news release was issued advising of the accessibility of this conference call on a listen-only basis via phone and over the Internet.

As we begin, let me express that some statements made during this call will be 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 are otherwise not statements of historical facts.

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 a discussion of additional information concerning factors that could cause our actual results of operations to differ materially from the forward-looking statements made in this call.

The information being provided today is 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.

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

I will now turn the call over to our Chairman and CEO, Bob Evans. Good morning, Bob.

#### Robert L. Evans, Chairman & Chief Executive Officer

Good morning Julie. Thanks everybody for joining us. It was really a good quarter. Revenue from continuing operations was a record \$250 million in the second quarter up 16% over the second quarter of 2010 which was previous record.

Second quarter EBITDA of \$85 million was up 41% over the second quarter of 2010 and that was also a record. The previous high was \$62.9 million in the second quarter of 2006 although that included \$10.1 million in hurricane insurance recovery. The previous quarterly EBITDA high excluding insurance gains, was \$60.4 million in the second quarter of last year.

Our EBITDA performance during the quarter benefited from the one-time \$2.7 billion gain on the conversion of the convertible notes into common stocks. Bill will talk a little bit more about that in a minute. And the resolution of our tax-increment financing or TIF claim in Kentucky, which added \$2.9 million. On the other side of the ledger, as you know we were forced to close Harlow's Casino Resort & Hotel for 25 days in May due to Mississippi River flooding. We estimate an EBITDA loss of about \$3 million related to Harlow's closure. We are working our insurance carriers to recover that amount as part of our business interruption claim. So net-net, a very good quarter.

Let me turn this over to our CFO, Bill Mudd who will take you through the numbers in a greater detail. Bill?

#### William E. Mudd, Chief Financial Officer & Executive Vice President

Thanks, Bob. Good morning, everyone. As Bob stated it was a really good quarter. Using the tables of the Press Release, I will take you through some of the key variances. My comments will focus on our performance from continuing operations for three month ended June 30th. After that Bob will make a few closing remarks and we'll open the call for few questions.

I'm going to start with a summary of the second quarter results from the schedule titled Consolidated Statements of Net Earnings for the three month ended June 30th.

For the quarter, we had continuing net operations from external customers of approximately \$250 million, an increase of 16% over the comparable period of 2010. Our second quarter revenue growth includes the operations of Harlow's Resort Hotel & Casino which, we acquired in December and two extra months of Youbet.com, which we acquired in early June of last year.

Operating expenses increased primarily as a result of our acquisitions and expansions in the online and gaming segments. Partially offsetting these increases was reduction in sales tax expense in racing segment of \$2.9 million related to the tax-increment financing agreement with the Commonwealth of Kentucky associated with the 2005 renovation of our Churchill Downs race-track facility. We expect to receive cash from these refunds later this year.

In addition, we recognized the \$1.3 million software impairment in the second quarter of 2010 as it was determined that the software owned by Twinspires.com will not be used in connection with the acquisition of Youbet.

SG&A expenses were up 17% or roughly \$2.7 million. The Harlow's and Youbet acquisitions account for approximately \$1.8 million of this increase. Increases in equity in long-term incentive

Churchill Downs, Inc.

Company

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

compensation of \$1.8 million were offset by a year-over-year reduction in business development spending of \$1.9 million.

Interest expense increased by \$2 million over the prior year, primarily due to the recognition of \$1.4 million in interest expense related to the conversion of a related-party convertible notes into common stock. That also includes the impact of higher average outstanding debt balance required to finance the acquisitions of Youbet.com and Harlow's.

Miscellaneous other income increased primarily due to the recognition of \$2.7 million in gains related to the conversion of the related party convertible note through the issuance of 452,603 shares of our common stock and the elimination of the associated short forward contract liability and long put option assets. When including the \$1.4 million of interest expense previously mentioned and \$540,000 of associated taxes, the net income impact of this transaction is approximately \$780,000.

It is also important to note, that these conversion shares have been included in past diluted share counts for the purposes of executing diluted earnings per common share. Earnings from continuing operations were up 41% to \$40 million, or \$2.36 per diluted common share.

Now, let's review our segment performance in the schedule titled Supplemental Information by Operating Units for the three months ended June 30th.

Total racing operations net revenues from external customers increased 1% in the quarter, with non-pari-mutuel revenues such as admissions, sponsorships, and licensing fees primarily related to the Kentucky Oaks and Kentucky Derby weeks offset pari-mutuel revenue declines in all four of our race tracks. In total we conducted 105 days of live racing versus 112 in the same period of the prior year, a decline of 6%. Handle across the four tracks totaled \$791 million in the quarter a decline of 5% versus the second quarter of 2010.

According to industry information released by Equibase second quarter handle on U.S. Thoroughbred horse racing declined 7% on a 9% reduction in the number of race days versus the same period of 2010. In total, our non-Kentucky Oaks and Kentucky Derby week racing segment results were in line to slightly better than the overall industry. Our gaming business grew net external customer revenues by \$13.6 million or 38% in the quarter.

Our Harlow's property generated \$9.5 million of this increase despite its closure for 25 days due to the Mississippi River flooding. We opened a 200-seat temporary buffet on June 17th, and our renovated hotel reopened on June 28 after undergoing repairs from the February windstorm. Unfortunately, our steakhouse permanent buffet and entertainment arena are still closed. We are looking at alternative plans to replace the steakhouse permanent buffet and entertainment arena in a new design paid for by our expected insurance proceeds. Regardless, the business continues to perform well and we expect that business interruption will be substantially covered by insurance proceeds in the coming quarters.

Calder Casino revenues improved \$3.5 million or 19% year-over-year, driven by what we believe is an improved economic environment in South Florida and improved direct mail and advertising campaigns implemented earlier this year. Gross win per unit improved 20% to \$179 and average daily poker revenues improved 59%.

Our Louisiana gaming properties experienced revenue gains, with our Fair Ground slots of 4% and our video poker business up 3% year-over-year.

Our online business grew net revenues from external customers by 56% or \$16.7 million on handle growth of 58% including the two additional months of Youbet.com. Including the full quarter of operations in the prior year, total online handle was down 2.4% for the period. Seventy percent of

Company ▲

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

this reduction is from one very low margin customer. Handle when excluding this customer from both periods was down 0.7% and has improved every month this year on a year-over-year basis, showing its first increase in June and a larger increase so far in July.

Now let's look at the EBITDA performance by segment at the bottom of the page. EBITDA from racing operations was \$58.4 million in the quarter, an 18% improvement over prior year. Gains in this segment were driven by \$6.4 million increases in Kentucky Oaks and Kentucky Derby week profits as a result of higher sponsorships, admissions, broadcast fees, corporate hospitality and pari-mutuel wagering. The Kentucky Tax-Increment Financing sales, tax credit previously discussed added \$2.9 million of EBITDA through racing operations for the quarter.

Pari-mutuel revenues reduced from reductions from lower wagering levels across our other race tracks were mostly offset by \$0.5 million reduction in allocated corporate overhead.

Our gaming segment EBITDA improved \$6.1 million over the prior year to \$12.8 million. Harlow's property generated \$2.3 million of EBITDA in the quarter despite being closed 25 days. We believe the business interruption losses associated with the flood are largely recoverable through our insurance policies, which cover lost revenues, minus saved expenses after the deductible has been met. Our current estimate of this lost EBITDA associated with being closed for the bulk of May was approximately \$3 million.

We are currently working with our insurance carriers to finalize our business interruption claim and we'll recognize that recovery once we have an agreement with the insurance carrier.

Our total deductible for property and business interruption was approximately \$3 million associated with this loss. Since we anticipate replacement cost will exceed the net book value of the impaired assets by more than \$1.3 million, we have not recognized any flood losses in the second quarter.

EBITDA at our Calder Casino is \$3.3 million year-over-year driven by gains in revenues on better economic environment and improved marketing strategy. Our Louisiana gaming business also improved the EBITDA at 0.4 from higher revenues.

Our online business segment reported EBITDA of \$11.3 million, an increase of \$6.7 million year-over-year. The improvement is driven by two extra months of operations of Youbet following the June 2010 acquisition and includes cost synergy savings of \$2.5 million by combining the two businesses. A software impairment charge of \$1.3 million incurred in 2010 and a \$0.6 million improvement in HRTV's performance also contributed to the improvement.

Corporate EBITDA improved primarily due to a \$2.7 million gain related to the conversion of a related partly convertible note discussed. Total EBITDA increased \$24.6 million or 41% over the prior year.

Now, please turn to the page titled Condensed, Consolidated Statement of Cash Flows. Net cash provided by operating activity improved from \$204.8 million from \$57.9 million reported a year earlier.

Our year-to-date EBITDA improvement of \$40.8 million is the biggest driver of this improvement and we also received \$8.5 million in federal tax refunds from overpayments made in 2010 and a \$1 million refund related to the amended returns claiming deductions for local lobbying expenses.

Additionally, we paid \$1.8 million less in 2011 estimated payments driven partly by the ability to utilize net operating loss carry forwards acquired as part of the Youbet acquisition as well as the deductibility of intangibles acquired in the Harlow's transaction.

Company ▲

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

Year-to-date spending for additions to property and equipment totaled \$10.9 million, \$9.3 million of this amount was for maintenance-related expenses compared to \$7.2 million in the prior year. We still expect to spend approximately \$20 million on maintenance capital in 2011.

As seen in our 10-Q free cash flow which we define as net cash from operating activity, less maintenance-related capital expenditures for the first six months of the year was \$95.5 million versus \$50.7 million in the prior year.

Now, turning your attention to the condensed consolidated balance sheet I'll briefly review a couple of key variances. Accounts receivable increased \$7.9 million primarily driven by an insurance recovery for the property damage at Harlow's. This is offset by a \$9.8 million reduction in the property and equipment line reflecting the estimated book value of the property damage at Harlow's.

Long-term debt decreased by \$80.2 million as we used free cash flow to pay down borrowings under our revolver. The decrease in the convertible note payable at \$15.1 million is due to the conversion to stock previously discussed.

That concludes my remarks. I'll turn it back over to Bob for some few further comments and then you can turn it over for questions.

### Robert L. Evans, Chairman & Chief Executive Officer

Yes. Thanks, Bill. Special thanks also to the team at Harlow's. At the beginning of the quarter they were cranking along. In the middle of the quarter we were completely shut down and half the building was filled with water. By the end of the quarter we were back up and running to the extent that we are, so great job for the gang in Greenville.

Before we turn to your questions let me update you on a couple of developments that probably will be part of your questions anyway. First, historical racing machines in Kentucky. This matter is before Kentucky courts and it's not likely to be resolved until sometime next year. You may be aware that a few Kentucky racetracks have announced that they are proceeding with the installation and operations of these machines and Churchill Downs will not be doing that at this time. We think it's a good idea to get a definitive answer from the court before making that kind of investment.

Also – and we've said this before – we're still not convinced that these machines will be economically competitive in Louisville market which already has casino style of gaming only 14 miles away at the Indiana riverboat casino in our area.

Second, two items from Illinois, Arlington Park share of the so-called "Malaro Bill" money – that is the legislatively mandated tax that certain Illinois riverboat casinos are supposed to pay, that totaled \$44.2 million at the end of the second quarter. Of that about 60% will be used to increase purses at Arlington Park and balance goes to Arlington Park itself. We hold these funds at the direction of the court in an escrow account and they appear on the balance sheet as restricted cash.

Also in Illinois, second quarter, the Federal Seventh Circuit Appeals Court dismissed riverboat's case against us which is good news. However, the riverboats have clearly demonstrated that they will play this matter out for as long as they can. So we may see additional legal action on their part in federal or Illinois state courts.

Also in Illinois, the state assembly has passed a gaming bill that authorizes Arlington Park to operate up to 1200 slot machines and Quad City Downs to operate up to 900 machines. The Illinois

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

Senate president is yet to send that bill to the Governor. While we're cautiously optimistic about the bill being enacted into law, it is really not possible to predict the ultimate outcome or the timing in Illinois.

Third, we continue to work in the political, technology, and alliance areas necessary to be prepared for Internet gaming should it be legalized at the state or federal level and we're encouraged by the fact that legislators at all levels are looking at bills that not only strengthen consumer protections against illegal Internet gaming but will also create new sources of revenue that are desperately needed at all levels of government.

And finally we continue to look at potential acquisitions primarily in the regional casino space but in other areas as well. We also continue to be very disciplined buyers of value. As Bill noted we continue to generate considerable cash flow from operating activities – \$105 million in the first six months up from \$58 million in the first half of 2010. Our long-term debt at the end of the second quarter was \$185 million a reduction of \$80 million from year-end 2010.

In the short run we will continue to pay down debt. Longer term, we believe there will be attractive opportunities to deploy capital to create new shareholder value. And as always we will continually evaluate our dividend policy and a potential for a share buyback program

Now, I'll be happy to address your questions. Operator, you can present questions for us.

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲

Jul. 28, 2011 Date ▲

#### QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Steve Altebrando with Sidoti &Co.

- <Q Stephen Altebrando Sidoti & Co. LLC>: Hi, guys how are you?
- <A William Mudd Chief Financial Officer & Executive Vice President>: Good.
- <A Robert Evans Chairman & Chief Executive Officer>: Good morning, Steve.
- <**Q Stephen Altebrando Sidoti & Co. LLC>:** In terms of the ADW segment still trying to get a handle, I guess, where EBITDA margins eventually fall out, the sequential improvement is that all related to volumes essentially or increased handle?
- < A Robert Evans Chairman & Chief Executive Officer>: Bill, you want to take that one and Rohit Thukral who runs TwinSpires is on the line too, Rohit may have some comments after Bill.
- <A William Mudd Chief Financial Officer & Executive Vice President>: Yeah, I would say that, well first of all, we put the businesses together last year, Steve as you know, and we took out, I think the last time we reported it was about \$12.4 million worth of annualized costs. The business is very scalable. So there's obviously a good piece of, what I would call a base cost or a fixed cost that sit below the revenue line. And when you typically add another dollar of handle to that business, the cost you really add is the fees associated with the product. So we pay the track and the horsemen for selling that bet. And then, of course, there is some marketing in total cost and what not, now, those are the two big costs. So when the volume is higher clearly the margins are better. And in the second quarter, the second quarter is always the biggest because you have the Triple Crown in that quarter. So I would say clearly some of it is related to volume, some of it is related to taking cost out and then of course HRTV was better about 600,000 in the quarter as well so.
- <Q Stephen Altebrando Sidoti & Co. LLC>: Okay. And I might have missed this in your some prepared remarks, but do you have similar to that organic top-line number for ADW segment year-over-year?
- <A William Mudd Chief Financial Officer & Executive Vice President>: In my comments Steve I had talked about it, I think, in the first quarter we have reported on a combined basis and including what Youbet had reported for the first quarter of 2006, the combined handle was down 10% in the first quarter. In the second quarter, the combined handle was down 2.4%. So when you look at the 2.4%, there is one that accounted for a significant portion of it and when you pull that customer out it was down 0.7%.
- <Q Stephen Altebrando Sidoti & Co. LLC>: Okay, perfect. And then just could be on the...
- < A William Mudd Chief Financial Officer & Executive Vice President>: That was with the industry being down 7 points in the second quarter.
- < Q Stephen Altebrando Sidoti & Co. LLC>: Okay. On your cash flow statement there is an acquisition of gaming license in the quarter, is that from Harlow's?
- < A William Mudd Chief Financial Officer & Executive Vice President>: That's Calder.
- <Q Stephen Altebrando Sidoti & Co. LLC>: Calder, Okay.
- < A William Mudd Chief Financial Officer & Executive Vice President>: And it's the annual gaming license fee in Calder.

Churchill Downs, Inc.

Company

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

- <Q Stephen Altebrando Sidoti & Co. LLC>: Okay. And then the last one, I know you've mentioned it for potential share repurchases, but I guess I am wondering why not have at least an authorization in place, I mean, you guys have looked for acquisitions and versus where your stock is trading at, I find it hard to imagine you find something as compelling, why not at least have a authorization to be potentially opportunistic.
- < A William Mudd Chief Financial Officer & Executive Vice President>: I'm sorry, Bob, do you want it?
- <A Robert Evans Chairman & Chief Executive Officer>: That's a thought that we'll consider. We already we have, we do this quarterly and I don't really want to comment it on beyond that except we are aware of that issue.
- <Q Stephen Altebrando Sidoti & Co. LLC>: Okay, all right. Thanks guys.
- <a href="#"><A Robert Evans Chairman & Chief Executive Officer>: Thank you.</a>

Operator: Thank you. Our next question comes from Ryan Worst of Brean, Murray.

- <Q Ryan Worst Brean, Murray, Carret & Co. LLC>: Hi, nice guys. Good quarter.
- <A>: Thanks, Ryan.
- <**Q Ryan Worst Brean, Murray, Carret & Co. LLC>:** Just a question on Bill or Bob only the Illinois horse racing funds from the ongoing payments from the 10th's license, how do you see that flowing through to your income statement?
- <a href="#"><A Robert Evans Chairman & Chief Executive Officer>: This is with respect to the Rivers Casino in Des Plaines?</a>
- <Q Ryan Worst Brean, Murray, Carret & Co. LLC>: Yes.
- < A Robert Evans Chairman & Chief Executive Officer>: Yeah, go ahead. We were doing okay.
- <A William Mudd Chief Financial Officer & Executive Vice President>: And as you know 15% of that is allocated to a fund for horse racing, Steve, it needs to be appropriated by the legislature in order for the horse racing interest to get that money, the legislature has yet to appropriate those funds. So as of right now, we don't know what timing of receiving in that money would be.
- <Q Ryan Worst Brean, Murray, Carret & Co. LLC>: Okay. And then, how long are that we I know you entered into new sponsorship and TV contracts for the Derby and Oaks, how longer those stands?
- < A William Mudd Chief Financial Officer & Executive Vice President>: They're each five years. This year is the first year there is four more years in each of those contracts.
- <Q Ryan Worst Brean, Murray, Carret & Co. LLC>: Okay. And then Bob may be you could touch on the political climate in Kentucky. I know there has been news out there recently of potential or referendum or at least someone's supporting a referendum that's usually a pretty anti-

CHDN Ticker ▲ Q2 2011 Earnings Call Event Type ▲ Jul. 28, 2011 Date ▲

gaming. Could you just kind of just fill us in on kind of the reasons for that support, the change there and what you think – how do you think a referendum would potentially play out?

- <A Robert Evans Chairman & Chief Executive Officer>: I've always well trained to predict political outcomes. The big political matter in Kentucky is the race for the governorship, the incumbent Steve Beshear against the challenger of Republican David Williams, currently senate President. Beshear has been a supporter of expanded gaming. Senator David Williams has not. I doubt if much progress was made on the issue of expanded gaming in Kentucky until after that election which is a bit unusual as the election is scheduled for an "off" year, this year, in 2011. But I think we just need to wait and see how that plays out and what the legislature may want to do following that. So I doubt if anything makes much progress before that.
- <Q Ryan Worst Brean, Murray, Carret & Co. LLC>: Okay. Thanks.

Company ▲

< A - Robert Evans - Chairman & Chief Executive Officer>: You are welcome.

Operator: Thank you. [Operator Instructions] I am showing no further question at this time.

#### Robert L. Evans, Chairman & Chief Executive Officer

Hey, Devoin thank you very much for your assistance. Everybody thanks for joining us. We will talk to you again in about 90 days. Bye, bye.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program. You may all now disconnect. Thank you and have a nice day.

#### Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information on the or properties of the solicitation of factSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, INRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2011. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.