# CHURCHILL DOWNS INCORPORATED
## CONDENSED CONSOLIDATED STATEMENTS OF NET (LOSS) EARNINGS
for the three months ended September 30, 2009 and 2008
(Unaudited)
(In thousands, except per share data)

| | Three Months Ended September 30, | | |
|---|---|---|---|
| | **2009** | **2008** | **% Change** |
| Net revenues | $ 100,896 | $ 99,603 | 1 |
| Operating expenses | 85,344 | 83,302 | 2 |
| Selling, general and administrative expenses | 13,092 | 12,006 | 9 |
| Operating income | 2,460 | 4,295 | (43) |
| Other income (expense): | | | |
| Interest income | 393 | 144 | F |
| Interest expense | (245) | (362) | 32 |
| Equity in loss of unconsolidated investments | (568) | (670) | 15 |
| Miscellaneous, net | 322 | 292 | 10 |
| | (98) | (596) | 84 |
| Earnings from continuing operations before provision for income taxes | 2,362 | 3,699 | (36) |
| Income tax provision | (3,578) | (1,351) | U |
| Net (loss) earnings from continuing operations | (1,216) | 2,348 | U |
| Discontinued operations, net of income taxes: | | | |
| (Loss) earnings from operations | (1,109) | 120 | U |
| Net (loss) earnings | $ (2,325) | $ 2,468 | U |
| Net (loss) earnings per common share data: | | | |
| Basic | | | |
| Net (loss) earnings from continuing operations | $ (0.09) | $ 0.17 | U |
| Discontinued operations | (0.08) | 0.01 | U |
| Net (loss) earnings | $ (0.17) | $ 0.18 | U |
| Diluted | | | |
| Net (loss) earnings from continuing operations | $ (0.09) | $ 0.17 | U |
| Discontinued operations | (0.08) | 0.01 | U |
| Net (loss) earnings | $ (0.17) | $ 0.18 | U |
| Weighted average shares outstanding: | | | |
| Basic | 13,587 | 13,549 | |
| Diluted | 13,587 | 14,025 | |

NM: Not meaningful U: > 100% unfavorable F: > 100% favorable

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS
for the nine months ended September 30, 2009 and 2008
(Unaudited)
(In thousands, except per share data)

| | Nine Months Ended September 30, | | |
|---|---|---|---|
| | **2009** | **2008** | **% Change** |
| Net revenues | $ 354,670 | $ 344,621 | 3 |
| Operating expenses | 272,556 | 266,155 | 2 |
| Selling, general and administrative expenses | 37,527 | 37,708 | - |
| Insurance recoveries, net of losses | - | (17,200) | U |
| Operating income | 44,587 | 57,958 | (23) |
| Other income (expense): | | | |
| Interest income | 780 | 478 | 63 |
| Interest expense | (772) | (1,539) | 50 |
| Equity in loss of unconsolidated investments | (641) | (2,640) | 76 |
| Miscellaneous, net | 1,042 | 1,125 | (7) |
| | 409 | (2,576) | F |
| Earnings from continuing operations before provision for income taxes | 44,996 | 55,382 | (19) |
| Income tax provision | (20,423) | (22,768) | 10 |
| Net earnings from continuing operations | 24,573 | 32,614 | (25) |
| Discontinued operations, net of income taxes: | | | |
| (Loss) earnings from operations | (863) | 8 | U |
| Net earnings | $ 23,710 | $ 32,622 | (27) |
| Net earnings per common share data: | | | |
| Basic | | | |
| Net earnings from continuing operations | $ 1.75 | $ 2.33 | (25) |
| Discontinued operations | (0.06) | - | NM |
| Net earnings | $ 1.69 | $ 2.33 | (27) |
| Diluted | | | |
| Net earnings from continuing operations | $ 1.75 | $ 2.33 | (25) |
| Discontinued operations | (0.06) | - | NM |
| Net earnings | $ 1.69 | $ 2.33 | (27) |
| Weighted average shares outstanding: | | | |
| Basic | 13,578 | 13,534 | |
| Diluted | 14,040 | 14,016 | |

CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION BY OPERATING UNIT
for the three months ended September 30, 2009 and 2008
(Unaudited)
(In thousands, except per share data)

| | Three Months Ended September 30, | | |
|---|---|---|---|
| | 2009 | 2008 | % Change |
| **Net revenues from external customers:** | | | |
| Churchill Downs | $ 5,226 | $ 5,620 | (7) |
| Arlington Park | 33,935 | 36,681 | (7) |
| Calder | 22,663 | 24,500 | (7) |
| Fair Grounds | 6,534 | 7,049 | (7) |
| Total Racing Operations | 68,358 | 73,850 | (7) |
| Online Business | 17,386 | 13,065 | 33 |
| Gaming | 14,104 | 11,551 | 22 |
| Other Investments | 963 | 808 | 19 |
| Corporate | 85 | 329 | (74) |
| Net revenues from external customers | $ 100,896 | $ 99,603 | 1 |
| **Intercompany net revenues:** | | | |
| Churchill Downs | $ 233 | $ 197 | 18 |
| Arlington Park | 800 | 782 | 2 |
| Calder | 381 | 393 | (3) |
| Fair Grounds | 11 | 49 | (78) |
| Total Racing Operations | 1,425 | 1,421 | - |
| Online Business | 150 | - | NM |
| Other Investments | 386 | 360 | 7 |
| Eliminations | (1,961) | (1,781) | (10) |
| Intercompany net revenues | $ - | $ - | - |
| **Segment EBITDA and net (loss) earnings:** | | | |
| Racing Operations | $ 3,428 | $ 4,686 | (27) |
| Online Business | 2,802 | 2,136 | 31 |
| Gaming | 3,884 | 4,377 | (11) |
| Other Investments | 831 | 550 | 51 |
| Corporate | (1,208) | (661) | (83) |
| Total EBITDA | 9,737 | 11,088 | (12) |
| Depreciation and amortization | (7,523) | (7,171) | (5) |
| Interest income (expense), net | 148 | (218) | F |
| Income tax expense | (3,578) | (1,351) | U |
| Net (loss) earnings from continuing operations | (1,216) | 2,348 | U |
| Discontinued operations, net of income taxes | (1,109) | 120 | U |
| Net (loss) earnings | $ (2,325) | $ 2,468 | U |

CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION BY OPERATING UNIT
for the nine months ended September 30, 2009 and 2008
(Unaudited)
(In thousands, except per share data)

| | Nine Months Ended September 30, | | |
|---|---|---|---|
| | 2009 | 2008 | % Change |
| **Net revenues from external customers:** | | | |
| Churchill Downs | $ 95,718 | $ 101,750 | (6) |
| Arlington Park | 75,337 | 77,450 | (3) |
| Calder | 44,295 | 45,918 | (4) |
| Fair Grounds | 35,262 | 39,299 | (10) |
| Total Racing Operations | 250,612 | 264,417 | (5) |
| Online Business | 54,830 | 42,796 | 28 |
| Gaming | 47,368 | 35,795 | 32 |
| Other Investments | 1,320 | 1,090 | 21 |
| Corporate | 540 | 523 | 3 |
| Net revenues from external customers | $ 354,670 | $ 344,621 | 3 |
| **Intercompany net revenues:** | | | |
| Churchill Downs | $ 2,438 | $ 1,623 | 50 |
| Arlington Park | 1,637 | 1,644 | - |
| Calder | 743 | 593 | 25 |
| Fair Grounds | 591 | 933 | (37) |
| Total Racing Operations | 5,409 | 4,793 | 13 |
| Online Business | 448 | - | NM |
| Other Investments | 1,286 | 1,270 | 1 |
| Eliminations | (7,143) | (6,063) | (18) |
| Intercompany net revenues | $ - | $ - | - |
| **Segment EBITDA and net earnings:** | | | |
| Racing Operations | $ 41,174 | $ 61,148 | (33) |
| Online Business | 11,767 | 4,426 | F |
| Gaming | 15,401 | 13,828 | 11 |
| Other Investments | 1,651 | 1,073 | 54 |
| Corporate | (2,606) | (2,586) | (1) |
| Total EBITDA | 67,387 | 77,889 | (13) |
| Depreciation and amortization | (22,399) | (21,446) | (4) |
| Interest income (expense), net | 8 | (1,061) | F |
| Income tax expense | (20,423) | (22,768) | 10 |
| Net earnings from continuing operations | 24,573 | 32,614 | (25) |
| Discontinued operations, net of income taxes | (863) | 8 | U |
| Net earnings | $ 23,710 | $ 32,622 | (27) |

# CHURCHILL DOWNS INCORPORATED
## CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

| | September 30, 2009 | December 31, 2008 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 16,552 | $ 12,658 |
| Restricted cash | 13,453 | 13,738 |
| Accounts receivable, net | 23,401 | 40,909 |
| Deferred income taxes | 6,180 | 5,900 |
| Income taxes receivable | - | 16,895 |
| Other current assets | 15,443 | 10,362 |
| Total current assets | 75,029 | 100,462 |
| Property and equipment, net | 386,876 | 375,418 |
| Goodwill | 115,349 | 115,349 |
| Other intangible assets, net | 34,847 | 32,939 |
| Other assets | 10,854 | 13,499 |
| Total assets | $ 622,955 | $ 637,667 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 32,742 | $ 40,745 |
| Purses payable | 15,472 | 11,301 |
| Accrued expenses | 44,734 | 43,386 |
| Income taxes payable | 6,378 | - |
| Dividends payable | - | 6,767 |
| Deferred revenue | 6,145 | 28,178 |
| Current portion of long-term debt | 33,000 | - |
| Total current liabilities | 138,471 | 130,377 |
| Long-term debt | - | 43,140 |
| Convertible note payable, related party | 14,550 | 14,234 |
| Other liabilities | 21,141 | 18,223 |
| Deferred revenue | 16,912 | 18,296 |
| Deferred income taxes | 11,570 | 19,506 |
| Total liabilities | 202,644 | 243,776 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock, no par value; 250 shares authorized; no shares issued | - | - |
| Common stock, no par value; 50,000 shares authorized; 13,712 shares issued September 30, 2009 and 13,689 shares issued at December 31, 2008 | 145,037 | 142,327 |
| Retained earnings | 275,274 | 251,564 |
| Total shareholders' equity | 420,311 | 393,891 |
| Total liabilities and shareholders' equity | $ 622,955 | $ 637,667 |

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