

# **CHURCHILL DOWNS INCORPORATED COMPENSATION COMMITTEE CHARTER**

## **Purpose**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) is responsible for assisting the Board in discharging its responsibilities relating to the compensation of the Company’s directors and executive officers and the administration of the Company’s employee benefit plans and practices. The Committee shall have concurrent authority with other Board committees over compensation risk management, including assessing and mitigating (as necessary) potential risks created by the Company’s compensation practices, policies and programs.

The Committee shall produce the annual report on executive compensation consistent with current Securities and Exchange Commission (“SEC”) rules to be included in the Company’s proxy statement for the annual meeting of shareholders and review and approve the Compensation Discussion and Analysis (“CD&A”) and the supporting compensation disclosure materials that are included in the Company’s proxy statement. The Committee shall discuss the CD&A with management and shall recommend to the Board that it be included in the proxy statement.

## **Membership**

The Committee shall be composed of at least three directors. The composition of the Committee shall meet the SEC’s requirements and NASDAQ’s listing standards, including independence requirements. The Committee shall meet as circumstances require as determined by the Committee Chairman.

## **Responsibilities**

The Committee shall have the following responsibilities:

- Oversee the development and implementation of the Company’s compensation policies and programs for executive officers, including the Chairman and CEO.
- Establish the annual goals and objectives relevant to the compensation of the Chairman, CEO and the executive officers and to present such to the Board annually.
- Evaluate the performance of the Chairman, CEO and the executive officers in light of the agreed-upon goals and objectives and to determine and approve the compensation level of the Chairman and CEO, including the balance of the components of total compensation, based on such evaluation and to present its report to the Board annually.
- To develop guidelines for the compensation and performance of the Company’s executive officers and to determine and approve the compensation of the Company’s executive officers, including the balance of the components of total compensation.

- To establish appropriate performance targets, participations and levels of awards with respect to the Company's incentive compensation plans.
- To administer the Company's equity-based compensation plans, including the establishment of criteria for the granting of stock-based awards and the review and approval of such grants in accordance with the criteria.
- To establish and periodically review company policies relating to senior management prerequisites and other non-cash benefits.
- To review periodically the operation of the Company's overall compensation program for key employees and evaluate its effectiveness in promoting shareholder value and company objectives.
- To review the results of any advisory shareholder votes on executive compensation and consider whether to recommend adjustments to the Company's compensation policies and programs as a result of such results.
- To consider, at least annually, whether risks arising from the Company's compensation policies and practices for all employees, including non-executive officers, are reasonably likely to have a material adverse effect on the Company, including whether the Company's incentive compensation arrangements encourage excessive or inappropriate risk-taking.
- To approve any compensation "clawback" policy required by law or otherwise adopted by the Company.
- To oversee regulatory compliance with respect to matters relating to executive officer compensation.
- To approve plans for managerial development and succession within the Company and to present such plans to the Board annually.
- To review, assess and recommend to the Board appropriate compensation for outside directors.
- To produce the report on executive compensation to be included in the Company's proxy statement for the annual meeting of shareholders.
- To review and discuss with management the CD&A and, based on such discussion, make a recommendation to the Board as to whether or not the CD&A shall be included in the proxy statement.
- To review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

- To conduct an annual performance evaluation of the Committee.

### **Retention of Advisors**

The Committee shall have the sole authority to retain, compensate, direct, oversee or terminate compensation consultants, legal counsel and other advisers (collectively, the “Committee Advisers”), who assist the Committee in carrying out its responsibilities, including determining the appropriate compensation levels for the CEO and other executive officers. The Committee shall receive appropriate funding from the Company as determined by the Committee, for the payment of reasonable compensation to any Committee Adviser. In selecting or receiving advice from any Committee Adviser, the Committee must take into consideration specific factors identified in NASDAQ’s listing standards that affect the independence of Committee Advisers to the extent required by such standards.

### **General**

The Committee may conduct or authorize investigations into or studies of matters within its responsibilities with full access to all books, records, facilities and personnel of the Company. The Committee may request any employee of the Company or other person to meet with the Committee or the Committee Advisers. However, neither the Chairman nor CEO may be present during voting or deliberations by the Committee with respect to their respective compensation.

The Committee shall regularly report the results of its deliberations, actions and observations to the Board.

The Committee may form and delegate authority to subcommittees when it deems appropriate.