



Bank of America Merrill Lynch 2013 Gaming & Lodging Conference Las Vegas, NV

Prepared For: Investor Relations (NASDAQ: CHDN)

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Forward-Looking Statements

This document contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: ["anticipate,"] ["intend,"] ["plan,"] ["goal,"] ["seek,"] ["believe,"] ["project,"] ["estimate,"] ["expect,"] ["strategy,"] ["future,"] ["likely,"] ["may,"] ["should,"] ["will"] and similar references to future periods. Forward-looking statements are statements that include guidance relating to net income and net income per share, expected operating results, our belief that we have sufficient liquidity to fund our business operations, expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings, strategy for customer retention, growth, product development, market position, financial results and reserves, and strategy for risk management.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, investors should not rely on any of these forward-looking statements, but instead should refer to statements included in reports filed by the Company with the Securities and Exchange Commission.

Any forward-looking statement made by us in this document is based only on information currently available to us and speaks only as of the date on which it is made. Churchill Downs Incorporated undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Use of Adjusted EBITDA as a non-GAAP measure

Churchill Downs Incorporated (CDI or Company) began using “Adjusted EBITDA” during the three months ended June 30, 2013 as a key performance measure of results of operations for purposes of evaluating performance internally. The Company believes the use of this measure enables management and investors to evaluate and compare, from period to period, the Company’s operating performance in a meaningful and consistent manner. This non-GAAP measurement is not intended to replace the presentation of the Company’s financial results in accordance with GAAP.

CDI defines Adjusted EBITDA as earnings from continuing operations before interest, taxes, depreciation, amortization, insurance recoveries net of losses, HRE Trust Fund proceeds, share based compensation expenses, pre-opening expenses, including those of its equity investments, the impairment of assets and other charges or recoveries.

CDI has provided a Reconciliation of Segment Adjusted EBITDA to earnings from continuing operations for each quarter and year end reporting period from March 31, 2010 through June 30, 2013 in the appendix section of this presentation.

Churchill Downs Incorporated operates in three distinct segments

We are a diversified Racing, Gaming, & Online Entertainment Company



1 Racing

(\$millions)	2012A	IH 2013
Revenue	\$302	\$185
Adjusted EBITDA (a-	\$54	\$59
Adj. EBITDA Margin	18%	32%

- Consists of 4 race tracks that conducted 381 days of live racing in 2012, 395 live racing days projected for 2013, majority of racing occurs in 2Q, 3Q & 4Q
- Includes longest continuously held annual sporting event in the U.S., the “Kentucky Derby”, 139 consecutive years
- Growth driven by Oaks & Derby innovations, new seating venues, Night Racing events and productivity (“cost out”) initiatives

(a – See appendix for Adjusted EBITDA reconciliation to earnings from continuing operations

2 Gaming

(\$millions)	2012A	IH 2013
Revenue	\$223	\$139
Adjusted EBITDA (a-	\$64	\$41
Adj. EBITDA Margin	29%	30%

- Consists of 5 existing operations with ~3,400 slots, 33 tables, 36 poker tables, 185 hotel rooms, & ~775 video poker machines (excluding Oxford Casino acquired in 3Q)
- Acquired Riverwalk Casino in mid-Oct 2012 which will add ~\$19 mil. in annual Adj EBITDA
- Acquired Oxford Casino in Maine casino for approx. \$160 mil. on July 17, 2013
- Developing a \$272 mil. Racing & Gaming facility as part of 50/50 JV near Lebanon, OH, scheduled to open in December 2013

3 Online Business

(\$millions)	2012A	IH 2013
Revenue	\$183	\$95
Adjusted EBITDA (a-	\$45	\$25
Adj. EBITDA Margin	24%	27%

- Consist of Twinspires.com, the largest legal Online gaming platform in the U.S. (pari-mutuel wagering “ADW” company)
- \$860 mil. in wagering “handle” in 2012; up +11% Y/Y; June YTD 2013 handle down 1%, organic growth offset by loss of IL handle
- Segment also includes Luckity.com, equity investment in HRTV and Velocity– high volume int’l customer focus
- Positioned to participate in Online Poker if legalized with the Bluff brand

Racing Operations: We own 4 premier Thoroughbred Racetracks

Our debt and equity is back-stopped with valuable real estate

Arlington International Racecourse



- 336 acres in western Chicago suburb, Arlington Heights
- Operates 11 OTB's
- 20 minutes from O'Hare airport
- Metra commuter train stop on property - easy access to other suburbs & Chicago
- Rich history with the "Arlington Million"

Churchill Downs Racetrack



- Home of the Kentucky Oaks and Kentucky Derby
- 147 acres in Louisville, KY
- National historic landmark
- 139 consecutive years of iconic international event
- Night racing series beginning in 2009

Calder Race Course



- 231 acres in Miami Gardens, FL with convenient access off Florida Turnpike
- Sits adjacent to Sun Life Stadium – home of the NFL's Miami Dolphins
- Conducts ~150 live racing days each year

Fair Grounds Race Course

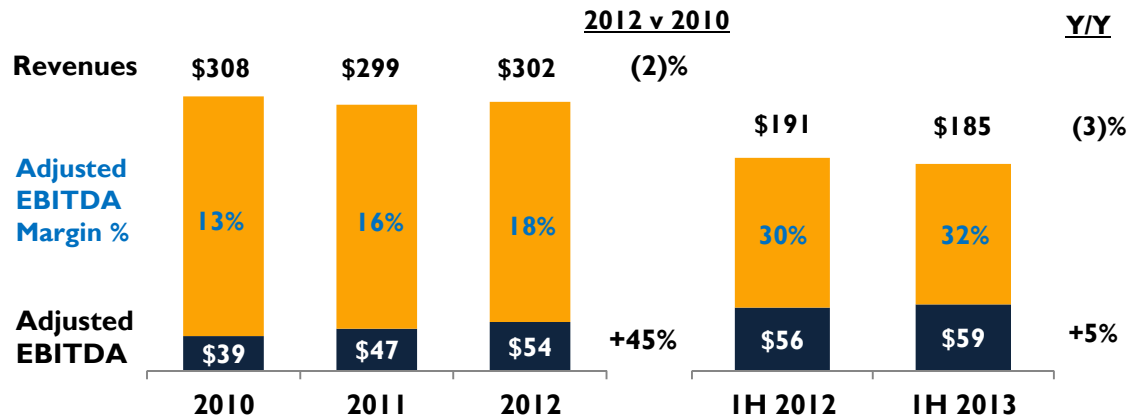


- 145 acres in New Orleans, LA
- Network of 12 OTB's
- Video poker machines in 10 of the OTB's
- Home of the "Louisiana Derby"
- New Orleans Jazz Festival host since 1972

Racing Operations Adjusted EBITDA has grown despite industry declines

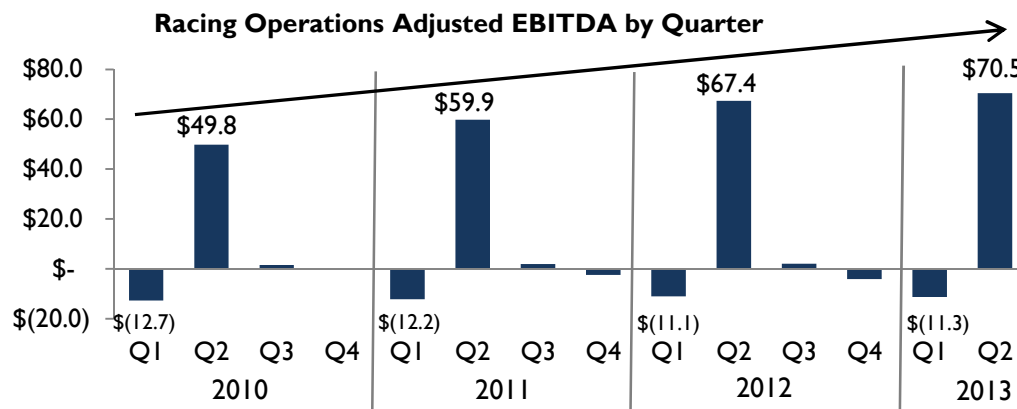
Derby Week, Night Racing & Productivity have increased margin rates

(\$ in millions)



- Wagering on U.S. Thoroughbreds in 2012 was up 1% Y/Y, first total year increase since 2006
 - 2012 U.S. Industry still down 20% from 2008 according to *The Jockey Club Online Fact Book*
 - June 2013 YTD industry handle down 1% on 3% fewer live race days
- Despite Industry weakness, Racing Operations Adjusted EBITDA has grown consistently driven by the strength of The Kentucky Derby, innovations like Night Racing, and a focus on cost productivity

Racing Operations profitability is driven by The Kentucky Oaks & Derby



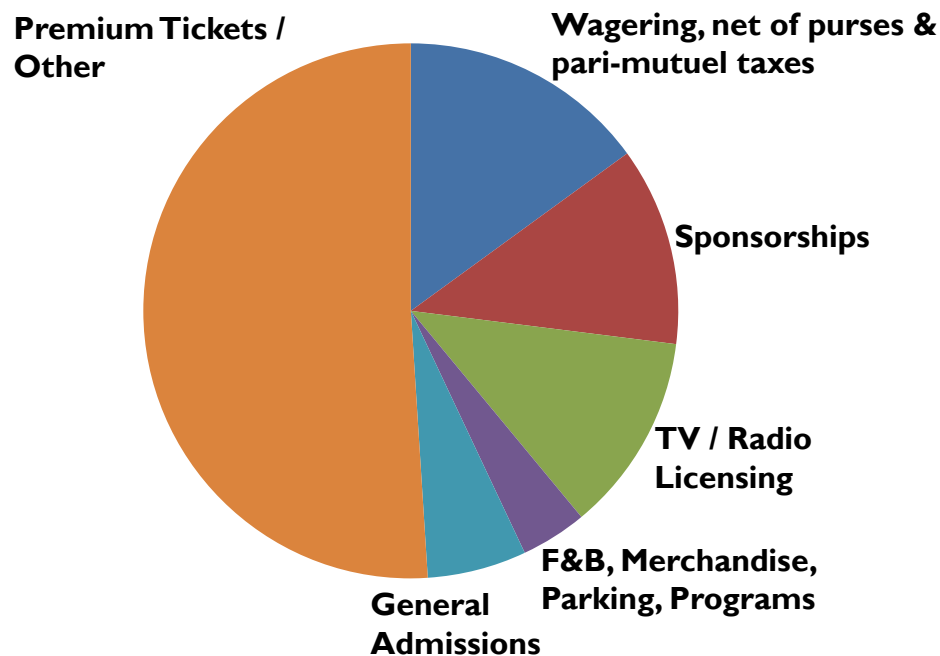
- The Kentucky Derby always occurs on “The First Saturday of May” (our 2nd quarter)
- Derby Week Profitability has proven resilient through economic cycles, up ~ \$21 mil. over the last four years
 - 2010 Adjusted EBITDA up \$3.4 mil. Y/Y
 - 2011 Adjusted EBITDA up \$6.4 mil. Y/Y
 - 2012 Adjusted EBITDA up \$5.4 mil. Y/Y
 - 2013 Adjusted EBITDA up \$5.8 mil. Y/Y

Note: See Appendix for Adjusted EBITDA reconciliation to earnings from continuing operations

The Kentucky Oaks & Derby profits come from many sources

A significant portion of Derby Week Profits happen before the event takes place

Sources of Derby Week Profitability
(Illustrative Approximations)



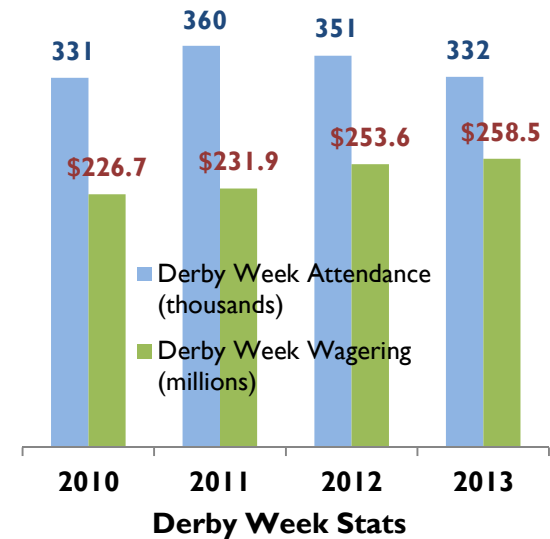
- ❑ Premium tickets is the largest Adjusted EBITDA contributor to profitability
 - ~55,000 reserved seats sold in advance, typically sold out in the early part of the year
 - Includes 77 permanent suites which are under 3 to 7 year contracts with staggered expirations
 - A significant % of seats are committed under long term personal seat licenses (PSLs)
 - Demand for premium tickets exceeds supply
 - Attendance set all-time records in both 2011 & 2012, near record in 2013 for Kentucky Oaks
 - New high-end seating venues added in 2013 with the “Mansion” and “Plaza Balcony”
- ❑ Wagering profits are impacted by the weather and the strength of the field (a strong favorite hurts wagering)
- ❑ NBC Sports TV agreement was renewed in 2011
 - 5 year agreement expires after the 2015 Derby
 - Increased economics compared to the prior deal
 - 2013 was the 2nd most watched Derby in 24 years
 - Only annual sporting event that draws more female viewers (52%) than male
- ❑ Yum! Brands presenting sponsor agreement renewed in 2011
 - 5 year agreement expires after the 2015 Derby
 - Increased economics compared to the prior deal
- ❑ Longines, Swiss watchmaker, expands relationship as Entitlement Partner of the Kentucky Oaks in 2013

Kentucky Derby continues economic growth / popularity

2013 Derby Week results prove the resiliency and brand power of this iconic entertainment event



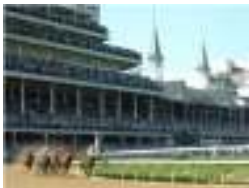
- Record Derby Week Adjusted EBITDA for the fourth consecutive year, up \$5.8 mil. in Adjusted EBITDA
 - Kentucky Derby Week Adjusted EBITDA has increased ~ \$21 mil. over the past 4 years
 - Despite dismal weather on both Opening Night and Derby Day, Derby Week economics still strong with all-sources wagering up 2% over 2012 to record \$258.5 mil.
 - New high-end seating venues added in 2013 with the “Mansion” and “Plaza Balcony”
 - Second-highest all-sources wagering on Derby Day



LONGINES

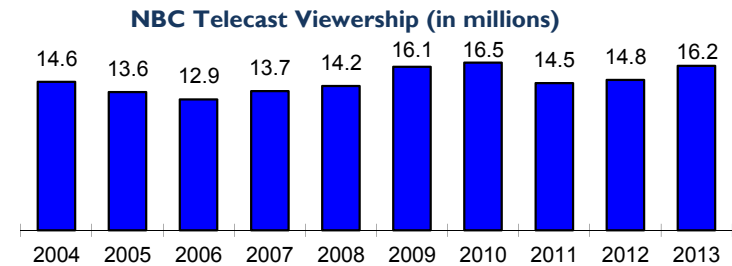


KENTUCKY OAKS 139
CHURCHILL DOWNS MAY 2, 2013



- Kentucky Oaks records 2nd highest attendance, record all-sources wagering up 15% Y/Y
 - Longines, Swiss watchmaker, expands relationship as Entitlement Partner of the Kentucky Oaks in 2013

- Television ratings 2nd highest since 1989
 - 16.2 million viewers is up 9% from 2012, up 12% from 2011
 - Only annual sporting event that draws more female viewers than male, 52% of viewers were women



2014 Kentucky Derby growth expected from new venues / seating expansion






Continued growth and popularity of Kentucky Derby Week fuels expansion efforts

- ❑ In July 2013, we announced a \$14.5 mil. expansion project at Churchill Downs Racetrack
 - New Grandstand Terrace & Rooftop Garden
 - 51,000 square feet of new space
 - Adding ~ 2,400 new reserved seats
 - New amenities serving 20,400 existing seats



What is The Kentucky Oaks & Derby worth?

Based on other professional sports valuations, The Kentucky Derby is under-valued at Regional Gaming multiples

Sports League	Number of Teams	Enterprise Value (\$B)	EBITDA (\$ millions)	EV / EBITDA (multiple)
	30	\$18.2	\$432 (\$14.4 Avg./Team)	42.0x
	32	\$33.2	\$979 (\$30.6 Avg./Team)	33.9x
	30	\$11.8	\$175 (\$5.8 Avg./Team)	67.4x
	30	\$7.2	\$127 (\$4.2 Avg./Team)	56.9x
	9	\$1.3	\$58 (\$6.4 Avg./Team)	22.0x
Total	131	\$71.6	\$1,770 (\$13.5 Avg. / Team)	40.4x

Source: Forbes.com

Date: Various – Late 2011 to Mid 2012

Enterprise Value: Based on current arena deal, unless new arena deal is pending

Gaming: Our properties are relatively new and in mature markets

Growing our Gaming Business thru development and acquisitions

Calder Casino



- Located in Miami Gardens Florida, near Sun Life Stadium
- Greenfield construction, opened January 2010
- 1,210 Slot Machines
- 29 Poker Tables

Harlow's Casino Resort & Spa



- Acquired in December 2010 for \$138 million
- 801 Slot Machines
- 15 table games & poker room
- 105-room attached hotel (50% rooms renovated in 2012)
- \$15 million in renovations grand opening of new amenities in January 2013

Fair Grounds Slots & Video Poker



- Greenfield construction at the racetrack, opened November 2008
- Located in New Orleans, LA
- 620 slot machines
- 12 Off Track Betting facilities operate ~775 Video Poker Machines

Riverwalk Casino Hotel

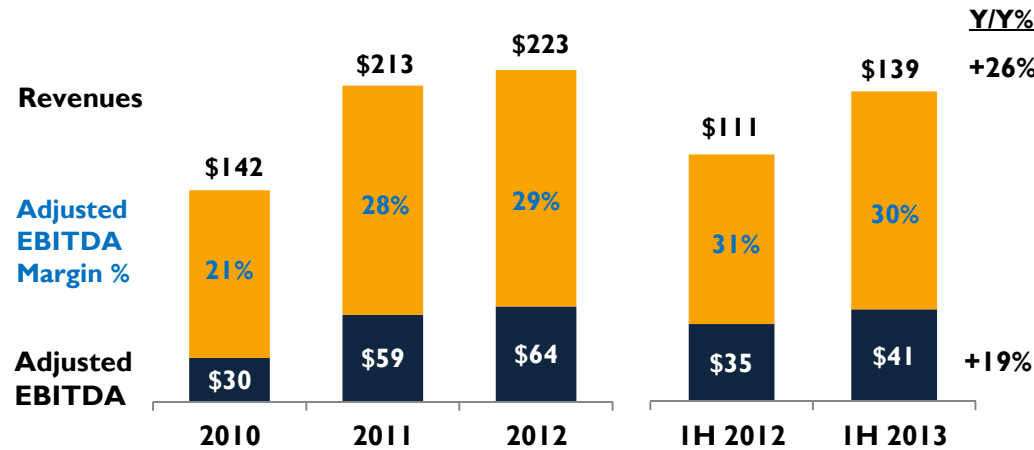


- Acquired in October 2012 for \$145.6 million
- Located in Vicksburg, MS
- 711 slot machines
- 17 table games
- 80-room attached hotel

Gaming Adj. EBITDA growth driven by greenfield development & acquisitions

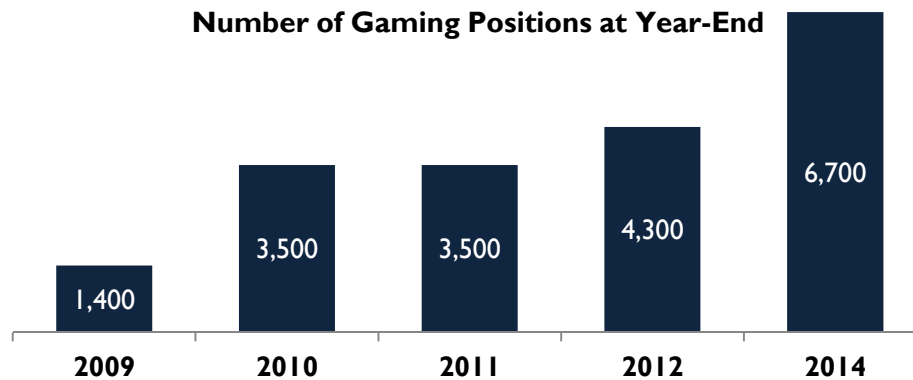
Acquisition & development focused on ROI

(\$ in millions)



- ❑ Fair Grounds permanent gaming facility opened October 2008 with ~600 machines
- ❑ Calder Casino opened in January 2010 with ~1,200 machines and 29 poker tables
- ❑ Acquired Harlow's Resort & Casino in December 2010 (facility opened in Nov 2007)
 - Our first non-racing casino
 - ~800 slots & 15 table games, 105-room hotel
- ❑ Ohio JV project with DNC - completed purchase of Lebanon OH facility in Dec 2012
- ❑ Construction of \$272 mil. racing & gaming facility between Cincinnati & Dayton OH underway – expected to open Dec 2013
- ❑ Acquired Riverwalk Casino Hotel in October 2012 (facility opened in Oct 2008)
 - 711 machines, 17 tables, 80-room hotel
- ❑ Acquired Oxford Casino in July 2013 (facility opened in June 2012) for approx. \$160 mil.
 - 790 slots & 22 table games
- ❑ “Younger” gaming assets require less maintenance-related cap-ex

Note: See Appendix for Adjusted EBITDA reconciliation to earnings from continuing operations



Note: positions as indicated in the 10-K for 2009-2012; 2014 assumes our OH property opens with 1,600 machines and our acquisition of Oxford Maine property adds approx. 800 machines

2013 Gaming Adj. EBITDA expected growth driven by Riverwalk acquisition

Newest property in Vicksburg with a superior design and high quality amenities

- ❑ **Acquired Riverwalk Casino Hotel in Vicksburg, MS in October 2012 for \$145.6 million**
 - Expected to add approximately \$55 million in revenue, \$19 million in EBITDA, and \$10 million in free cash flow annually
 - Transaction price was ~7.4x trailing twelve months EBITDA; including tax benefits the multiple is approximately 6.4x
- ❑ **Constructed on 22 acres of land and opened in October 2009 with the following amenities:**
 - 25,000 Square foot gaming floor with 736 slots & 18 table games
 - 80-room, 5-story hotel attached to the gaming floor
 - 220-seat Magnolia Hill Buffet, 102-seat Rocky's casual grill as well as casino bar and a private VIP Lounge
 - 750 parking spots including a 325-space covered parking garage
 - One of only two Mississippi River Casino properties that did not close during the 2011 record flooding
- ❑ **Consistently grown market share since opening due to its easy-to-navigate single-level gaming floor, superior design aesthetic and marketing programs**
- ❑ **Positioned less than 1 mile from Interstate 20, a major thoroughfare across Mississippi and Louisiana**



Acquired Oxford Casino in Oxford, Maine in 3Q

Closed on Oxford Casino acquisition on July 17, 2013

- ❑ Oxford Casino opened in June 2012, and is located approximately 35 miles northwest of Portland, ME
- ❑ Completed an expansion of its gaming floor in Oct 2012 bringing total slot machines to 789 and 22 table games

	Opened	Gaming sq. ft.	Slots	Tables
Initial Phase	June 2012	16,000	529	12
Expansion	September 2012	9,000	260	10
Current		25,000	789	22

- ❑ Transaction price represents projected 7.5x EBITDA multiple (based on CDI's projections)
- ❑ Expected to be immediately accretive to EPS and provide annual free cash flow of approx. \$12.5 mil.
- ❑ Able to close on acquisition earlier than expected and take advantage of seasonally "peak" gaming months
- ❑ Announced a \$3.2 mil. capital project to expand the gaming floor – weeks after closing on the acquisition



2014 Gaming Adj. EBITDA growth driven by new Ohio Gaming & Racing Facility

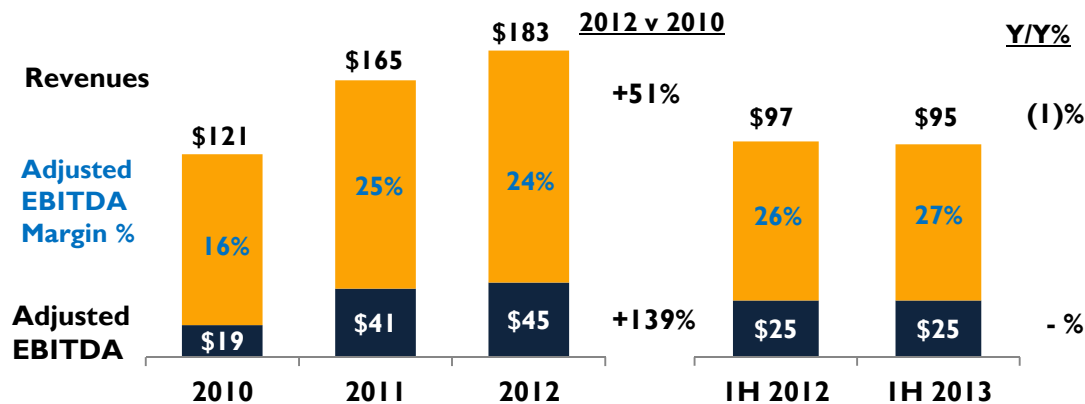
Partnering with Delaware North on a \$272 million development in an attractive gaming market

- ❑ IQ 2012 – announced a Joint Venture (“JV”) with Delaware North Companies (“DNC”) to purchase Lebanon Raceway license in Ohio to develop a new Video Lottery Terminal (“VLT”) facility and harness racetrack
- ❑ JV Closed on the purchase of Lebanon Raceway on December 21, 2012; Construction began in early 2013 on a new gaming & racing facility located near exit 29 off I-75 between Cincinnati and Dayton, scheduled to open in Dec 2013
- ❑ \$272 mil. total investment will be split evenly (50/50) with partner, DNC (previous estimate was \$285 mil.)
 - \$60 mil. purchase price includes \$10 mil. cash (paid in Dec 2012) and \$50 mil. sellers note (with 6 year payback schedule beginning with 1st coin drop) - plus \$10 mil. contingent payment to sellers based on performance
 - \$50 mil. license fee includes 3 installments - \$10 mil. upon license approval (paid in Dec 2012), \$15 mil. upon first coin drop (expected Dec 2013) and \$25 mil. on 1-year anniversary of first coin drop
 - \$162 mil. construction cost of gaming & racing facility including cost of VLT machines (former est. \$175 mil.)
- ❑ CDI invested \$32.4 mil. in JV through June 2013, remaining share of investment to be funded by existing credit facility



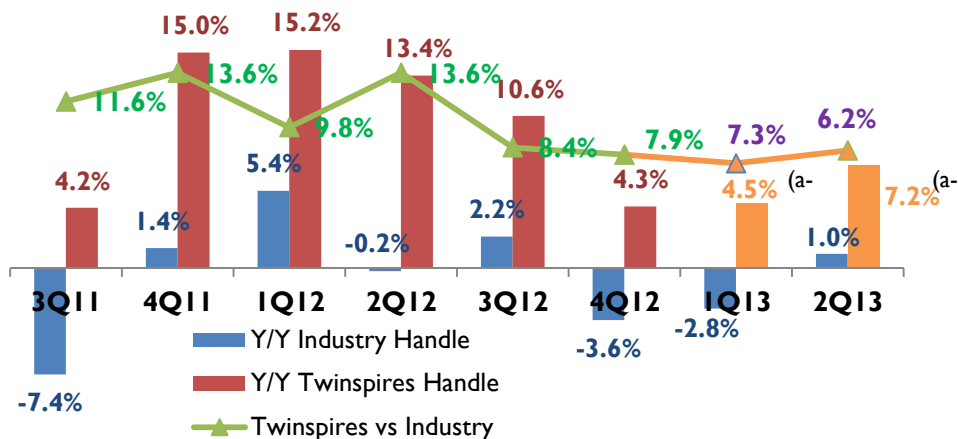
Online Business has grown organically as customers shift wagering behavior

The Online channel is growing despite industry declines



Note: See Appendix for Adjusted EBITDA reconciliation to earnings from continuing operations

Twinspires.com Handle Growth compared to U.S. Industry Growth

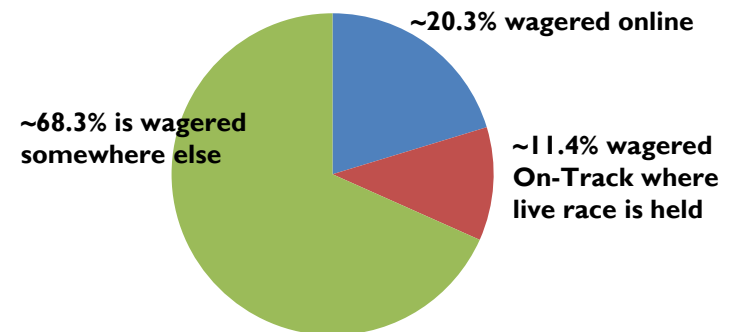


Sources: Twinspires.com growth 10-Q/10-K; Industry: equibase.com

(a- excluding impact of IL handle loss for both 1Q and 2Q of 2013 and 2012, actual reported results show 3% decline Y/Y in 1Q and 1% growth in 2Q per Form 10-Q's for respective period

- Online wagering has grown ~8% to ~14% faster than the industry through 4Q 2012, as customers continue to shift wagering channels due to convenience, accessibility and ease of use
- In 1H 2013, Twinspires.com stopped taking wagers from IL customers as online wagering legislation expired. Excluding IL handle for both periods, online handle increased 6% - outpacing industry by 6.8%
- Twinspires.com resumed online wagering in IL on June 7, 2013 after IL legislators and the Governor passed a new bill to allow online wagering on horseracing
- CDI well positioned to continue growing & gaining market share from better technology, innovation and ability to offer integrated data

2012 Wagering by Location

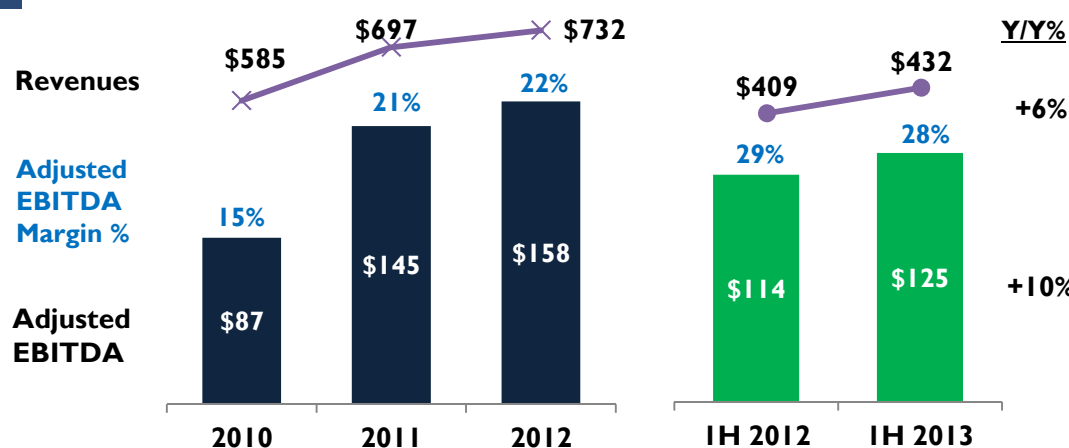


Source: Online (ADW) handle from Oregon Racing Commission and SEC filings, Industry: The Jockey Club

Proven ability to grow Revenues & Adjusted EBITDA

Strong earnings & cash performance allows for future growth investments

(\$ in millions)



Y/Y%

+6%

+10%

□ All three segments showed Adjusted EBITDA growth in 2012:

- Racing Operations up 13%
- Derby sets another record, +\$5.4 million
- Gaming up 8%
- Online Businesses up 7%

□ IH 2013 revenues and Adjusted EBITDA up 6% and 10%, respectively:

- Driven by Riverwalk Casino acquisition (4Q '12)
- Racing Ops up from record Derby Week offset partially by negative impact of less IL host days and loss of FL hosting revenues
- Online Business impacted by loss of IL ADW

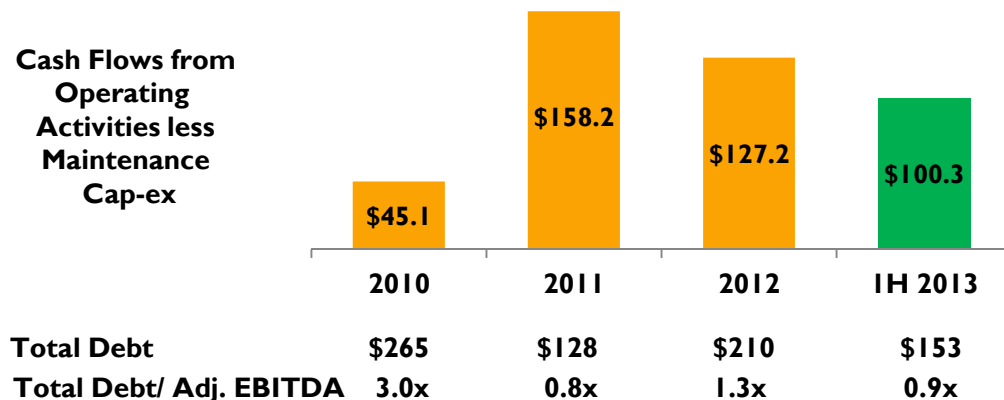
□ ~\$580 million in cash spent on acquisitions (net of acquired cash) and greenfield developments since 2009 (including Oxford Casino in Q3 '13):

- \$80 mil. on Calder Casino
- \$32 mil. on Youbet.com acquisition
- \$136 mil. on Harlow's acquisition
- \$7 mil. on Bluff Media acquisition
- \$23 mil. on Lebanon Raceway JV
- \$146 mil. on Riverwalk Casino Hotel
- \$160 mil. on Oxford Casino

□ Strong free cash flow generation allows for rapid debt reduction following acquisitions

- Maint cap-ex has been limited to <\$20 mil. last several years
- Leverage / coverage ratios among industry best

We generate significant Free Cash Flow ("FCF")



Note: Debt / Adjusted EBITDA metrics shown do not include pro-forma credit for acquisitions

Investment Rationale Summary

- ❑ **Disciplined, Shareholder-Focused Management Team**
 - Diverse backgrounds with multi-industry, technology and international experience
 - Proven record of capital allocation, revenue & earnings growth

- ❑ **Diversified portfolio of Racing, Gaming, Online Entertainment Businesses**
 - Largest legal Online gaming platform in the U.S. (Twinspires.com), showing organic growth
 - Iconic Kentucky Oaks & Derby Brands continue to set all-time records
 - Four premier Thoroughbred Race Tracks
 - ~5,100 gaming positions at five casinos (including Oxford Casino acquisition in July 2013) and 10 OTBs, Ohio JV adds ~1,600 more in 4Q 2013

- ❑ **Significant Growth Opportunities / Pipeline**
 - Organic growth in our Online business as customers shift wagering behavior
 - Organic growth with the Kentucky Oaks & Derby as we develop new high-end seating
 - ~\$272 million JV racing & gaming development near Lebanon, Ohio – to open 4Q 2013
 - Luckity.com a mobile and online social game that pays real money
 - Options on gaming expansion in Illinois and Kentucky
 - Positioned to participate in U.S. online poker upon legalization
 - Low leveraged balance sheet improves ability to repurchase shares or make accretive acquisitions

- ❑ **Strong Financial Position**
 - Strong balance sheet, backstopped with valuable real estate
 - Disciplined maintenance capital spending
 - Derby and Online businesses, in particular, deliver strong free cash flow



Appendix



Recent actions provide greater flexibility for borrowing / stock repurchase

Amended bank facility adds credit capacity, stock repurchase plan adds option for use of free cash

Amended Revolving Credit Facility

- ❑ CDI Board of Directors approved April 2013, subject to state regulatory approvals
- ❑ Received final state regulatory approval on May 16 and closed on the amended credit facility on May 17 (effective date)
- ❑ Amended Revolving Credit Facility includes:
 - Increase in borrowing capacity from \$375 mil. to \$500 mil.
 - Five year tenor – maturing May 2018
 - Includes an accordion feature which, if exercised, could increase borrowing capacity by additional \$225 mil.
 - LIBOR-based interest rates plus “spread” based on Company’s total leverage ratio (1.125% to 3.0% spread)
- ❑ New two-tiered leverage ratio covenant:
 - 3.5x senior secured leverage max
 - 5.0x total leverage max (provided that minimum adjusted EBITDA is maintained – otherwise 4.5x total leverage)
- ❑ Interest coverage ratio covenant - >3.0 to 1 times
- ❑ Reduced pricing schedule for outstanding borrowings and commitment fees across all leverage pricing levels

Stock Repurchase Plan

- ❑ CDI Board of Directors approved April 2013
- ❑ Stock Repurchase Plan includes:
 - Authorization up to \$100 mil. to repurchase CDI stock
 - Plan expires on December 31, 2015
 - Open market purchases (10b-18 or 10b5-1) , privately negotiated transactions allowed
- ❑ Funding of any repurchases will be made using available cash or borrowings under revolving credit facility
- ❑ Stock Repurchase Plan provides:
 - Another tax efficient way to return capital to shareholders
 - Ability to offset the dilutive effect of share-based compensation plans
 - Viable and accretive option for use of free cash flow
 - Ability to buy back stock if undervalued by the market
- ❑ There have been no stock repurchases through the end of 2Q 2013

Illinois & Kentucky provide future gaming growth options

Gaming expansion is currently a major topic of political discussions in both states

Arlington Park

- ❑ Attractive location
 - Approximately 25 miles from downtown Chicago, with train station on property
 - ~9 miles from Des Plaines Casino (> \$700 win per unit in 2012 according to Wells Fargo research)
- ❑ IL General Assembly passed gaming expansion, SB 1849, in May 2012 sponsored by Rep. Lou Lang which would have allowed 5 new casinos, including one in Chicago and permit slot machines at racetracks
- ❑ Bill would have allowed for Class III gaming at racetracks including 1,200 at Arlington Park
- ❑ Governor Quinn vetoed SB 1849 in August, 2012, over the absence of strict ethical standards and comprehensive regulatory oversight including a ban on campaign contributions from licensees
- ❑ Compromise legislation that addressed the majority of Gov. Quinn's concerns, SB 1739, passed the IL Senate on May 1, 2013, with 32 votes, but was not called for a vote in the House before the end of the Spring session
- ❑ We are optimistic this legislation will be addressed during the fall veto session as the state of IL continues to struggle with mounting budget deficits

Churchill Downs

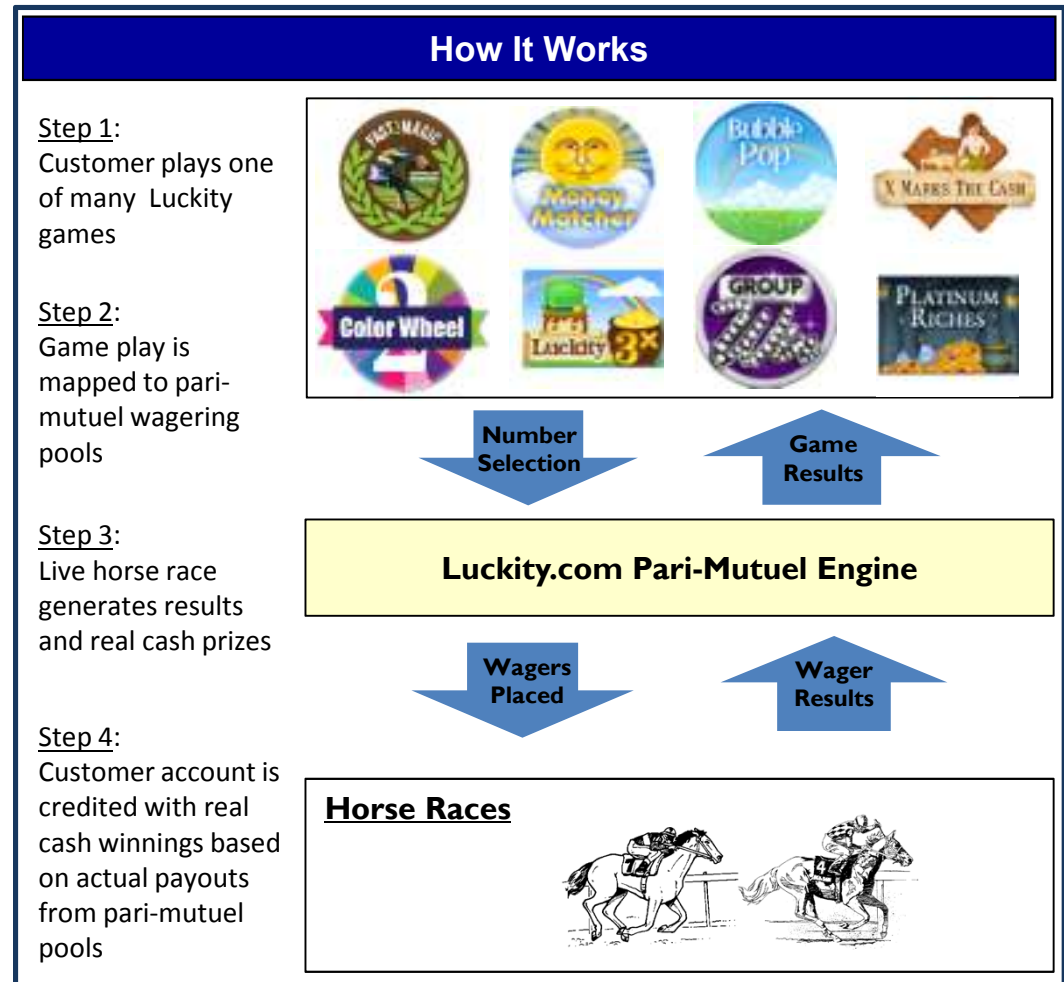
- ❑ Historic location, huge visitor destination and an iconic brand
 - Approximately 5 miles from downtown Louisville
 - ~20 miles from Caesar's Horseshoe Southern IN property (~\$270 million of gaming win per Wells Fargo Research)
- ❑ Spectrum gaming released a study dated January 17, 2012 showing Churchill Downs location annual revenues could exceed \$250 million
- ❑ Polling in early 2012 indicated 87% favor a public vote on expanded gaming with 64% saying they would vote in favor
- ❑ Budgetary concerns are putting additional pressure on the KY General Assembly to authorize expanded gaming. CDI is working to build the requisite support ahead of the 2014 session for a constitutional amendment. Should we be successful in passing an amendment, it would then be subject to a vote of the public in November 2014
- ❑ The KY Constitution requires that constitutional amendments pass the General Assembly with at least 60% approval in both the House & Senate
- ❑ A November 2014 ballot question on the amendment would require a simple majority for passage

Luckity leverages our Twinspires platform to attract new customers

Luckity is like nothing else in the U.S. legal online gaming market today



- ❑ Luckity is a mobile and online gaming platform that offers fun games with the opportunity to win real money
 - Outcomes of games are based on and determined by live horse races
 - Technology is based on Twinspires advanced deposit wagering platform
 - Patent protected (pending)
- ❑ Luckity is permissible under the Interstate Horseracing Act and is licensed by the Oregon Racing Commission
- ❑ Launched November 1, 2012 with 25 unique games
- ❑ Targeting social, casino and lottery game players
- ❑ Focused on product quality initially with our customers, looking to make games more interactive and appealing while filling the time gap between customer plays and game results
- ❑ Significant marketing of product will occur after further product enhancements are achieved



Reconciliations – Adjusted EBITDA 2010

Reconciliation of Segment Adjusted EBITDA to earnings (loss) from continuing operations:
(\$ in millions)

	2010 1Q	2010 2Q	2010 3Q	2010 4Q	2010 Full Year
Racing Operations	\$ (12,653)	\$ 49,811	\$ 1,539	\$ (104)	\$ 38,594
Gaming	5,124	6,788	8,014	9,695	29,621
Online Business	4,205	4,849	6,067	4,122	19,243
Other Investments / Corporate	(977)	(278)	2,239	(1,371)	(386)
Total Adjusted EBITDA	\$ (4,300)	\$ 61,170	\$ 17,859	\$ 12,343	\$ 87,072
Insurance recoveries, net of losses	-	-	-	-	-
HRE Trust Fund proceeds	-	-	-	-	-
Share-based compensation expense	(723)	(786)	(807)	(4,340)	(6,656)
Pre-opening costs	-	-	-	-	-
Depreciation and amortization	(10,025)	(11,990)	(12,395)	(12,114)	(46,524)
Interest income (expense), net	(1,147)	(1,403)	(1,595)	(1,849)	(5,994)
Income tax benefit (provision)	8,051	(18,722)	638	1,692	(8,341)
Earnings (loss) from continuing operations	\$ (8,144)	\$ 28,269	\$ 3,700	\$ (4,268)	\$ 19,557

Reconciliations – Adjusted EBITDA 2011

Reconciliation of Segment Adjusted EBITDA to earnings (loss) from continuing operations:
(\$ in millions)

	2011 1Q	2011 2Q	2011 3Q	2011 4Q	2011 Full Year
Racing Operations	\$ (12,183)	\$ 59,852	\$ 1,949	\$ (2,454)	\$ 47,163
Gaming	18,341	13,126	13,509	13,658	58,634
Online Business	8,457	12,085	11,226	9,217	40,985
Other Investments / Corporate	(761)	(209)	(65)	(256)	(1,291)
Total Adjusted EBITDA	\$ 13,854	\$ 84,853	\$ 26,619	\$ 20,165	\$ 145,491
Insurance recoveries, net of losses	-	-	1,010	(38)	972
HRE Trust Fund proceeds	-	-	19,258	-	19,258
Share-based compensation expense	(2,680)	(2,588)	(3,892)	(571)	(9,731)
Pre-opening costs	-	-	-	-	-
Other charges and recoveries	-	2,720	-	-	2,720
Depreciation and amortization	(13,986)	(13,892)	(13,441)	(13,851)	(55,170)
Interest income (expense), net	(2,392)	(3,405)	(1,460)	(1,199)	(8,456)
Income tax benefit (provision)	2,018	(27,698)	(8,374)	(235)	(34,289)
Earnings (loss) from continuing operations	\$ (3,186)	\$ 39,990	\$ 19,720	\$ 4,271	\$ 60,795

Reconciliations – Adjusted EBITDA 2012

Reconciliation of Segment Adjusted EBITDA to earnings (loss) from continuing operations:
(\$ in millions)

	2012 1Q	2012 2Q	2012 3Q	2012 4Q	2012 Full Year
Racing Operations	\$ (11,053)	\$ 67,423	\$ 2,101	\$ (4,049)	\$ 54,422
Gaming	19,773	14,992	12,624	16,778	64,168
Online Business	11,628	13,806	9,922	9,282	44,639
Other Investments / Corporate	(1,336)	(1,214)	(399)	(1,827)	(4,775)
Total Adjusted EBITDA	\$ 19,012	\$ 95,007	\$ 24,249	\$ 20,185	\$ 158,453
Insurance recoveries, net of losses	1,511	5,003	-	492	7,006
HRE Trust Fund proceeds	-	-	-	-	-
Share-based compensation expense	(3,183)	(4,716)	(2,968)	(3,122)	(13,989)
Pre-opening costs	-	-	-	-	-
Depreciation and amortization	(13,807)	(13,638)	(13,370)	(14,785)	(55,600)
Interest income (expense), net	(1,205)	(947)	(842)	(1,447)	(4,441)
Income tax benefit (provision)	(974)	(32,133)	(1,096)	1,051	(33,152)
Earnings (loss) from continuing operations	\$ 1,354	\$ 48,576	\$ 5,973	\$ 2,374	\$ 58,277

Reconciliations – Adjusted EBITDA 2013

Reconciliation of Segment Adjusted EBITDA to earnings (loss) from continuing operations:
(\$ in millions)

	2013 1Q	2013 2Q	2013 1H
Racing Operations	\$ (11,257)	\$ 70,517	\$ 59,260
Gaming	22,008	19,365	41,373
Online Business	11,335	14,091	25,426
Other Investments / Corporate	(996)	(86)	(1,082)
Total Adjusted EBITDA	\$ 21,090	\$ 103,887	\$ 124,977
Insurance recoveries, net of losses	375	-	375
HRE Trust Fund proceeds	-	292	292
Share-based compensation expense	(3,363)	(6,214)	(9,577)
Pre-opening costs	(230)	(480)	(711)
Depreciation and amortization	(15,035)	(14,991)	(30,026)
Interest income (expense), net	(1,466)	(1,167)	(2,633)
Income tax benefit (provision)	(311)	(31,029)	(31,340)
Earnings (loss) from continuing operations	\$ 1,060	\$ 50,297	\$ 51,357

Shareholder-Focused Management Team

Bob Evans, Chairman & CEO



- ❑ CEO since 2006
- ❑ Diverse background – strategy consulting, software, private equity
- ❑ Technology-focused
- ❑ Led CDI's diversified growth strategy

Bill Mudd, EVP & CFO



- ❑ CFO since 2007
- ❑ 15 year multi-industry, multi-business background with GE
- ❑ International experience
- ❑ Leads strategic, finance and development teams

Bill Carstanjen, President & COO



- ❑ President and COO, 8 years with CDI
- ❑ M&A background with Cravath, Swaine & Moore LLP and GE
- ❑ Previously led legal and development teams
- ❑ Formerly GE Capital
- ❑ Columbia Law School

Alan Tse, EVP & General Counsel



- ❑ General Counsel since 2011
- ❑ Oversees all legal, corporate governance and compliance
- ❑ Former GC for LG Electronics MobileComm USA
- ❑ Background in technology-focused industries
- ❑ Harvard Law School