

**CHURCHILL DOWNS INCORPORATED**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(unaudited except year ended 2016 and 2015 amounts)

|  | Three Months Ended<br>December 31, |                | Years Ended<br>December 31, |                |
|--|------------------------------------|----------------|-----------------------------|----------------|
|  | 2016                               | 2015           | 2016                        | 2015           |
| <i>(in millions, except per common share data)</i>       |                                    |                |                             |                |
| <b>Net revenue:</b>                                      |                                    |                |                             |                |
| Racing   | \$ 30.3                            | \$ 30.0        | \$ 251.1                    | \$ 248.0       |
| Casinos  | 78.9                               | 80.4           | 332.8                       | 332.9          |
| TwinSpires   | 48.3                               | 43.7           | 220.6                       | 200.2          |
| Big Fish Games   | 116.6                              | 113.7          | 486.2                       | 413.7          |
| Other Investments  | 4.0                                | 4.5            | 16.9                        | 16.6           |
| Corporate  | 0.2                                | 0.1            | 1.0                         | 0.9            |
| <b>Total net revenue</b>                                 | <u>278.3</u>                       | <u>272.4</u>   | <u>1,308.6</u>              | <u>1,212.3</u> |
| <b>Operating expense:</b>                                |                                    |                |                             |                |
| Racing   | 38.3                               | 37.6           | 187.7                       | 189.9          |
| Casinos  | 58.5                               | 58.2           | 241.3                       | 241.1          |
| TwinSpires   | 33.9                               | 30.8           | 146.7                       | 135.4          |
| Big Fish Games   | 89.4                               | 94.5           | 398.9                       | 340.1          |
| Other Investments  | 4.6                                | 4.5            | 16.5                        | 16.3           |
| Corporate  | 0.4                                | (2.2)          | 1.9                         | 0.1            |
| Selling, general and administrative expense              | 24.9                               | 22.5           | 100.2                       | 90.8           |
| Research and development                                 | 9.7                                | 9.4            | 39.0                        | 39.4           |
| Gain on Calder land sale                                 | (23.7)                             | —              | (23.7)                      | —              |
| Calder exit costs  | 0.1                                | 0.4            | 2.5                         | 13.9           |
| Acquisition expenses, net                                | (1.5)                              | 4.3            | 3.4                         | 21.7           |
| <b>Total operating expense</b>                           | <u>234.6</u>                       | <u>260.0</u>   | <u>1,114.4</u>              | <u>1,088.7</u> |
| <b>Operating income</b>                                  | 43.7                               | 12.4           | 194.2                       | 123.6          |
| <b>Other income (expense):</b>                           |                                    |                |                             |                |
| Interest expense   | (10.9)                             | (7.5)          | (43.7)                      | (28.6)         |
| Equity in income of unconsolidated investments           | 3.9                                | 3.0            | 17.4                        | 11.2           |
| Miscellaneous, net                                       | 0.5                                | 0.4            | 0.2                         | 5.9            |
| <b>Total other expense</b>                               | <u>(6.5)</u>                       | <u>(4.1)</u>   | <u>(26.1)</u>               | <u>(11.5)</u>  |
| Income from operations before provision for income taxes | 37.2                               | 8.3            | 168.1                       | 112.1          |
| Income tax provision                                     | (10.4)                             | (0.8)          | (60.0)                      | (46.9)         |
| <b>Net income</b>  | <u>26.8</u>                        | <u>7.5</u>     | <u>108.1</u>                | <u>65.2</u>    |
| <b>Net income per common share data:</b>                 |                                    |                |                             |                |
| Basic net income   | \$ 1.62                            | \$ 0.44        | \$ 6.52                     | \$ 3.75        |
| Diluted net income                                       | <u>\$ 1.60</u>                     | <u>\$ 0.43</u> | <u>\$ 6.42</u>              | <u>\$ 3.71</u> |
| Weighted average shares outstanding:                     |                                    |                |                             |                |
| Basic  | 16.3                               | 17.2           | 16.4                        | 17.2           |
| Diluted  | 16.8                               | 17.3           | 16.8                        | 17.6           |
| <b>Other comprehensive loss:</b>                         |                                    |                |                             |                |
| Foreign currency translation, net of tax                 | —                                  | (0.1)          | 0.2                         | (0.5)          |
| Change in pension benefits, net of tax                   | (0.8)                              | —              | (0.8)                       | —              |
| Other comprehensive loss                                 | (0.8)                              | (0.1)          | (0.6)                       | (0.5)          |
| <b>Comprehensive income</b>                              | <u>\$ 26.0</u>                     | <u>\$ 7.4</u>  | <u>\$ 107.5</u>             | <u>\$ 64.7</u> |

**CHURCHILL DOWNS INCORPORATED**  
**CONSOLIDATED BALANCE SHEETS**

(in millions)

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
| <b>ASSETS</b>   |             |             |
| Current assets:   |             |             |
| Cash and cash equivalents   | \$ 48.7     | \$ 74.5     |
| Restricted cash   | 34.3        | 29.7        |
| Accounts receivable, net  | 81.4        | 67.8        |
| Receivable from escrow  | 13.6        | —           |
| Income taxes receivable   | 7.6         | 1.0         |
| Game software development, net  | 9.6         | 7.1         |
| Other current assets  | 50.8        | 39.5        |
| Total current assets  | 246.0       | 219.6       |
| Property and equipment, net   | 574.4       | 573.2       |
| Game software development, net  | 6.3         | 3.2         |
| Investment in and advances to unconsolidated affiliates   | 139.1       | 129.7       |
| Goodwill  | 832.2       | 841.7       |
| Other intangible assets, net  | 445.7       | 496.2       |
| Other assets  | 10.7        | 13.8        |
| Total assets  | \$ 2,254.4  | \$ 2,277.4  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |             |             |
| Current liabilities:  |             |             |
| Accounts payable  | \$ 53.2     | \$ 39.1     |
| Purses payable  | 12.5        | 12.1        |
| Account wagering deposit liabilities  | 25.0        | 20.4        |
| Accrued expense   | 100.1       | 97.9        |
| Tax refund due to Big Fish Games former equity holders  | —           | 0.4         |
| Deferred revenue - Big Fish Games   | 81.3        | 81.3        |
| Deferred revenue - all other  | 64.3        | 46.0        |
| Big Fish Games deferred payment, current  | 27.8        | 28.1        |
| Big Fish Games earnout liability, current   | 67.9        | 279.5       |
| Current maturities of long-term debt  | 14.2        | 16.2        |
| Dividends payable   | 21.8        | 19.1        |
| Total current liabilities   | 468.1       | 640.1       |
| Long-term debt, net of current maturities and loan origination fees   | 312.8       | 171.9       |
| Notes payable, including premium and net of debt issuance costs   | 594.7       | 593.7       |
| Big Fish Games deferred payment, net of current amount due  | —           | 26.7        |
| Big Fish Games earnout liability, net of current amount due   | —           | 65.7        |
| Deferred revenue - all other  | 24.4        | 16.1        |
| Deferred income taxes   | 153.1       | 127.9       |
| Other liabilities   | 16.3        | 18.1        |
| Total liabilities   | 1,569.4     | 1,660.2     |
| Commitments and contingencies   |             |             |
| Shareholders' equity:   |             |             |
| Preferred stock, no par value; 0.3 shares authorized; no shares issued  | —           | —           |
| Common stock, no par value; 50.0 shares authorized; 16.5 shares issued in 2016 and 16.6 shares issued in 2015 | 116.5       | 134.0       |
| Retained earnings   | 569.7       | 483.8       |
| Accumulated other comprehensive loss  | (1.2)       | (0.6)       |
| Total shareholders' equity  | 685.0       | 617.2       |
| Total liabilities and shareholders' equity  | \$ 2,254.4  | \$ 2,277.4  |

**CHURCHILL DOWNS INCORPORATED**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

(in millions)

|   | <u>2016</u>    | <u>2015</u>    |
|---|----------------|----------------|
| <b>Cash flows from operating activities:</b>  |                |                |
| Net income  | \$ 108.1       | \$ 65.2        |
| Adjustments to reconcile net income to net cash provided by operating activities:                                     |                |                |
| Depreciation and amortization   | 108.6          | 109.7          |
| Game software development amortization  | 17.2           | 9.7            |
| Acquisition expenses, net   | 3.4            | 34.7           |
| Gain on sale of equity investments  | —              | (5.8)          |
| Distributed earnings from equity investments  | 15.6           | 15.2           |
| Earnings from equity investments, net   | (17.4)         | (11.2)         |
| Stock-based compensation  | 18.9           | 13.8           |
| Deferred tax provision (benefit)  | 35.4           | (3.4)          |
| (Gain) loss on sale of assets   | (23.6)         | 0.3            |
| Big Fish Games earnout payment  | (19.7)         | —              |
| Big Fish Games deferred payment   | (2.0)          | —              |
| Other   | 2.0            | 4.6            |
| Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of business acquisitions: |                |                |
| Other current assets and liabilities  | (10.2)         | (15.3)         |
| Game software development   | (22.1)         | (19.8)         |
| Income taxes  | (6.6)          | 28.5           |
| Deferred revenue  | 17.9           | 38.3           |
| Other assets and liabilities  | 1.3            | —              |
| Net cash provided by operating activities   | <u>226.8</u>   | <u>264.5</u>   |
| <b>Cash flows from investing activities:</b>  |                |                |
| Capital maintenance expenditures  | (30.9)         | (31.1)         |
| Capital project expenditures  | (23.8)         | (12.4)         |
| Receivable from escrow  | (13.6)         | —              |
| Acquisition of businesses, net of cash acquired   | —              | (0.9)          |
| Acquisition of gaming licenses  | (2.5)          | (2.3)          |
| Distributions of capital from equity investments  | 0.7            | —              |
| Investment in joint ventures  | (8.0)          | (25.0)         |
| Proceeds from sale of equity investment   | 1.8            | 6.0            |
| Proceeds from sale of assets  | 25.6           | 0.2            |
| Net cash used in investing activities   | <u>(50.7)</u>  | <u>(65.5)</u>  |
| <b>Cash flows from financing activities:</b>  |                |                |
| Borrowings on bank line of credit   | 727.1          | 704.2          |
| Repayments of bank line of credit   | (588.4)        | (985.8)        |
| Big Fish Games earnout payment  | (261.9)        | —              |
| Big Fish Games deferred payment   | (26.4)         | (28.5)         |
| Tax refund payments to Big Fish Games equity holders  | (0.4)          | (17.7)         |
| Proceeds from note issuance   | —              | 300.0          |
| Payment of dividends  | (19.1)         | (17.4)         |
| Repurchase of common stock  | (39.0)         | (147.6)        |
| Common stock issued   | 2.2            | 1.2            |
| Windfall tax provision from stock-based compensation  | —              | 5.6            |
| Loan origination fees and debt issuance costs   | (1.4)          | (4.6)          |
| Other   | 5.4            | —              |
| Net cash used in financing activities   | <u>(201.9)</u> | <u>(190.6)</u> |
| <b>Net (decrease) increase in cash and cash equivalents</b>   | <u>(25.8)</u>  | <u>8.4</u>     |
| Effect of exchange rate changes on cash   | —              | (1.8)          |
| Cash and cash equivalents, beginning of year  | 74.5           | 67.9           |
| Cash and cash equivalents, end of year  | <u>\$ 48.7</u> | <u>\$ 74.5</u> |

**CHURCHILL DOWNS INCORPORATED**  
**SUPPLEMENTAL INFORMATION BY OPERATING UNIT**  
**(unaudited except year ended 2016 and 2015 amounts)**

| <i>(in millions)</i>                        | Three Months Ended<br>December 31, |          | Years Ended<br>December 31, |            |
|---|------------------------------------|----------|-----------------------------|------------|
|   | 2016                               | 2015     | 2016                        | 2015       |
| <b>Net revenue from external customers:</b> |                                    |          |                             |            |
| Racing:                                     |                                    |          |                             |            |
| Churchill Downs                             | \$ 15.1                            | \$ 14.4  | \$ 155.2                    | \$ 151.1   |
| Arlington                                   | 5.5                                | 5.5      | 55.3                        | 54.4       |
| Fair Grounds                                | 9.1                                | 9.4      | 38.0                        | 39.8       |
| Calder                                      | 0.6                                | 0.7      | 2.6                         | 2.7        |
| Total Racing                                | 30.3                               | 30.0     | 251.1                       | 248.0      |
| Casinos:                                    |                                    |          |                             |            |
| Oxford Casino                               | 19.2                               | 19.6     | 84.6                        | 80.4       |
| Riverwalk Casino                            | 10.4                               | 12.1     | 46.1                        | 49.8       |
| Harlow's Casino                             | 11.8                               | 11.5     | 48.4                        | 49.0       |
| Calder Casino                               | 19.3                               | 18.7     | 79.1                        | 77.4       |
| Fair Grounds Slots                          | 9.0                                | 9.1      | 36.9                        | 39.0       |
| VSI   | 9.0                                | 9.3      | 36.9                        | 36.9       |
| Saratoga                                    | 0.2                                | 0.1      | 0.8                         | 0.4        |
| Total Casinos                               | 78.9                               | 80.4     | 332.8                       | 332.9      |
| TwinSpires                                  | 48.3                               | 43.7     | 220.6                       | 200.2      |
| Big Fish Games:                             |                                    |          |                             |            |
| Social casino                               | 44.2                               | 48.0     | 182.5                       | 193.4      |
| Casual and mid-core free-to-play            | 50.2                               | 41.3     | 212.7                       | 125.3      |
| Premium                                     | 22.2                               | 24.4     | 91.0                        | 95.0       |
| Total Big Fish Games                        | 116.6                              | 113.7    | 486.2                       | 413.7      |
| Other Investments                           | 4.0                                | 4.5      | 16.9                        | 16.6       |
| Corporate                                   | 0.2                                | 0.1      | 1.0                         | 0.9        |
| Net revenue from external customers         | \$ 278.3                           | \$ 272.4 | \$ 1,308.6                  | \$ 1,212.3 |
| <b>Intercompany net revenue:</b>            |                                    |          |                             |            |
| Racing:                                     |                                    |          |                             |            |
| Churchill Downs                             | \$ 1.8                             | \$ 1.5   | \$ 10.0                     | \$ 7.8     |
| Arlington                                   | 1.0                                | 1.0      | 5.5                         | 5.1        |
| Fair Grounds                                | 0.5                                | 0.4      | 1.5                         | 1.3        |
| Total Racing                                | 3.3                                | 2.9      | 17.0                        | 14.2       |
| TwinSpires                                  | 0.3                                | 0.3      | 1.3                         | 1.1        |
| Other Investments                           | 0.9                                | 0.8      | 3.9                         | 3.5        |
| Eliminations                                | (4.5)                              | (4.0)    | (22.2)                      | (18.8)     |
| Intercompany net revenue                    | \$ —                               | \$ —     | \$ —                        | \$ —       |

**CHURCHILL DOWNS INCORPORATED**  
**SUPPLEMENTAL INFORMATION BY OPERATING UNIT**  
**(unaudited except year ended 2016 and 2015 amounts)**

**Three Months Ended December 31, 2016**

| <i>(in millions)</i>        | <b>Racing</b>   | <b>Casinos</b> | <b>TwinSpires</b> | <b>Big Fish Games</b> | <b>Other Investments</b> | <b>Corporate</b> | <b>Eliminations</b> | <b>Total</b>   |
|-----------------------------|-----------------|----------------|-------------------|-----------------------|--------------------------|------------------|---------------------|----------------|
| Net revenue                 | \$ 33.6         | \$ 78.9        | \$ 48.6           | \$ 116.6              | \$ 4.9                   | \$ 0.2           | \$ (4.5)            | \$ 278.3       |
| Taxes & purses              | (11.5)          | (26.3)         | (2.9)             | —                     | —                        | —                | —                   | (40.7)         |
| Platform & development fees | —               | —              | —                 | (44.7)                | —                        | —                | —                   | (44.7)         |
| Marketing & advertising     | (0.8)           | (3.2)          | (1.1)             | (21.7)                | —                        | —                | 0.2                 | (26.6)         |
| Salaries & benefits         | (9.5)           | (12.6)         | (2.5)             | (6.6)                 | (2.7)                    | —                | —                   | (33.9)         |
| Content expense             | (3.6)           | —              | (24.2)            | —                     | —                        | —                | 4.0                 | (23.8)         |
| SG&A expense                | (4.3)           | (5.4)          | (3.3)             | (4.9)                 | (0.9)                    | (2.4)            | 0.3                 | (20.9)         |
| Research & development      | —               | —              | —                 | (9.7)                 | —                        | —                | —                   | (9.7)          |
| Other operating expense     | (8.6)           | (9.7)          | (4.2)             | (4.1)                 | (1.5)                    | (0.1)            | —                   | (28.2)         |
| Other income (expense)      | 0.1             | 6.1            | —                 | 0.4                   | —                        | 0.1              | —                   | 6.7            |
| Adjusted EBITDA             | <u>\$ (4.6)</u> | <u>\$ 27.8</u> | <u>\$ 10.4</u>    | <u>\$ 25.3</u>        | <u>\$ (0.2)</u>          | <u>\$ (2.2)</u>  | <u>\$ —</u>         | <u>\$ 56.5</u> |

**Three Months Ended December 31, 2015**

| <i>(in millions)</i>        | <b>Racing</b>   | <b>Casinos</b> | <b>TwinSpires</b> | <b>Big Fish Games</b> | <b>Other Investments</b> | <b>Corporate</b> | <b>Eliminations</b> | <b>Total</b>   |
|-----------------------------|-----------------|----------------|-------------------|-----------------------|--------------------------|------------------|---------------------|----------------|
| Net revenue                 | \$ 32.9         | \$ 80.4        | \$ 44.0           | \$ 113.7              | \$ 5.3                   | \$ 0.1           | \$ (4.0)            | \$ 272.4       |
| Taxes & purses              | (11.3)          | (26.5)         | (2.4)             | —                     | —                        | —                | —                   | (40.2)         |
| Platform & development fees | —               | —              | —                 | (40.6)                | —                        | —                | —                   | (40.6)         |
| Marketing & advertising     | (0.7)           | (3.0)          | (1.1)             | (31.0)                | —                        | —                | 0.1                 | (35.7)         |
| Salaries & benefits         | (8.9)           | (11.5)         | (2.4)             | (5.8)                 | (2.8)                    | —                | —                   | (31.4)         |
| Content expense             | (3.3)           | —              | (22.0)            | —                     | —                        | —                | 3.6                 | (21.7)         |
| SG&A expense                | (3.6)           | (6.2)          | (2.9)             | (4.2)                 | (0.7)                    | (1.8)            | 0.2                 | (19.2)         |
| Research & development      | —               | —              | —                 | (9.4)                 | —                        | —                | —                   | (9.4)          |
| Other operating expense     | (9.7)           | (10.0)         | (3.9)             | (3.9)                 | (1.4)                    | 2.6              | 0.1                 | (26.2)         |
| Other income (expense)      | 0.1             | 5.1            | —                 | 0.2                   | 0.1                      | 0.1              | —                   | 5.6            |
| Adjusted EBITDA             | <u>\$ (4.5)</u> | <u>\$ 28.3</u> | <u>\$ 9.3</u>     | <u>\$ 19.0</u>        | <u>\$ 0.5</u>            | <u>\$ 1.0</u>    | <u>\$ —</u>         | <u>\$ 53.6</u> |

**CHURCHILL DOWNS INCORPORATED**  
**SUPPLEMENTAL INFORMATION BY OPERATING UNIT**  
(unaudited except year ended 2016 and 2015 amounts)

**Twelve Months Ended December 31, 2016**

| <i>(in millions)</i>        | <b>Racing</b>  | <b>Casinos</b>  | <b>TwinSpires</b> | <b>Big Fish Games</b> | <b>Other Investments</b> | <b>Corporate</b> | <b>Eliminations</b> | <b>Total</b>    |
|-----------------------------|----------------|-----------------|-------------------|-----------------------|--------------------------|------------------|---------------------|-----------------|
| Net revenue                 | \$ 268.1       | \$ 332.8        | \$ 221.9          | \$ 486.2              | \$ 20.8                  | \$ 1.0           | \$ (22.2)           | \$ 1,308.6      |
| Taxes & purses              | (64.2)         | (110.9)         | (11.7)            | —                     | —                        | —                | —                   | (186.8)         |
| Platform & development fees | —              | —               | —                 | (179.9)               | —                        | —                | —                   | (179.9)         |
| Marketing & advertising     | (4.6)          | (12.7)          | (6.3)             | (127.9)               | —                        | —                | 0.5                 | (151.0)         |
| Salaries & benefits         | (40.9)         | (50.8)          | (9.4)             | (25.0)                | (10.9)                   | —                | —                   | (137.0)         |
| Content expense             | (15.6)         | —               | (107.6)           | —                     | —                        | —                | 20.2                | (103.0)         |
| SG&A expense                | (16.2)         | (21.2)          | (11.9)            | (18.5)                | (3.4)                    | (8.6)            | 1.3                 | (78.5)          |
| Research & development      | —              | —               | —                 | (39.0)                | —                        | —                | —                   | (39.0)          |
| Other operating expense     | (47.4)         | (39.1)          | (19.8)            | (15.9)                | (4.1)                    | (0.6)            | 0.2                 | (126.7)         |
| Other income (expense)      | 0.5            | 27.7            | —                 | (0.9)                 | 0.3                      | 0.2              | —                   | 27.8            |
| Adjusted EBITDA             | <u>\$ 79.7</u> | <u>\$ 125.8</u> | <u>\$ 55.2</u>    | <u>\$ 79.1</u>        | <u>\$ 2.7</u>            | <u>\$ (8.0)</u>  | <u>\$ —</u>         | <u>\$ 334.5</u> |

**Twelve Months Ended December 31, 2015**

| <i>(in millions)</i>        | <b>Racing</b>  | <b>Casinos</b>  | <b>TwinSpires</b> | <b>Big Fish Games</b> | <b>Other Investments</b> | <b>Corporate</b> | <b>Eliminations</b> | <b>Total</b>    |
|-----------------------------|----------------|-----------------|-------------------|-----------------------|--------------------------|------------------|---------------------|-----------------|
| Net revenue                 | \$ 262.2       | \$ 332.9        | \$ 201.3          | \$ 413.7              | \$ 20.1                  | \$ 0.9           | \$ (18.8)           | \$ 1,212.3      |
| Taxes & purses              | (63.6)         | (109.9)         | (10.6)            | —                     | —                        | —                | —                   | (184.1)         |
| Platform & development fees | —              | —               | —                 | (143.6)               | —                        | —                | —                   | (143.6)         |
| Marketing & advertising     | (6.1)          | (12.4)          | (4.8)             | (107.7)               | —                        | —                | 0.3                 | (130.7)         |
| Salaries & benefits         | (39.2)         | (49.7)          | (9.9)             | (22.3)                | (11.1)                   | —                | —                   | (132.2)         |
| Content expense             | (14.6)         | —               | (97.9)            | —                     | —                        | —                | 17.2                | (95.3)          |
| SG&A expense                | (16.6)         | (24.1)          | (11.5)            | (16.8)                | (2.5)                    | (6.3)            | 0.9                 | (76.9)          |
| Research & development      | —              | —               | —                 | (39.4)                | —                        | —                | —                   | (39.4)          |
| Other operating expense     | (50.9)         | (41.3)          | (18.0)            | (14.8)                | (3.8)                    | 1.1              | 0.4                 | (127.3)         |
| Other income (expense)      | 0.6            | 19.4            | —                 | (0.6)                 | 0.2                      | 0.1              | —                   | 19.7            |
| Adjusted EBITDA             | <u>\$ 71.8</u> | <u>\$ 114.9</u> | <u>\$ 48.6</u>    | <u>\$ 68.5</u>        | <u>\$ 2.9</u>            | <u>\$ (4.2)</u>  | <u>\$ —</u>         | <u>\$ 302.5</u> |

**CHURCHILL DOWNS INCORPORATED**  
**SUPPLEMENTAL INFORMATION BY OPERATING UNIT**  
(unaudited except year ended 2016 and 2015 amounts)

| <i>(in millions)</i>  | Three Months Ended<br>December 31, |          | Years Ended<br>December 31, |          |
|---|------------------------------------|----------|-----------------------------|----------|
|   | 2016                               | 2015     | 2016                        | 2015     |
| <b>Reconciliation of Comprehensive Income to Adjusted EBITDA:</b>             |                                    |          |                             |          |
| <b>Comprehensive income</b>   | \$ 26.0                            | \$ 7.4   | \$ 107.5                    | \$ 64.7  |
| Foreign currency translation, net of tax                                      | —                                  | 0.1      | (0.2)                       | 0.5      |
| Net change in pension benefits, net of tax                                    | 0.8                                | —        | 0.8                         | —        |
| <b>Net income</b>   | 26.8                               | 7.5      | 108.1                       | 65.2     |
| Additions:  |                                    |          |                             |          |
| Depreciation and amortization   | 27.2                               | 27.6     | 108.6                       | 109.7    |
| Interest expense  | 10.9                               | 7.5      | 43.7                        | 28.6     |
| Income tax provision  | 10.4                               | 0.8      | 60.0                        | 46.9     |
| EBITDA  | \$ 75.3                            | \$ 43.4  | \$ 320.4                    | \$ 250.4 |
| Adjustments to EBITDA:  |                                    |          |                             |          |
| Selling, general and administrative:  |                                    |          |                             |          |
| Stock-based compensation expense  | 4.6                                | 3.2      | 18.9                        | 13.8     |
| Other charges   | (0.9)                              | —        | 2.5                         | —        |
| Other income, expense:  |                                    |          |                             |          |
| Interest, depreciation and amortization expense related to equity investments | 2.5                                | 2.1      | 10.0                        | 8.5      |
| Other charges and recoveries, net   | 0.1                                | 0.2      | 0.5                         | (5.8)    |
| Acquisition expense, net  | (1.5)                              | 4.3      | 3.4                         | 21.7     |
| Gain on Calder land sale  | (23.7)                             | —        | (23.7)                      | —        |
| Calder exit costs   | 0.1                                | 0.4      | 2.5                         | 13.9     |
| Total adjustments to EBITDA   | (18.8)                             | 10.2     | 14.1                        | 52.1     |
| <b>Adjusted EBITDA</b>  | \$ 56.5                            | \$ 53.6  | \$ 334.5                    | \$ 302.5 |
| Adjusted EBITDA by segment:   |                                    |          |                             |          |
| Racing  | \$ (4.6)                           | \$ (4.5) | \$ 79.7                     | \$ 71.8  |
| Casinos   | 27.8                               | 28.3     | 125.8                       | 114.9    |
| TwinSpires  | 10.4                               | 9.3      | 55.2                        | 48.6     |
| Big Fish Games  | 25.3                               | 19.0     | 79.1                        | 68.5     |
| Other Investments   | (0.2)                              | 0.5      | 2.7                         | 2.9      |
| Corporate   | (2.2)                              | 1.0      | (8.0)                       | (4.2)    |
| Total Adjusted EBITDA   | \$ 56.5                            | \$ 53.6  | \$ 334.5                    | \$ 302.5 |

**CHURCHILL DOWNS INCORPORATED**  
**SUPPLEMENTAL INFORMATION BY OPERATING UNIT**  
(Unaudited except year ended 2016 and 2015 amounts)

| <i>(in millions)</i>                | Three Months Ended December 31, |          | Years Ended December 31, |          |
|-------------------------------------|---------------------------------|----------|--------------------------|----------|
|                                     | 2016                            | 2015     | 2016                     | 2015     |
| <b>Corporate allocated expense:</b> |                                 |          |                          |          |
| Racing                              | \$ (1.7)                        | \$ (1.2) | \$ (6.0)                 | \$ (6.6) |
| Casinos                             | (1.9)                           | (2.4)    | (6.9)                    | (8.4)    |
| TwinSpires                          | (1.5)                           | (1.3)    | (5.4)                    | (5.0)    |
| Big Fish Games                      | (0.7)                           | (0.7)    | (2.8)                    | (3.0)    |
| Other Investments                   | (0.5)                           | (0.2)    | (1.6)                    | (0.5)    |
| Corporate allocated expense         | 6.3                             | 5.8      | 22.7                     | 23.5     |
| Total Corporate allocated expense   | \$ —                            | \$ —     | \$ —                     | \$ —     |



**CHURCHILL DOWNS INCORPORATED**  
**SUPPLEMENTAL JOINT VENTURE FINANCIAL STATEMENTS**  
**(Unaudited)**

Summarized financial information for our equity investments is comprised of the following:

| <i>(in millions)</i>            | <b>Three Months Ended December 31,</b> |               | <b>Years Ended December 31,</b> |                |
|---------------------------------|--|---------------|---------------------------------|----------------|
|                                 | <b>2016</b>                            | <b>2015</b>   | <b>2016</b>                     | <b>2015</b>    |
| <b>Net revenue:</b>             |  |               |                                 |                |
| Net revenue                     | \$ 51.0                                | \$ 51.1       | \$ 216.1                        | \$ 195.2       |
| Operating expense               | 35.1                                   | 41.6          | 161.3                           | 152.4          |
| <b>Operating income</b>         | <b>15.9</b>                            | <b>9.5</b>    | <b>54.8</b>                     | <b>42.8</b>    |
| Interest and other expense, net | (3.3)                                  | (1.9)         | (6.9)                           | (6.2)          |
| <b>Net income</b>               | <b>\$ 12.6</b>                         | <b>\$ 7.6</b> | <b>\$ 47.9</b>                  | <b>\$ 36.6</b> |

| <i>(in millions)</i>                   | <b>December 31,</b> |                 |
|--|---------------------|-----------------|
|  | <b>2016</b>         | <b>2015</b>     |
| <b>Assets</b>                          |                     |                 |
| Current assets                         | \$ 38.8             | \$ 34.2         |
| Noncurrent assets                      | 363.0               | 339.5           |
| Total assets                           | <b>\$ 401.8</b>     | <b>\$ 373.7</b> |
| <b>Liabilities and Members' Equity</b> |                     |                 |
| Current liabilities                    | \$ 77.5             | \$ 44.4         |
| Noncurrent liabilities                 | 69.3                | 79.7            |
| Members' equity                        | 255.0               | 249.6           |
| Total liabilities and members' equity  | <b>\$ 401.8</b>     | <b>\$ 373.7</b> |