

**Three Months Ended
December 31,**

	2009	2008	% Change
Net revenues	\$ 85,031	\$ 85,945	(1)
Operating expenses	81,458	78,123	4
Selling, general and administrative expenses	13,427	13,001	3
Operating income	(9,854)	(5,179)	(90)
Other income (expense):			
Interest income	116	134	(13)
Interest expense	(885)	(659)	(34)
Equity in loss of unconsolidated investments	(319)	(407)	22
Miscellaneous, net	462	529	(13)
	<u>(626)</u>	<u>(403)</u>	(55)
Loss from continuing operations before benefit for income taxes	(10,480)	(5,582)	(88)
Income tax benefit	3,588	2,116	70
Net loss from continuing operations	(6,892)	(3,466)	(99)
Discontinued operations, net of income taxes:			
Earnings (loss) from operations	10	(607)	F
Net loss	<u>\$ (6,882)</u>	<u>\$ (4,073)</u>	(69)
Net loss per common share data:			
Basic			
Net loss from continuing operations	\$ (0.51)	\$ (0.26)	(96)
Discontinued operations	-	(0.04)	F
Net loss	<u>\$ (0.51)</u>	<u>\$ (0.30)</u>	(70)
Diluted			
Net loss from continuing operations	\$ (0.51)	\$ (0.26)	(96)
Discontinued operations	-	(0.04)	F
Net loss	<u>\$ (0.51)</u>	<u>\$ (0.30)</u>	(70)
Weighted average shares outstanding:			
Basic	13,599	13,561	
Diluted	13,599	13,561	

NM: Not meaningful

U: > 100% unfavorable

F: > 100% favorable

	Year Ended December 31,		
	2009	2008	% Change
Net revenues	\$ 439,701	\$ 430,566	2
Operating expenses	354,014	344,278	3
Selling, general and administrative expenses	50,954	50,709	-
Insurance recoveries, net of losses	-	(17,200)	U
Operating income	34,733	52,779	(34)
Other income (expense):			
Interest income	896	612	46
Interest expense	(1,657)	(2,198)	25
Equity in loss of unconsolidated investments	(960)	(3,047)	68
Miscellaneous, net	1,504	1,654	(9)
	(217)	(2,979)	93
Earnings from continuing operations before provision for income taxes	34,516	49,800	(31)
Income tax provision	(16,835)	(20,652)	18
Net earnings from continuing operations	17,681	29,148	(39)
Discontinued operations, net of income taxes:			
Loss from operations	(853)	(599)	(42)
Net earnings	\$ 16,828	\$ 28,549	(41)
Net earnings per common share data:			
Basic			
Net earnings from continuing operations	\$ 1.28	\$ 2.10	(39)
Discontinued operations	(0.06)	(0.04)	(50)
Net earnings	\$ 1.22	\$ 2.06	(41)
Diluted			
Net earnings from continuing operations	\$ 1.27	\$ 2.09	(39)
Discontinued operations	(0.06)	(0.04)	(50)
Net earnings	\$ 1.21	\$ 2.05	(41)
Weighted average shares outstanding:			
Basic	13,582	13,541	
Diluted	14,040	14,017	

**Three Months Ended
December 31,**

	2009	2008	% Change
Net revenues from external customers:			
Churchill Downs	\$ 14,327	\$ 16,283	(12)
Arlington Park	6,811	6,478	5
Calder	22,052	23,780	(7)
Fair Grounds	10,640	12,978	(18)
Total Racing Operations	<u>53,830</u>	<u>59,519</u>	(10)
Online Business	16,061	11,163	44
Gaming	14,928	14,853	1
Other Investments	196	374	(48)
Corporate	16	36	(56)
Net revenues from external customers	<u><u>\$ 85,031</u></u>	<u><u>\$ 85,945</u></u>	(1)
Intercompany net revenues:			
Churchill Downs	\$ 699	\$ 362	93
Arlington Park	324	196	65
Calder	405	395	3
Fair Grounds	278	309	(10)
Total Racing Operations	<u>1,706</u>	<u>1,262</u>	35
Online Business	141	-	NM
Other Investments	675	681	(1)
Eliminations	(2,522)	(1,943)	(30)
Intercompany net revenues	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	-
Segment EBITDA and net loss:			
Racing Operations	\$ (6,155)	\$ (4,041)	(52)
Online Business	2,182	1,880	16
Gaming	2,886	5,090	(43)
Other Investments	447	574	(22)
Corporate	(1,214)	(1,159)	(5)
Total EBITDA	<u>(1,854)</u>	<u>2,344</u>	U
Depreciation and amortization	(7,857)	(7,401)	(6)
Interest income (expense), net	(769)	(525)	(46)
Income tax benefit	3,588	2,116	70
Net loss from continuing operations	<u>(6,892)</u>	<u>(3,466)</u>	(99)
Discontinued operations, net of income taxes	10	(607)	F
Net loss	<u><u>\$ (6,882)</u></u>	<u><u>\$ (4,073)</u></u>	(69)

	Year Ended December 31,		
	2009	2008	% Change
Net revenues from external customers:			
Churchill Downs	\$ 110,045	\$ 118,033	(7)
Arlington Park	82,148	83,928	(2)
Calder	66,347	69,698	(5)
Fair Grounds	45,902	52,277	(12)
Total Racing Operations	<u>304,442</u>	<u>323,936</u>	(6)
Online Business	70,891	53,959	31
Gaming	62,296	50,648	23
Other Investments	1,516	1,464	4
Corporate	556	559	(1)
Net revenues from external customers	<u><u>\$ 439,701</u></u>	<u><u>\$ 430,566</u></u>	2
Intercompany net revenues:			
Churchill Downs	\$ 3,137	\$ 1,985	58
Arlington Park	1,961	1,840	7
Calder	1,148	988	16
Fair Grounds	869	1,242	(30)
Total Racing Operations	<u>7,115</u>	<u>6,055</u>	18
Online Business	589	-	NM
Other Investments	1,961	1,951	1
Eliminations	(9,665)	(8,006)	(21)
Intercompany net revenues	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	-
Segment EBITDA and net earnings:			
Racing Operations	\$ 35,019	\$ 57,107	(39)
Online Business	13,949	6,306	F
Gaming	18,287	18,918	(3)
Other Investments	2,098	1,647	27
Corporate	(3,820)	(3,745)	(2)
Total EBITDA	<u>65,533</u>	<u>80,233</u>	(18)
Depreciation and amortization	(30,256)	(28,847)	(5)
Interest income (expense), net	(761)	(1,586)	52
Income tax expense	(16,835)	(20,652)	18
Net earnings from continuing operations	<u>17,681</u>	<u>29,148</u>	(39)
Discontinued operations, net of income taxes	(853)	(599)	(42)
Net earnings	<u><u>\$ 16,828</u></u>	<u><u>\$ 28,549</u></u>	(41)

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,643	\$ 12,658
Restricted cash	35,125	13,738
Accounts receivable, net	33,446	40,909
Deferred income taxes	6,408	5,900
Income taxes receivable	-	16,895
Other current assets	16,003	10,362
Total current assets	<u>104,625</u>	<u>100,462</u>
Property and equipment, net	458,222	375,418
Goodwill	115,349	115,349
Other intangible assets, net	34,329	32,939
Other assets	12,877	13,499
Total assets	<u>\$ 725,402</u>	<u>\$ 637,667</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 38,772	\$ 40,745
Purses payable	11,857	11,301
Accrued expenses	46,603	43,386
Dividends payable	6,777	6,767
Deferred revenue	30,972	28,178
Income taxes payable	1,997	-
Deferred riverboat subsidy	23,965	-
Note payable, related party	24,043	-
Total current liabilities	<u>184,986</u>	<u>130,377</u>
Long-term debt	71,132	43,140
Convertible note payable, related party	14,655	14,234
Other liabilities	19,137	18,223
Deferred revenue	16,720	18,296
Deferred income taxes	11,750	19,506
Total liabilities	<u>318,380</u>	<u>243,776</u>
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; 13,684 shares and 13,689 shares issued at December 31, 2009 and 2008, respectively	145,423	142,327
Retained earnings	261,599	251,564
Total shareholders' equity	<u>407,022</u>	<u>393,891</u>
Total liabilities and shareholders' equity	<u>\$ 725,402</u>	<u>\$ 637,667</u>