

CHURCHILL DOWNS INCORPORATED
 CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS
 for the three months ended December 31, 2008 and 2007
 (Unaudited)
 (In thousands, except per share data)

	Three Months Ended		
	December 31,		
	2008	2007	% Change
Net revenues	\$ 85,945	\$ 89,055	(3)
Operating expenses	78,123	80,376	(3)
Selling, general and administrative expenses	13,001	15,576	(17)
Operating loss	<u>(5,179)</u>	<u>(6,897)</u>	25
Other income (expense):			
Interest income	134	118	14
Interest expense	(659)	(1,271)	48
Equity in loss of unconsolidated investments	(407)	(1,101)	63
Miscellaneous, net	529	420	26
	<u>(403)</u>	<u>(1,834)</u>	78
Loss from continuing operations before benefit for income taxes	(5,582)	(8,731)	36
Income tax benefit	2,116	3,600	41
Net loss from continuing operations	<u>(3,466)</u>	<u>(5,131)</u>	32
Discontinued operations, net of income taxes:			
(Loss) earnings from operations	(607)	96	U
Loss on sale of assets	-	(1,180)	NM
Net loss	<u>\$ (4,073)</u>	<u>\$ (6,215)</u>	34
Net loss per common share data:			
Basic			
Net loss from continuing operations	\$ (0.26)	\$ (0.38)	32
Discontinued operations	(0.04)	(0.08)	50
Net loss	<u>\$ (0.30)</u>	<u>\$ (0.46)</u>	35
Diluted			
Net loss from continuing operations	\$ (0.26)	\$ (0.38)	32
Discontinued operations	(0.04)	(0.08)	50
Net loss	<u>\$ (0.30)</u>	<u>\$ (0.46)</u>	35
Weighted average shares outstanding:			
Basic	13,561	13,525	
Diluted	13,561	13,525	

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

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	Year Ended December 31,		% Change
	2008	2007	
Net revenues	\$ 430,566	\$ 410,735	5
Operating expenses	344,278	326,404	5
Selling, general and administrative expenses	50,709	51,479	(1)
Insurance recoveries, net of losses	(17,200)	(784)	F
Operating income	<u>52,779</u>	<u>33,636</u>	57
Other income (expense):			
Interest income	612	946	(35)
Interest expense	(2,198)	(3,525)	38
Equity in loss of unconsolidated investments	(3,047)	(3,372)	10
Miscellaneous, net	1,654	1,659	-
	<u>(2,979)</u>	<u>(4,292)</u>	31
Earnings from continuing operations before provision for income taxes	49,800	29,344	70
Provision for income taxes	(20,652)	(12,306)	(68)
Net earnings from continuing operations	<u>29,148</u>	<u>17,038</u>	71
Discontinued operations, net of income taxes:			
(Loss) earnings from operations	(599)	55	U
Loss on sale of assets	-	(1,362)	NM
Net earnings	<u>\$ 28,549</u>	<u>\$ 15,731</u>	81
Net earnings per common share data:			
Basic			
Net earnings from continuing operations	\$ 2.10	\$ 1.24	69
Discontinued operations	(0.04)	(0.09)	56
Net earnings	<u>\$ 2.06</u>	<u>\$ 1.15</u>	79
Diluted			
Net earnings from continuing operations	\$ 2.09	\$ 1.23	70
Discontinued operations	(0.04)	(0.09)	56
Net earnings	<u>\$ 2.05</u>	<u>\$ 1.14</u>	80
Weighted average shares outstanding:			
Basic	13,541	13,458	
Diluted	14,017	13,972	

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CHURCHILL DOWNS INCORPORATED
 SUPPLEMENTAL INFORMATION BY OPERATING UNIT
 for the three months ended December 31, 2008 and 2007
 (Unaudited)
 (In thousands)

	Three Months Ended December 31,		
	2008	2007	% Change
Net revenues from external customers:			
Churchill Downs	\$ 16,283	\$ 14,893	9
Arlington Park	6,478	7,775	(17)
Calder	23,780	31,725	(25)
Fair Grounds	12,978	13,611	(5)
Total Racing Operations	59,519	68,004	(12)
On-line Business	11,163	10,055	11
Gaming	14,853	9,924	50
Other Investments	374	374	-
Corporate	36	698	(95)
Net revenues	<u>\$ 85,945</u>	<u>\$ 89,055</u>	(3)
Intercompany net revenues:			
Churchill Downs	\$ 362	\$ 871	(58)
Arlington Park	196	132	48
Calder	395	625	(37)
Fair Grounds	309	472	(35)
Total Racing Operations	1,262	2,100	(40)
Other Investments	681	620	10
Eliminations	(1,943)	(2,720)	29
Net revenues	<u>\$ -</u>	<u>\$ -</u>	-
Segment EBITDA and net loss:			
Racing Operations	\$ (4,041)	\$ (4,000)	(1)
On-line Business	1,880	(36)	F
Gaming	5,090	3,627	40
Other Investments	574	299	92
Corporate	(1,159)	(942)	(23)
Total EBITDA from continuing operations	2,344	(1,052)	F
Depreciation and amortization	(7,401)	(6,525)	(13)
Interest income (expense), net	(525)	(1,154)	55
Income tax benefit	2,116	3,600	41
Net loss from continuing operations	(3,466)	(5,131)	32
Discontinued operations, net of income taxes	(607)	(1,084)	44
Net loss	<u>\$ (4,073)</u>	<u>\$ (6,215)</u>	34

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CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION BY OPERATING UNIT
for the years ended December 31, 2008 and 2007
(Unaudited)
(In thousands)

	Year Ended December 31,		
	2008	2007	% Change
Net revenues from external customers:			
Churchill Downs	\$ 118,033	\$ 117,011	1
Arlington Park	83,928	87,827	(4)
Calder	69,698	92,604	(25)
Fair Grounds	52,277	57,664	(9)
Total Racing Operations	323,936	355,106	(9)
On-line Business	53,959	22,274	F
Gaming	50,648	29,198	73
Other Investments	1,464	1,780	(18)
Corporate	559	2,329	(76)
Net revenues from continuing operations	430,566	410,687	5
Discontinued operations	-	7,837	NM
Net revenues	<u>\$ 430,566</u>	<u>\$ 418,524</u>	3
Intercompany net revenues:			
Churchill Downs	\$ 1,985	\$ 2,912	(32)
Arlington Park	1,840	939	96
Calder	988	1,108	(11)
Fair Grounds	1,242	710	75
Total Racing Operations	6,055	5,669	7
Other Investments	1,951	1,626	20
Eliminations	(8,006)	(7,247)	(10)
Net revenues from continuing operations	-	48	NM
Discontinued operations	-	(48)	NM
Net revenues	<u>\$ -</u>	<u>\$ -</u>	-
Segment EBITDA and net earnings:			
Racing Operations	\$ 57,107	\$ 47,578	20
On-line Business	6,306	(1,505)	F
Gaming	18,918	11,160	70
Other Investments	1,647	504	F
Corporate	(3,745)	(2,586)	(45)
Total EBITDA from continuing operations	80,233	55,151	45
Eliminations	-	56	NM
Depreciation and amortization	(28,847)	(23,284)	(24)
Interest income (expense), net	(1,586)	(2,579)	39
Provision for income taxes	(20,652)	(12,306)	(68)
Net earnings from continuing operations	29,148	17,038	71
Discontinued operations, net of income taxes	(599)	(1,307)	54
Net earnings	<u>\$ 28,549</u>	<u>\$ 15,731</u>	81

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CHURCHILL DOWNS INCORPORATED
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands)

	December 31, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,658	\$ 15,345
Restricted cash	13,738	12,018
Accounts receivable, net	40,909	46,335
Deferred income taxes	5,900	6,497
Income taxes receivable	16,895	13,414
Other current assets	<u>10,362</u>	<u>9,673</u>
Total current assets	100,462	103,282
Property and equipment, net	375,418	361,653
Goodwill	115,349	108,349
Other intangible assets, net	32,939	35,420
Other assets	<u>13,499</u>	<u>16,112</u>
Total assets	<u>\$ 637,667</u>	<u>\$ 624,816</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 40,745	\$ 32,452
Purses payable	11,301	12,816
Accrued expenses	43,386	43,788
Dividends payable	6,767	6,750
Deferred revenue	<u>28,178</u>	<u>25,455</u>
Total current liabilities	130,377	121,261
Long-term debt	43,140	67,989
Convertible note payable, related party	14,234	13,814
Other liabilities	18,223	20,452
Deferred revenue	18,296	19,680
Deferred income taxes	<u>19,506</u>	<u>14,062</u>
Total liabilities	243,776	257,258
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; 13,689 shares and 13,672 shares issued at December 31, 2008 and 2007, respectively	142,327	137,761
Retained earnings	<u>251,564</u>	<u>229,797</u>
Total shareholders' equity	<u>393,891</u>	<u>367,558</u>
Total liabilities and shareholders' equity	<u>\$ 637,667</u>	<u>\$ 624,816</u>

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