

CHURCHILL DOWNS INC  
Form DEF 14A  
March 24, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

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**CHURCHILL DOWNS INCORPORATED**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CHURCHILL DOWNS INCORPORATED

600 N. HURSTBOURNE PARKWAY, STE. 400

LOUISVILLE, KENTUCKY 40222

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON APRIL 22, 2014**

*To the Shareholders of*

*Churchill Downs Incorporated:*

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting ) of Churchill Downs Incorporated (the Company ), a Kentucky corporation, will be held at the Cincinnati Marriott Northeast, located at 9664 S. Mason Montgomery Road, Mason, Ohio 45040, on Tuesday, April 22, 2014, at 9:00 a.m. Eastern Daylight Saving Time, for the following purposes:

- I. To elect two (2) Class III Directors for a term of three (3) years (Proposal No. 1);
- II. To approve an amendment to the Churchill Downs Incorporated 2007 Omnibus Stock Incentive Plan to increase the number of shares available for issuance thereunder by 1.8 million shares (Proposal No. 2);
- III. To ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for fiscal year 2014 (Proposal No. 3);
- IV. To conduct an advisory vote on executive compensation (Proposal No. 4); and
- V. To transact such other business as may properly come before the meeting or any adjournment thereof, including matters incident to its conduct.

The close of business on February 28, 2014, has been fixed as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting. Only shareholders of record at that time will be entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof.

Shareholders who do not expect to attend the meeting in person are urged to sign, date and promptly return the Proxy that is enclosed herewith or vote by telephone or over the Internet.

By Order of the Board of Directors.

ALAN K. TSE

*Executive Vice President,*

*General Counsel and Secretary*

March 24, 2014

CHURCHILL DOWNS INCORPORATED

600 N. HURSTBOURNE PARKWAY, STE. 400

LOUISVILLE, KENTUCKY 40222

**PROXY STATEMENT**

**Annual Meeting of Shareholders to be held on April 22, 2014**

The enclosed Proxy is being solicited by the Board of Directors (the Board of Directors or Board ) of Churchill Downs Incorporated to be voted at the 2014 Annual Meeting of Shareholders to be held on Tuesday, April 22, 2014, at 9:00 a.m. Eastern Daylight Saving Time (the Annual Meeting ), at **the Cincinnati Marriott Northeast, located at 9664 S. Mason Montgomery Road, Mason, Ohio 45040**, and any adjournments thereof. This solicitation is being made primarily by mail and at the expense of the Company. Certain officers and directors of the Company and persons acting under their instruction may also solicit proxies on behalf of the Board of Directors by means of telephone calls, personal interviews and mail at no additional expense to the Company. The Proxy Card and this Proxy Statement are being sent to shareholders on or about March 24, 2014.

*Voting Rights*

Only holders of record of the Company's Common Stock, no par value ( Common Stock ), on February 28, 2014, are entitled to notice of and to vote at the Annual Meeting. On that date, **17,944,984** shares of Common Stock were outstanding and entitled to vote. Each shareholder has one vote per share on all matters coming before the Annual Meeting. The shareholders of the Company do not have cumulative voting rights in the election of directors. Under the Company's Amended and Restated Articles of Incorporation and Amended and Restated Bylaws and the applicable provisions of Kentucky law, abstentions and broker non-votes are not counted in determining the number of votes required for the election of a director or passage of any matter submitted to the shareholders. Abstentions and broker non-votes are counted for purposes of determining whether a quorum exists.

If the enclosed Proxy is properly executed and returned prior to the Annual Meeting, the shares represented thereby will be voted as specified therein. If a shareholder does not specify otherwise, the shares represented by the shareholder's proxy will be voted: (i) for the election of the nominees listed below under Election of Directors ; (ii) for approval of the amendment to the Churchill Downs Incorporated 2007 Omnibus Stock Incentive Plan to increase the number of shares available for issuance thereunder by 1.8 million shares; (iii) for the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014; (iv) for the advisory approval of the compensation of the Company's named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC; and (v) in the discretion of the person or persons voting the proxies, on such other business as may properly come before the annual meeting or any adjournments thereof.

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**Voting Instructions and Information**

The enclosed proxy is solicited on behalf of the Board of Directors of Churchill Downs Incorporated, a Kentucky corporation ( Company, CDI, or CHDN ) for use at the Company Annual Meeting of Shareholders to be held on April 22, 2014, or at any adjournment thereof ( Annual Meeting or 2014 Annual Meeting of Shareholders ).

*When and where is our Annual Meeting?*

We will hold our Annual Meeting on Tuesday, April 22, 2014 at 9:00 a.m., Eastern Daylight Saving Time, at the Cincinnati Marriott Northeast, located at 9664 S. Mason Montgomery Road, Mason, Ohio 45040.

*How are we distributing our proxy materials?*

We are using the rule of the United States Securities and Exchange Commission (SEC) that allows companies to furnish proxy materials to their shareholders using the full set delivery option; however, the Company may elect to use the notice only option in the future. A company may use either option, notice only or full set delivery, for all of its shareholders or may use one method for some shareholders and the other method for others. Pursuant to the rules governing the full set delivery option, a company may provide proxy materials in paper form and send them via standard United States mail or, if a shareholder has previously elected, may provide the proxy materials in electronic form and send them via e-mail. In addition to delivering materials to shareholders, the Company is obligated to post all proxy materials on a publicly available website and provide information to shareholders about how to access that website.

Accordingly, each shareholder will receive the Company's proxy materials by mail or, if previously agreed to by a shareholder, by e-mail. These proxy materials include the Notice of Annual Meeting of Shareholders, proxy statement, proxy card and Annual Report. These materials are also available at <http://www.churchilldownsincorporated.com/proxy>.

*Who can vote at the Annual Meeting?*

You are entitled to vote or direct the voting of your shares of CHDN's Common Stock, if you were a shareholder of record or if you held CHDN Common Stock in street name at the close of business on Friday, February 28, 2014 (the Record Date ). On that date, 17,944,984 shares of CHDN Common Stock were outstanding. Each share of CHDN Common Stock held by you on the Record Date is entitled to one vote.

*What do I need to attend, and vote at, the Annual Meeting?*

If you plan on attending the Annual Meeting, please remember to bring photo identification with you, such as a driver's license. In addition, if you hold shares in street name and would like to attend the Annual Meeting, you must bring an account statement or other acceptable evidence of ownership of CHDN Common Stock as of the close of business on the Record Date. In order to vote at the Annual Meeting if you hold shares in street name, you will also need a valid legal proxy, which you can obtain by contacting your account representative at the broker, bank or similar institution through which you hold your shares.

*What proposals will be voted on at the Annual Meeting?*

Four proposals from the Company will be considered and voted on at the Annual Meeting:

1. To elect two (2) Class III Directors for a term of three (3) years (Proposal No. 1);
2. To approve an amendment to the Churchill Downs Incorporated 2007 Omnibus Stock Incentive Plan to increase the number of shares available for issuance thereunder by 1.8 million shares (Proposal No. 2);

3. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014 (Proposal No. 3); and

4. To conduct an advisory vote on executive compensation (Proposal No. 4).

You may also vote on any other business as may properly come before the meeting or any adjournment thereof, including matters incident to the meeting's conduct.

*How does the Board of Directors recommend I vote?*

CDI's Board of Directors unanimously recommends that you vote:

1. **FOR** each of the nominees specified under "Nominees for Election as Directors" to the Board of Directors.
2. **FOR** the amendment to the Churchill Downs Incorporated 2007 Omnibus Stock Incentive Plan.
3. **FOR** the proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014.
4. **FOR** the proposal to approve, on a non-binding advisory basis, executive compensation.

*How do I vote?*

You may cast your vote in one of four ways:

**By Submitting a Proxy by Internet.** Go to the following website: [www.proxyvote.com](http://www.proxyvote.com). You may submit a proxy by Internet 24 hours a day. To be valid, your proxy by Internet must be received by 11:59 p.m., Eastern Daylight Saving Time, on April 21, 2014. Please have your Notice of Internet Availability of Proxy Materials or your proxy card available when you access the website and follow the instructions to create an electronic voting instruction form.

**By Submitting a Proxy by Telephone.** To submit a proxy using the telephone, call 1-800-690-6903 any time on a touch-tone telephone. There is NO CHARGE to you for the call in the United States or Canada. International calling charges apply outside the United States and Canada. You may submit a proxy by telephone 24 hours a day, 7 days a week. Follow the simple prompts and instructions provided by the recorded message. To be valid, your proxy by telephone must be received by 11:59 p.m. Eastern Daylight Saving Time, on April 21, 2014.

**By Submitting a Proxy by Mail.** Mark your proxy card, sign and date it, and return it in the prepaid envelope that has been provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. To be valid, your proxy by mail must be received by 7:00 a.m., Eastern Daylight Saving Time, on April 22, 2014.

**At the Annual Meeting.** You can vote your shares in person at the Annual Meeting (see "What do I need to attend, and vote at, the Annual Meeting?"). If you are a shareholder of record, in order to vote at the Annual Meeting, you must present an acceptable form of photo identification, such as a driver's license. If you hold your shares in street name, you must obtain a legal proxy, as described above under "What do I need to attend, and vote at, the Annual Meeting?", and bring that proxy to the Annual Meeting.

*How can I revoke my proxy or substitute a new proxy or change my vote?*

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You can revoke your proxy or substitute a new proxy by use of any of the following means:

**For a Proxy Submitted by Internet or Telephone**

By submitting in a timely manner a new proxy through the Internet or by telephone that is received by 11:59 p.m., Eastern Daylight Saving Time, on April 21, 2014; or



Executing and mailing a later-dated proxy card that is received prior to 7:00 a.m., Eastern Daylight Saving Time, on April 22, 2014; or

By voting in person at the Annual Meeting.

**For a Proxy Submitted by Mail**

Executing and mailing another proxy card bearing a later date that is received prior to 7:00 a.m., Eastern Daylight Saving Time, on April 22, 2014; or

Giving written notice of revocation to CDI's Secretary at 600 N. Hurstbourne Parkway, Ste. 400, Louisville, Kentucky 40222 that is received by CDI prior to 7:00 a.m., Eastern Daylight Saving Time, on April 22, 2014; or

By voting in person at the Annual Meeting.

### Security Ownership of Certain Beneficial

#### Owners and Management

The following table sets forth information as of February 28, 2014, (except as otherwise indicated below) regarding the beneficial ownership of the Common Stock by the only persons known by the Company to beneficially own more than five percent (5%) of the Common Stock, each director of the Company, each named executive officer (as defined in Executive Compensation-Summary Compensation Table herein), and the Company's directors and executive officers as a group. Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all of the shares of Common Stock shown as beneficially owned by them. The percentage of beneficial ownership is calculated based on **17,944,984** shares of Common Stock outstanding as of February 28, 2014. We are not aware of any pledge of our Common Stock or any other arrangements the operation of which may at a subsequent date result in a change in control of our Company. The Company's Insider Trading Policy requires that directors, officers or other employees of the Company must obtain pre-clearance from the Company's General Counsel at least two (2) weeks prior to the proposed execution of documents evidencing the pledge of any shares of the Company's Common Stock.

Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership	Percent of Class
The Duchossois Group, Inc. (f/k/a Duchossois Industries, Inc.)	2,944,756	16.41
845 Larch Avenue		
Elmhurst, IL 60126		
PAR Capital Management, Inc.	1,286,544	7.17
1 International Place, #2401		
Boston, MA 02110		
GAMCO Investors, Inc. and affiliates	1,268,224 <sup>(1)</sup>	7.07
One Corporate Center		
Rye, NY 10580-1435		
Wellington Management Co. LLP	1,072,686	5.98
280 Congress Street		
Boston, Massachusetts 02210		
Ulysses L. Bridgeman, Jr.	-0- <sup>(2)</sup>	*
Leonard S. Coleman, Jr.	-0-	*
Craig J. Duchossois	3,099,543 <sup>(3)</sup>	17.27
Richard L. Duchossois	3,200,270 <sup>(4)</sup>	17.83
Robert L. Fealy	-0- <sup>(5)</sup>	*
Daniel P. Harrington	233,299 <sup>(6)</sup>	1.30
G. Watts Humphrey, Jr.	51,000	0.28
James F. McDonald	2,011 <sup>(7)</sup>	*
R. Alex Rankin	5,587	*
Darrell R. Wells	140,000	0.78
William C. Carstanjen	102,701 <sup>(8)</sup>	0.57
Robert L. Evans	387,962 <sup>(9)</sup>	2.16
James E. Gay	46,728 <sup>(10)</sup>	0.26
William E. Mudd	87,801 <sup>(11)</sup>	0.49
Alan K. Tse	22,487 <sup>(12)</sup>	0.13
15 Directors and Executive Officers as a Group	4,297,492 <sup>(13)</sup>	23.95

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\* Less than 0.1%

- (1) GAMCO, and its collective subsidiaries and affiliates, owns beneficial interest of 7.05%. The percent of class reflected in the above table includes a 5.09% interest held by GAMCO Asset Management, Inc., a 1.54% interest held by Gabelli Funds LLC, a 0.41% interest held by Teton Advisors, Inc., and a 0.01% interest held by Mario J. Gabelli. All are related entities.

- (2) As of February 28, 2014, Mr. Bridgeman had 261 deferred shares under the Plan.
- (3) Mr. Craig J. Duchossois is the son of Mr. Richard L. Duchossois, who is also a director of the Company. Craig J. Duchossois shares voting and investment power with respect to 2,944,756 shares owned by The Duchossois Group, Inc. (formerly known as Duchossois Industries, Inc.) and 137,141 shares owned by 845 Larch Acquisition Corp., LLC, an affiliate of The Duchossois Group, Inc. Mr. Craig J. Duchossois also shares voting and investment power with respect to 17,646 shares owned by three trusts. He specifically disclaims beneficial ownership of these shares. Of the shares listed as beneficially owned by Mr. Craig J. Duchossois, 3,081,897 shares are also listed as beneficially owned by Mr. Richard L. Duchossois. In addition, also see Note (2) on page 16.
- (4) Mr. Richard L. Duchossois is the father of Mr. Craig J. Duchossois, who is also a director of the Company. Mr. Richard L. Duchossois shares voting and investment power with respect to 2,944,756 shares owned by The Duchossois Group, Inc. (formerly known as Duchossois Industries, Inc.) and 137,141 shares owned by 845 Larch Acquisition Corp., LLC, an affiliate of The Duchossois Group, Inc. Mr. Richard L. Duchossois also shares voting and investment power with respect to 118,373 shares owned by the RLD Revocable Trust. He specifically disclaims beneficial ownership of these shares. Of the shares listed as beneficially owned by Mr. Richard L. Duchossois, 3,081,897 shares are also listed as beneficially owned by Mr. Craig J. Duchossois. See also Note (2) on page 16.
- (5) See Note (2) on page 16 for deferred shares awarded to Mr. Fealy. As of February 28, 2014, Mr. Fealy has elected to defer shares awarded by the Company for his board service.
- (6) Mr. Harrington shares voting and investment power with respect to 233,299 shares held by TVI Corp. He specifically disclaims beneficial ownership of these shares. See Note (2) on page 16.
- (7) See Note (2) on page 16.
- (8) Excludes 9,209 restricted shares awarded under the Company's Long Term Incentive Plan (2007 Omnibus Plan) over which Mr. Carstanjen has neither voting nor dispositive power until the lapse of the applicable two and three-year restriction periods, in which such shares vest quarterly in equal installments, pursuant to the restricted stock agreements governing these awards. Excludes 15,000 restricted shares awarded pursuant to Mr. Carstanjen's employment agreement over which Mr. Carstanjen has neither voting nor dispositive power until the lapse of the three-year restriction period ending March 31, 2014. Excludes 25,000 restricted shares awarded under the Company's New Long Term Incentive Program (2007 Omnibus Plan) over which Mr. Carstanjen has neither voting nor dispositive power until December 31, 2015, at which time 12,500 shares shall vest without restriction, and December 31, 2016 at which time the remaining 12,500 shall vest without restriction.
- (9) Includes 65,000 vested restricted stock units and 180,000 currently exercisable options, but excludes 42,656 restricted shares awarded pursuant to Mr. Evans' employment agreement over which Mr. Evans has neither voting nor dispositive power until the lapse of certain restrictions pursuant to the restricted stock agreements governing the awards.
- (10) Excludes 4,232 restricted shares awarded under the Company's Long Term Incentive Plan (2007 Omnibus Plan) over which Mr. Gay has neither voting nor dispositive power until the lapse of the applicable two and three-year restriction period, in which shares vest quarterly in equal installments, pursuant to the restricted stock agreements governing these awards. Excludes 12,000 restricted shares awarded under the Company's New Long Term Incentive Program (2007 Omnibus Plan) over which Mr. Gay has neither voting nor dispositive power until December 31, 2015, at which time 6,000 shares shall vest without restriction, and December 31, 2016 at which time the remaining 6,000 shall vest without restriction.
- (11) Includes 4,500 shares issuable under currently exercisable options, and 7,053 restricted shares awarded under the Company's Long Term Incentive Plan (2007 Omnibus Plan) over which Mr. Mudd has neither voting nor dispositive power until the lapse of applicable two and three-year restriction periods, in which such shares vest quarterly in equal installments, pursuant to the restricted stock agreements governing these



awards. Excludes 15,000 restricted shares awarded pursuant to Mr. Mudd's employment agreement over which Mr. Mudd has neither voting nor dispositive power until the lapse of a restriction period ending on March 31, 2015. Excludes 20,000 restricted shares awarded under the Company's New Long Term Incentive Program (2007 Omnibus Plan) over which Mr. Mudd has neither voting nor dispositive power until December 31, 2015, at which time 10,000 shares shall vest without restriction, and December 31, 2016 at which time the remaining 10,000 shall vest without restriction.

(12) Excludes 1,410 restricted shares awarded under the Company's Long Term Incentive Plan (2007 Omnibus Plan) over which Mr. Tse has neither voting nor dispositive power until the lapse of the two and three-year restriction periods. Excludes 7,500 restricted shares awarded under the Company's New Long Term Incentive Program (2007 Omnibus Plan) over which Mr. Tse has neither voting nor dispositive power until December 31, 2014 at which time 2,500 shall vest without restriction, December 31, 2015 at which time 2,500 shall vest without restriction, and December 31, 2016 at which time the remaining 2,500 shares will vest without restriction.

(13) See table on page 16 and Executive Officers of the Company

**Executive Officers of the Company**

The Company's executive officers, as listed below, are elected annually to their executive offices and serve at the pleasure of the Board of Directors.

Name and Age	Position(s) With Company	and Term of Office
Robert L. Evans <sup>(1)</sup>	Chairman and Chief Executive Officer since June 2011; Chief Executive Officer from March 2011 to June 2011; President and Chief Executive Officer from August 2006 to March 2011	
61 William C. Carstanjen <sup>(2)</sup>	President and Chief Operating Officer since March 2011; Chief Operating Officer from January 2009 to March 2011; Executive Vice President and Chief Development Officer from June 2005 to January 2009; General Counsel from June 2005 to December 2006	
46 James E. Gay <sup>(3)</sup>	President, Churchill Downs Interactive since October 2012; Senior Vice President and Chief Strategy Officer from March 2012 to October 2012; Senior Vice President of Strategy and Business Development from January 2009 to March 2012; Vice President of Business Development from June 2006 to January 2009; Director of Business Development from March 2003 to June 2006	
William E. Mudd <sup>(4)</sup>	Executive Vice President and Chief Financial Officer since October 2007	
42 Alan K. Tse <sup>(5)</sup>	Executive Vice President and General Counsel since March 2011	
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- (1) Prior to joining the Company, Mr. Evans served as the Managing Director of Symphony Technology Group, a strategic software holding group focused on the enterprise software and services market, and as President and CEO of Symphony Services Corp., a product engineering outsourcing services company, from 2002 to 2004. From 1999 to 2000, he served as President and Chief Operating Officer of i2 Technologies/Aspect Development.
- (2) Prior to joining the Company, Mr. Carstanjen was employed at General Electric Company. From 2004 through June 2005, he served as the Managing Director and General Counsel of GE Commercial Finance, Energy Financial Services. From 2002 to 2004, he served as General Counsel of GE Specialty Materials and, from 2000 to 2002, he served as Transactions and Finance Counsel of GE Worldwide Headquarters.
- (3) Mr. Gay has served the Company in various capacities since 2003. Prior to joining the Company, Mr. Gay was employed at the Stanford Investment Group, an investment management firm catering to high net worth individuals. From 1997 to 2001, he held several positions with SunTrust Bank, including positions in SunTrust's loan syndications and investment banking groups.
- (4) Prior to joining the Company, Mr. Mudd was employed at General Electric Company. From 2006 through October 2007, he served as Chief Financial Officer, Global Commercial & Americas P&L of GE Infrastructure, Water & Process Technologies. From 2004 to 2006, he served as Chief Financial Officer, Supply Chain, Information Technology and Technology Finance, GE Consumer & Industrial Europe, Middle East, & Africa, Budapest and Hungary and, from 2002 to 2004, he served as Manager, Global Financial Planning & Analysis and Business Development.
- (5) Prior to joining the Company, Mr. Tse was employed at LG Electronics Mobilecomm U.S.A., Inc., a leading cellular telephone manufacturer in the United States, where from January 2005 through March 2011, he served as Vice President and General Counsel.

## Election of Directors

### (Proposal No. 1)

At the Annual Meeting, shareholders will vote to elect two (2) persons to serve in Class III of the Board of Directors and to hold office for a term of three (3) years expiring at the 2017 Annual Meeting of Shareholders and thereafter until their respective successors shall be duly elected and qualified or until the earlier of their resignation, death or removal.

The Amended and Restated Bylaws of the Company provide that the Board of Directors shall be composed of not fewer than three (3) nor more than fifteen (15) members, the exact number to be established by the Board of Directors, and further provide for the division of the Board of Directors into three (3) approximately equal classes, of which one (1) class is elected annually to a three year term. Currently the Board of Directors is comprised of eleven (11) directors, with four (4) directors in Class I, four (4) directors in Class II and three (3) directors in Class III. The Company has a mandatory retirement age policy with regard to directors, which provides that a person is not qualified to serve as a director unless he or she is less than seventy (70) years of age on the date of election. However, the Board believes that it is important to monitor overall Board performance and suitability, and pursuant to the policy, upon the recommendation of the Nominating and Governance Committee, the Board may waive the effective date of mandatory retirement. There is one director in Class III that will have met the mandatory retirement age at the Annual Meeting, Darrell R. Wells. The Nominating and Governance Committee expects to fill the vacant Board seat created by Mr. Wells retirement in the near future.

Prior to the consideration of a waiver of the effective date of the mandatory retirement age for Mr. Wells, Mr. Wells expressed to the Board of Directors his desire not to be considered for such waiver. The Board accepted Mr. Wells' decision not to be considered for a waiver of the effective date of the mandatory retirement age on February 20, 2014. After twenty-nine (29) years of exceptional leadership as a director of the Company, Mr. Wells will become an Emeritus Director (see *Emeritus Directors* section below on pages 15-16) at the expiration of his current term as a director. Please also see the *Board Leadership Structure* section below on page 18.

The Company is a party to a Merger Agreement dated as of June 23, 2000, as amended (the *Merger Agreement*), between the Company and Duchossois Industries, Inc. (currently known as The Duchossois Group, Inc.), under which certain subsidiaries of the Company were merged into certain wholly-owned subsidiaries of Duchossois Industries, Inc. (the *Merger*). The Merger was approved by vote of the Company's shareholders at a Special Meeting of the shareholders on September 8, 2000. Pursuant to a Stockholder's Agreement between the Company and Duchossois Industries, Inc., as part of the Merger, Duchossois Industries, Inc. designated three (3) individuals for appointment and election to the Board of Directors. The Stockholder's Agreement provides that those individuals, Mr. Richard L. Duchossois, Mr. Craig J. Duchossois and Mr. Robert L. Fealy (or substitute designees reasonably acceptable to the Company), would be nominated to serve as directors of the Company, being allocated as equally as possible among the three classes of directors, for vote of the shareholders of the Company at the annual meeting of shareholders at which each respective class is then submitted for vote by the shareholders. In 2000, the Board of Directors of the Company appointed Mr. Craig J. Duchossois to serve as a member of Class I, Mr. Richard L. Duchossois to serve as a member of Class II and Mr. Robert L. Fealy to serve as a member of Class III. Mr. Craig J. Duchossois, Mr. Richard L. Duchossois and Mr. Robert L. Fealy have each been subsequently re-elected to the Board of Directors.

At the Annual Meeting, the two (2) persons named in the following table will be nominated on behalf of the Board of Directors for election as directors in Class III. The Nominating and Governance Committee has recommended, and the Board has approved, the nomination of these persons. The nominees currently serve as members of Class III and have agreed to serve if re-elected. With each shareholder having one vote per share to cast for each director position, the nominees receiving the greatest number of votes will be elected. The biographical information for our directors below includes information regarding certain of the experiences, qualifications, attributes and skills that led to the determination that such individuals are qualified to serve on the Board of Directors.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE FOLLOWING CLASS III DIRECTORS.

UNLESS OTHERWISE INSTRUCTED, IT IS THE INTENTION OF THE PERSONS NAMED IN THE PROXY TO VOTE THE SHARES REPRESENTED THEREBY FOR THE ELECTION OF THE CLASS III DIRECTORS NAMED BELOW.

*Nominees for Election as Directors*

The following table sets forth information relating to the Class III directors of the Company who are proposed to the shareholders for election to serve as directors until the expiration of their terms of office.

Name, Age and	Principal Occupation <sup>(1)</sup>
Positions with	and Certain Directorships <sup>(2)</sup>
Company	Class III Terms Expiring in 2014
Robert L. Fealy 62 Director since 2000	Mr. Fealy serves as the President, Chief Operating Officer and Director of The Duchossois Group, Inc. (a family owned company with diversified business interests in companies with leading brands in the residential security, lighting and convenience products markets and the commercial control, automation and digital media markets). While Mr. Fealy was originally nominated to serve as a Director of the Company pursuant to the stockholder's agreement between the Company and Duchossois Industries, Inc. (as described above), the Company has been and will continue to be well served by Mr. Fealy's experience as a certified public accountant and senior executive with oversight of a diverse group of companies that has over 6,000 employees worldwide with operations located in over 30 countries as well as proven capabilities in strategic business planning in a variety of industries. Mr. Fealy currently holds the following leadership positions with other entities: Director, The Duchossois Group, Inc.; Director, The Chamberlain Group, Inc.; Chairman and Director, AMX LLC; Director, Milestone AV Technologies LLC; Managing Director, Duchossois Technology Partners, LLC; Lead Director and Chairman of the Audit Committee, Pella Corporation; Founding Board Member and Vice Chairman, Illinois Venture Capital Association; Director, Illinois Venture Capital Association PAC; Chairman and Director, Brivo Systems, Inc.; Chairman, Chicago Ventures and member of the Investment Committee of the Illinois Innovation Accelerator Fund; Chairman of the Board of Trustees, University of Cincinnati Foundation; Member, University of Cincinnati Business Advisory Council; Member, Advisory Board of the Polsky Center for Entrepreneurship and Innovation at the University of Chicago Booth School; Director, Chicago Children's Choir; Director, The Morton Arboretum.
Daniel P. Harrington 58 Director since 1998	Mr. Harrington serves as the President and Chief Executive Officer of HTV Industries, Inc. (private holding company with diversified business interests that include telecommunications, manufacturing distribution and banking). Among other exceptional personal and professional attributes, Mr. Harrington has extensive financial, accounting and chief executive experience within a variety of industries that qualifies Mr. Harrington as a member of the Board of Directors. In addition, Mr. Harrington qualifies as an Audit Committee Financial Expert, which makes him well suited for his current role as the Chairman of the Company's Audit Committee. Mr. Harrington also serves in the following leadership positions of other entities: Director, First Guaranty Bank; Trustee, The Veale Foundation. In addition, Mr. Harrington has served as a Director of First State Financial Corporation, Portec Rail Products, Inc. (and on the Audit and Compensation Committees) and Biopure Corporation (and on the Audit Committee).

- (1) Except as otherwise indicated, there has been no change in principal occupation or employment during the past five years.
- (2) Directorships at any time within the last 5 years in companies with a class of securities registered pursuant to Section 12 of the Exchange Act, subject to the requirements of Section 15(d) of the Exchange Act or companies registered under the Investment Company Act of 1940 and, in the case of certain directors, other directorships or positions considered significant by them.

The Board of Directors has no reason to believe that the nominees will be unavailable to serve as a director. If any nominee should become unavailable before the Annual Meeting, the persons named in the enclosed Proxy, or their substitutes, reserve the right to vote for substitute nominees selected by the Board of Directors.

*Continuing Directors*

The following tables set forth information relating to the Class I and Class II directors of the Company who will continue to serve as directors until the expiration of their respective terms of office.

**Name, Age and**

**Positions with**

**Company**

**Principal Occupation<sup>(1)</sup>**

**and Certain Directorships<sup>(2)</sup>**

**Class I Terms Expiring in 2015**

Leonard S. Coleman, Jr.

65

Director since 2001

Mr. Coleman has served in multiple senior leadership positions in the major professional sports industry, including: Senior Advisor, Major League Baseball from 1999 to 2005; President, National League of Professional Baseball Clubs from 1994 to 1999. Among other exceptional personal and professional attributes, Mr. Coleman provides a unique perspective and is well suited to serve on the Board of the Company because of his experience as a senior executive in the major professional sports industry and as a director of large publicly traded companies in a variety of industries. Mr. Coleman currently holds the following leadership positions with other entities: Director, The Omnicom Group; Director, Electronic Arts, Inc.; Director, Avis-Budget Group, Inc.; and Director, Aramark Corporation; Chairman, The Jackie Robinson Foundation; Director, Spoleto Festival, Metropolitan Opera, The Schuman Fund and Urban America; Former Chairman, ARENACO, Inc. (subsidiary of New York Yankees/New Jersey Nets).

Craig J. Duchossois

69

Director since 2000

Mr. Duchossois serves as the Chief Executive Officer and a Director of The Duchossois Group, Inc., (a family-owned company with diversified business interests in companies with leading brands in the residential security, lighting and convenience products markets and the commercial control, automation and digital media markets). While Mr. Duchossois was originally nominated to serve as a Director of the Company pursuant to the stockholder's agreement between the Company and Duchossois Industries, Inc. (as described above), the Company has been and will continue to be well served by Mr. Duchossois' experience and proven capabilities in the international marketplace and technology industries in overseeing a diverse group of companies that have over 6,000 employees worldwide with operations located in over 30 countries, as well as his financial and business acumen. Mr. Duchossois currently holds the following leadership positions with other entities: Chairman, The Chamberlain Group, Inc.; Director, AMX LLC; Chief Executive Officer, TCMC, Inc.; Director, Amsted Industries, Inc.; not-for-profit board memberships include Culver Education Foundation, Illinois Institute of Technology, University of Chicago, Kellogg Graduate School of Management, World Business Chicago, the University of Chicago Hospitals, Executive's Club of Chicago, Economic Club, Chicago Council on Global Affairs and the Marine Corps Scholarship Foundation. He is a member of the Chief Executive Officer's Organization, World Presidents Organization, and the Civic Committee of the Commercial Club of Chicago. Mr. Duchossois also serves as an advisory board member for Levy Acquisition Corp., Frontenac Company and The Edgewater Funds. He is past-Chairman of the Board of Visitors for the United States Naval Academy.

**Name, Age and**

**Positions with**

**Principal Occupation<sup>(1)</sup>**

**Company**

**and Certain Directorships<sup>(2)</sup>**

Robert L. Evans

61

Director since 2006

Mr. Evans is the Chairman of the Board and Chief Executive Officer of the Company. Please see Mr. Evans' positions with the Company, terms of office and other biographical information on page 8. Mr. Evans' role as the Chairman and Chief Executive Officer of the Company as well as his proven entrepreneurial experience and abilities, his experience in senior executive positions at some of North America's leading manufacturing (Mr. Evans served in a variety of management positions for Caterpillar Inc.), business consulting (former Managing Partner of the Americas Supply Chain Practice for the \$28 billion Accenture Ltd., formerly Andersen Consulting), technology (former President and Chief Operating Officer of Aspect Development Inc.) and private equity companies (Co-Founder and former Managing Director of Symphony Technology Group, a private equity firm that provides investment capital and strategic direction to software and services companies), and his experience in the thoroughbred horse racing industry qualify Mr. Evans to serve as a Director of the Company. Mr. Evans currently holds the following leadership positions with other entities: President, Tenlane Farm, LLC (a thoroughbred breeding and racing operation); Mr. Evans is a former director of IronPlanet, ATC Technology Corp., Symphony Services, and Trigo Technologies Inc.

G. Watts Humphrey, Jr.

69

Director since 1995

Mr. Humphrey is the President, GWH Holdings, Inc. (private investment company); Chairman, IPEG (international plastics machinery equipment company) and Centria (manufacturer and erector of metal building systems); and Owner, Shawnee Farm (thoroughbred breeding and racing operation). Among other exceptional personal and professional attributes, Mr. Humphrey has extensive experience in overseeing a diverse group of companies as well as in significant leadership roles throughout the thoroughbred horseracing industry that qualify Mr. Humphrey to serve as a member of the Board of Directors. Mr. Humphrey currently holds the following leadership positions with other entities: Member of The Jockey Club; Vice-Chairman, Blood-Horse Publications; Director, Keeneland; a Member of Executive Committee of Keeneland Assoc.; Member of the Board of Trustees, Breeders' Cup, Ltd.; Vice-Chairman, Shaker Village of Pleasant Hill; Director, Smithfield Trust Company; Director, Wausau Paper; Member of the Board of Trustees, Centre College. Previously, Mr. Humphrey served as Chairman of the Federal Reserve Bank Fourth District.

(1) There has been no change in principal occupation or employment during the past five years, except with respect to Mr. Evans (as described under "Executive Officers of the Company").

(2) Directorships at any time within the last 5 years in companies with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to the requirements of Section 15(d) of the Exchange Act or companies registered under the Investment Company Act of 1940 and, in the case of certain directors, other directorships or positions considered significant by them.

**Name, Age and**

**Positions with**

**Company**

**Principal Occupation<sup>(1)</sup>**