

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 27, 1999

CHURCHILL DOWNS INCORPORATED  
(Exact name of registrant as specified in its charter)

Kentucky (State or other jurisdiction of incorporation or organization)	0-01469 (Commission File Number)	61-0156015 (IRS Employer Identification No.)
---	-------------------------------------	--

700 Central Avenue, Louisville, KY 40208  
(Address of principal executive offices)  
(Zip Code)

(502) 636-4400  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report.)

ITEMS 1-4. Not Applicable.

ITEM 5. OTHER EVENTS.

A copy of a press release is set forth in Exhibit 99.1 to this filing and is incorporated herein by reference.

ITEM 6. Not Applicable.

ITEM 7. Financial Statements and Exhibits.

(a) Financial statements of business acquired.  
Not Applicable.

(b) Pro forma financial information.  
Not Applicable.

(c) Exhibits.  
Exhibit 99.1 Press Release dated October 27, 1999.

ITEMS 8-9. Not Applicable.

## CHURCHILL DOWNS REPORTS RECORD THIRD QUARTER EARNINGS

## NET REVENUES UP 89% TO NEW THIRD QUARTER HIGH

LOUISVILLE, Ky. (Oct. 27, 1999) Churchill Downs Incorporated (Nasdaq/NM: CHDN) today reported third quarter and nine months results for the period ended September 30, 1999.

Net revenues of \$63.1 million marked a new third-quarter record, up 89 percent compared with \$33.3 million for the same period a year ago. Net earnings for the quarter totaled \$1.2 million, or \$0.12 per share diluted, compared with a net loss of \$655,000, or \$0.09 per share diluted, a year ago.

Net revenues for the first nine months of 1999 were \$164.9 million, a 42 percent increase over \$116.1 million reported for the same period for 1998. Net earnings for the nine months were \$11.8 million, up 5 percent compared with \$11.3 million in the year-earlier period. Earnings per share for the nine months were \$1.43 diluted on 8.3 million average shares outstanding compared with \$1.51 diluted in 1998 on 7.5 million average shares outstanding.

The increases of 27 percent and 11 percent in the number of average diluted shares outstanding for the third quarter and nine months, respectively, are due principally to the public offering of 2.3 million common shares in July 1999.

"The net earnings for the third quarter, which exceeded analysts' estimates, highlight the value of our acquisition initiative," remarked Thomas H. Meeker, president and chief executive officer of Churchill Downs Incorporated. "We historically have not been profitable during this period due to the lack of live racing at our flagship Churchill Downs operation. A key element of our growth strategy is to reduce the seasonality in our results by building a year-round simulcast product that is integrated with live racing at our various race tracks. The third quarter marked the first full quarter in which we have benefitted from a contribution from Calder Race Course which we acquired in April 1999. Calder's racing season this year spanned the entire third quarter and will

3

extend through the fourth period as well. This was the second year for the inclusion of Ellis Park, which we acquired in April 1998, and it positively contributed to earnings for the third quarter in both years. The timing of the Ellis Park acquisition resulted in a decrease in operating income for Ellis Park in the nine months in 1999 due to the loss experienced in the first quarter when the racetrack was not running."

Meeker added, "We believe our financial performance in the fourth quarter will also show significant improvement compared with the year-earlier results. Last month we completed the acquisition of Hollywood Park Race Track which will conduct live racing from mid-November through late December. We believe the initial contribution from Hollywood Park, combined with the results of Churchill Downs' Fall meet, and a continued strong performance by Calder, will help us offset the increased expenses we are incurring as a result of our development activities and overall corporate expansion. As in the third period, we will have a significantly higher number of shares outstanding in the fourth quarter as a result of our public offering earlier this year, which will continue to affect our per share comparisons through the first two quarters of 2000.

"Although there are a number of challenges, we are excited about our opportunities for building on this strong momentum. The seasonality of our live racing will continue to affect the pace of our quarterly results; and although we have taken steps to mitigate the impact on earnings of increases in short-term interest rates, we do have a more leveraged capital structure that will be impacted by rising interest rates. We have broadened our operating scope

considerably this year and an immediate priority is to continue to integrate our various racing operations into a cohesive unit that benefits from the distinctive strengths of each facility. As a result of our acquisitions, we are now able to offer 217 days of live racing programming each year. We intend to enhance this sound foundation by adding racing programs and to capitalize on the growing, worldwide simulcast wagering market."

Churchill Downs Incorporated, headquartered in Louisville, Ky., is one of the world's leading horse racing companies. Its flagship operation, Churchill Downs, is home of the Kentucky Derby and will host its 126th running on May 6, 2000. The Company has additional racing and simulcast- wagering operations in Kentucky, Indiana, Florida and California and interests in various racing services companies. Churchill Downs Incorporated can be found on the Internet at [WWW.KENTUCKYDERBY.COM](http://WWW.KENTUCKYDERBY.COM).

This press release contains forward-looking statements made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The reader is cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the presently estimated amounts. These risks and uncertainties include:

the continued ability of the Company to effectively compete for the country's top horses and trainers necessary to field high-quality horse racing; the continued ability of the Company to grow its share of the interstate simulcast market; a substantial change in regulations affecting our gaming activities; a substantial change in allocation of live racing days; the impact of competition from alternative gaming (including lotteries, land-based , riverboat and cruise ship casinos) and other sports and entertainment options in those markets in which the Company operates; a decrease in riverboat admissions revenue from the Company's Indiana operations; Year 2000 computer issues; and the Company's success in its pursuit of strategic initiatives designed to generate additional revenues.

CHURCHILL DOWNS INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
for the nine and three months ended September 30, 1999 and 1998  
(Unaudited)

	Nine Months Ended September 30, 1999	1998	Three Months 1999	Ended September 30, 1998
Net revenues	\$164,878,881	\$116,058,759	\$63,076,130	\$33,299,256
Operating expenses	128,787,641	88,884,904	53,967,962	30,548,256
	-----	-----	-----	-----
Gross profit	36,091,240	27,173,855	9,108,168	2,751,000
Selling, general and administrative expenses	12,362,704	8,739,883	5,473,203	3,767,288
	-----	-----	-----	-----
Operating income (loss)	23,728,536	18,433,972	3,634,965	(1,016,288)
	-----	-----	-----	-----
Other income (expense):				
Interest income	566,410	449,543	204,177	87,238
Interest expense	(4,162,041)	(646,521)	(1,953,209)	(241,224)
Miscellaneous, net	293,742	261,545	168,717	95,359
	-----	-----	-----	-----
	(3,301,889)	64,567	(1,580,315)	(58,627)
	-----	-----	-----	-----
Earnings (loss) before income tax provision	20,426,647	18,498,539	2,054,650	(1,074,915)
	-----	-----	-----	-----
Federal and state income tax (provision) benefit	(8,579,192)	(7,200,000)	(862,953)	420,000
	-----	-----	-----	-----
Net earnings (loss)	\$ 11,847,455	\$ 11,298,539	\$ 1,191,697	\$ (654,915)
	=====	=====	=====	=====
Net earnings (loss) per share:				
Basic	\$1.45	\$1.52	\$.13	\$ (.09)
Diluted	\$1.43	\$1.51	\$.12	\$ (.09)
Weighted average shares outstanding:				
Basic	8,175,473	7,438,159	9,455,127	7,522,309
Diluted	8,296,761	7,496,524	9,552,088	7,522,309

CHURCHILL DOWNS INCORPORATED  
CONDENSED SUPPLEMENTAL INFORMATION BY OPERATING UNIT  
for the nine and three months ended September 30, 1999 and 1998  
(Unaudited)

	Nine Months Ended September 30, 1999	September 30, 1998	Three Months Ended September 30, 1999	September 30, 1998
Net revenues:				
Churchill Downs including corporate expenses	\$ 66,652,774	\$64,711,639	\$ 5,519,530	\$ 5,482,627
Hollywood Park	1,117,105	-	1,117,105	-
Calder Race Course	39,052,563	-	27,351,508	-
Hoosier Park	37,514,350	34,539,958	13,256,799	12,647,820
Ellis Park	18,491,338	16,038,980	15,528,844	14,741,456
Other operations	4,377,962	1,676,735	1,666,659	729,903
	-----	-----	-----	-----
	167,206,092	116,967,312	64,440,445	33,601,806
Eliminations	(2,327,211)	(908,553)	(1,364,315)	(302,550)
	-----	-----	-----	-----
	\$164,878,881	\$116,058,759	\$ 63,076,130	\$33,299,256
	=====	=====	=====	=====
EBITDA:				
Churchill Downs including corporate expenses	\$14,052,039	\$14,737,642	\$ (5,417,054)	\$ (4,425,311)
Hollywood Park	(541,693)	-	(541,693)	-
Calder Race Course	8,865,400	-	6,977,571	-
Hoosier Park	5,131,259	4,390,653	1,744,482	1,383,711
Ellis Park	2,833,654	2,890,024	3,636,724	3,318,564
Other operations	1,114,714	649,557	453,027	222,893
	-----	-----	-----	-----
	\$31,455,373	\$22,667,876	\$ 6,853,057	\$ 499,857
	=====	=====	=====	=====
Operating income (loss):				
Churchill Downs including corporate expenses	\$11,378,418	\$11,952,131	\$ (6,287,079)	\$ (5,344,420)
Hollywood Park	(794,693)	-	(794,693)	-
Calder Race Course	7,364,230	-	6,062,235	-
Hoosier Park	4,182,522	3,565,578	1,416,692	1,108,686
Ellis Park	1,842,130	2,516,812	3,292,118	3,145,516
Other operations	(244,071)	399,451	(54,306)	73,930
	-----	-----	-----	-----
	\$23,728,536	\$18,433,972	\$ 3,634,967	\$ (1,016,288)
	=====	=====	=====	=====

CHURCHILL DOWNS INCORPORATED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

ASSETS	September 30, 1999 ----	December 31, 1998 ----	September 30, 1998 ----
Current assets:			
Cash and cash equivalents	\$ 27,935,299	\$ 6,379,686	\$ 8,130,380
Accounts receivable	14,812,135	11,968,114	10,925,891
Other current assets	3,110,220	1,049,084	564,286
	-----	-----	-----
Total current assets	45,857,654	19,396,884	19,620,557
Other assets	6,167,279	3,796,292	4,202,289
Plant and equipment, net	275,630,759	83,088,204	83,949,445
Intangible assets, net	61,899,268	8,369,395	9,636,961
	-----	-----	-----
	\$389,554,960	\$114,650,775	\$117,409,252
	=====	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 14,671,367	\$ 6,380,785	\$ 10,312,702
Accrued expenses	21,172,818	8,247,945	8,596,301
Dividends payable	-	3,762,521	-
Income taxes payable	1,529,022	257,588	2,310,085
Deferred revenue	3,093,814	8,412,552	5,647,027
Long-term debt, current portion	465,321	126,812	128,404
	-----	-----	-----
Total current liabilities	40,932,342	27,188,203	26,994,519
Long-term debt, due after one year	186,103,789	13,538,027	9,543,201
Other liabilities	6,709,702	1,755,760	3,126,132
Deferred income taxes	15,937,932	6,937,797	8,000,643
Shareholders' equity:			
Preferred stock, no par value; authorized, 250,000 shares; issued, none	-	-	-
Common stock, no par value; authorized, 50,000,000 shares, issued 9,853,627 shares, September 30, 1999, 7,525,041 shares, December 31, 1998 and September 30, 1998	71,633,498	8,926,975	8,926,975
Retained earnings	68,446,412	56,598,957	61,141,469
Deferred compensation costs	(143,715)	(229,944)	(258,687)
Note receivable for common stock	(65,000)	(65,000)	(65,000)
	-----	-----	-----
	139,871,195	65,230,988	69,744,757
	-----	-----	-----
	\$389,554,960	\$114,650,775	\$117,409,252
	=====	=====	=====

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHURCHILL DOWNS INCORPORATED

October 27, 1999

\s\ Robert L. Decker

-----  
Robert L. Decker  
Executive Vice President and Chief  
Financial Officer  
(Principal Financial Officer)

October 27, 1999

\s\Vicki L. Baumgardner

-----  
Vicki L. Baumgardner  
Vice President, Finance and Treasurer  
(Principal Accounting Officer)