

**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): JULY 24, 2001**

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

Kentucky  
(State or other jurisdiction of incorporation  
or organization)

0-1469  
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)

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CHURCHILL DOWNS INCORPORATED

I N D E X

- ITEM 1-4. Not Applicable
- ITEM 5. OTHER EVENTS  
Copy of press release is set forth in Exhibit 99 to this filing and 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 Press Release dated July 24, 2001
- ITEM 8-9. Not Applicable

## 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 thereunto duly authorized.

### CHURCHILL DOWNS INCORPORATED

July 25, 2001

/s/Robert L. Decker  
Robert L. Decker  
Executive Vice President and Chief Financial Officer  
(Principal Accounting Officer)

July 25, 2001

/s/Michael E. Miller  
Michael E. Miller  
Senior Vice President, Finance  
(Principal Accounting Officer)

**CHURCHILL DOWNS INCORPORATED REPORTS SECOND QUARTER RESULTS**

**LOUISVILLE, Ky. (July 24, 2001)** – Churchill Downs Incorporated (“CDI”) (Nasdaq: CHDN) today reported results for the second quarter ended June 30, 2001, which included record quarterly revenues, a new quarterly high in net income and lower diluted earnings per share due to a significant increase in the average number of shares outstanding.

Net revenues for the second quarter reached a record \$163.3 million, an increase of 24.0 percent, compared with \$132.2 million for the same period last year. Net earnings for the quarter were a record \$21.9 million, a 19.7 percent increase over \$18.3 million in 2000. Diluted earnings per share totaled \$1.66 on 13.2 million shares outstanding, compared with \$1.85 on 9.9 million shares outstanding for the second quarter of 2000. Results for the first half of 2001 are outlined in the accompanying tables.

The increase of 33 percent in the number of average shares outstanding for the second quarter was due principally to the issuance of 3.15 million common shares for the September 2000 merger with Arlington International Racecourse, now doing business as Arlington Park.

Thomas H. Meeker, CDI’s president and chief executive officer, said the Company’s growth in net revenues and operating income for the quarter included favorable year-to-year comparisons from Churchill Downs and Calder Race Course and a positive contribution from Arlington Park, which opened its 2001 live racing meet on June 13. Hollywood Park, which has been affected by the impact of the energy-related problems on the West Coast, benefited from having eight more racing days in the second quarter this year due to a shift in the calendar. These days were historically run in the third quarter.

“We believe the second-quarter results provide strong testament to the ongoing success of our operating strategy,” Meeker said. “We not only are facing steadily increasing competition in other gaming and entertainment offerings but also are having to surmount the impact this year of the economic slowdown. We were pleased with the performance of Churchill Downs, which benefited from an increase of nearly 6 percent in wagering from the simulcast of its signal, as well as the first-time inclusion of Arlington Park for this period. Our simulcast vehicle, the Churchill Downs Simulcast Network (“CDSN”), has become a vital contributor to the success of each of our tracks. CDSN markets all of our signals under a common brand, and

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we are benefiting this year from an increased marketing effort to raise the awareness of CDSN in the simulcast market as well as the addition of the Arlington Park racing programs.”

Meeker added, “The higher net income for the quarter was aided by our cost-reduction actions that we initiated earlier this year. We are maintaining a comprehensive program to contain expenses while still emphasizing the long-term benefits of adopting best practices throughout our organization, especially in the area of customer service.

“The strong start for Arlington Park’s 2001 meet offers encouraging support to our prospects for the second half. Our third quarter results will benefit from the inclusion of Arlington Park for a full three months this year; but because of the increased number of shares outstanding, we expect earnings per share for the period will range from 55 cents to 57 cents. Our forecast for the full year remains for an approximate 20 percent increase in net earnings, up from \$19.2 million for 2000. We also continue to expect a moderate gain in diluted earnings per share for 2001 as a whole, in line with the percentage increase we realized in 2000 due to the higher number of average shares outstanding.”

Meeker concluded, “We began 2001 against a backdrop of significant economic uncertainty with the resolve to execute well to reach the financial goals that we had set for the year. We recognized that the substantial increase in the average number of shares would restrict the progress we could attain in earnings per share, but our objective was still to achieve a year in which our overall performance further validated our growth strategy. Our organization has adapted well to the difficulties of the current environment, and we believe that the results for the full year will serve as a solid platform for future gains.”

A conference call regarding this release is scheduled for Wednesday, July 25, at 9 a.m. EDT. Investors and other interested parties may listen to the teleconference by accessing the online, real-time webcast and broadcast of the call at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com) or [www.streetevents.com](http://www.streetevents.com) or by calling (913) 981-5571 at least 10 minutes before the appointed time. The online replay will be available at approximately 11 a.m. EDT and continue for two weeks. An eight-day

telephonic replay will be available two hours after the call ends by dialing (719) 457-0820 and entering 591913 when prompted for the access code.

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 the race’s 128<sup>th</sup> running on May 4, 2002. The Company owns additional racetracks in Kentucky, Illinois, California and Florida and has interests in a pari-mutuel operation in Indiana as well as various racing services companies. CDI trades on the Nasdaq National Market under the symbol CHDN and can be found on the Internet at [www.churchilldownsincorporated.com](http://www.churchilldownsincorporated.com).

*This news 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 our actual operating results and financial condition to differ materially. Forward-looking statements are typically identified by the use of terms such as “may,” “will,” “believe,” “could,” “intend,” “might,” “plan,” “predict,” “project,” “should,” “expect,” “anticipate,” “estimate,” and similar words, although some forward-looking statements are expressed differently. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from our expectations include: the financial performance of our racing operations; litigation surrounding the Rosemont, Ill., riverboat casino; changes in Illinois law that impact revenues of racing operations in Illinois; the economic environment; the impact of gaming competition (including lotteries and riverboat, cruise ship and land-based casinos) and other sports and entertainment options in those markets in which we operate; a substantial change in law or regulations affecting our pari-mutuel activities; a substantial change in allocation of live racing days; a decrease in riverboat admissions subsidy revenue from our Indiana operations; the impact of an additional racetrack near our Indiana operations; our continued ability to effectively compete for the country’s top horses and trainers necessary to field high-quality horse racing; our continued ability to grow our share of the interstate simulcast market; the impact of interest rate fluctuations; our ability to execute our acquisition strategy and to complete or successfully operate planned expansion projects; our ability to adequately integrate acquired businesses; market reaction to our expansion projects; the loss of our totalisator companies or their inability to keep their technology current; our accountability for environmental contamination; the loss of key personnel and the volatility of our stock price.*

CHURCHILL DOWNS INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
for the six and three months ended June 30,  
(Unaudited)  
(In thousands, except per share data)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2001	2000	2001	2000
	-----	-----	-----	-----
Net revenues	\$194,972	\$158,103	\$163,257	\$132,184
Operating expenses	154,065	121,873	114,802	90,505
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Gross profit	40,907	36,230	48,455	41,679
Selling, general and administrative expenses	15,948	12,282	8,032	6,191
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Operating income	24,959	23,948	40,423	35,488
Other income (expense):				
Interest income	332	506	219	240
Interest expense	(6,956)	(7,671)	(3,441)	(3,920)
Miscellaneous, net	43	(416)	(88)	(458)
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	(6,581)	(7,581)	(3,310)	(4,138)
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Earnings before provision for income taxes	18,378	16,367	37,113	31,350
Provision for income taxes	(7,443)	(6,792)	(15,218)	(13,010)
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Net earnings	\$ 10,935	\$ 9,575	\$ 21,895	\$ 18,340
	=====	=====	=====	=====
Earnings per common share data:				
Basic	\$0.84	\$0.97	\$1.67	\$1.86
Diluted	\$0.83	\$0.97	\$1.66	\$1.85

Weighted average shares outstanding:

Basic	13,065	9,854	13,084	9,854
Diluted	13,185	9,908	13,217	9,906

Certain financial statement amounts have been reclassified in the prior periods to conform to current period presentation.

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CHURCHILL DOWNS INCORPORATED  
SUPPLEMENTAL INFORMATION BY OPERATING UNIT  
for the six and three months ended June 30,  
(Unaudited)  
(In thousands)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2001	2000	2001	2000
Net revenues:				
Churchill Downs	\$ 68,186	\$ 64,678	\$ 63,937	\$ 60,121
Hollywood Park	54,867	50,879	49,378	45,120
Calder Race Course	14,180	13,669	12,858	11,792
Arlington Park	27,661	-	21,269	-
Hoosier Park	26,318	24,217	13,885	13,032
Ellis Park	3,016	3,202	1,593	1,616
Other investments	2,683	3,514	1,768	2,207
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	196,911	160,159	164,688	133,888
Corporate revenues	863	605	862	592
Eliminations	(2,802)	(2,661)	(2,293)	(2,296)
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	\$194,972	\$158,103	\$163,257	\$132,184
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EBITDA:				
Churchill Downs	\$ 26,376	\$ 23,863	\$ 30,090	\$ 27,393
Hollywood Park	11,246	9,472	12,781	11,093
Calder Race Course	(830)	(745)	1,575	1,284
Arlington Park	(108)	-	1,440	-
Hoosier Park	3,151	3,442	1,434	1,555
Ellis Park	(1,327)	(1,047)	(724)	(656)
Other investments	848	700	620	565
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	39,356	35,685	47,216	41,234
Corporate expenses	(4,559)	(4,189)	(2,011)	(2,181)
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	\$ 34,797	\$ 31,496	\$ 45,205	\$ 39,053
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Operating income (loss):				
Churchill Downs	\$ 24,202	\$ 22,003	\$ 29,000	\$ 26,456
Hollywood Park	8,678	7,315	11,482	9,995
Calder Race Course	(2,578)	(2,527)	725	392
Arlington Park	(1,217)	-	886	-
Hoosier Park	2,360	2,778	1,039	1,222
Ellis Park	(1,994)	(1,769)	(1,038)	(1,018)
Other investments	67	(24)	335	261
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	29,518	27,776	42,429	37,308
Corporate expenses	(4,559)	(3,828)	(2,006)	(1,820)
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	\$ 24,959	\$ 23,948	\$ 40,423	\$ 35,488
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Certain financial statement amounts have been reclassified in the prior periods to conform to current period presentation.

CHURCHILL DOWNS INCORPORATED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)

	June 30, 2001 ----	December 31, 2000 ----	June 30, 2000 ----
ASSETS	(unaudited)		(unaudited)
Current assets:			
Cash and cash equivalents	\$ 22,515	\$ 10,807	\$ 21,931
Restricted cash	18,455	9,006	30,438
Accounts receivable, net	43,083	32,535	24,176
Other current assets	5,365	2,932	3,741
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Total current assets	89,418	55,280	80,286
Other assets	9,313	8,116	6,988
Plant and equipment, net	343,402	342,767	275,692
Intangible assets, net	62,653	63,841	61,216
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	\$504,786	\$470,004	\$424,182
	=====	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 73,490	\$ 34,894	\$ 50,462
Accrued expenses	34,993	30,617	22,230
Dividends payable	-	6,508	-
Income taxes payable	6,517	1,091	5,990
Deferred revenue	4,052	11,353	2,334
Long-term debt, current portion	2,461	2,324	2,904
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Total current liabilities	121,513	86,787	83,920
Long-term debt, due after one year	143,036	155,716	166,658
Other liabilities	12,475	9,837	11,001
Deferred income taxes	15,133	15,179	14,920
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; issued: 13,084 shares June 30, 2001, 13,019 shares December 31, 2000, and 9,854 shares June 30, 2000	124,485	123,227	71,634
Retained earnings	90,256	79,323	76,172
Accumulated other comprehensive loss	(2,047)	-	-
Deferred compensation costs	-	-	(58)
Note receivable for common stock	(65)	(65)	(65)
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	212,629	202,485	147,683
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	\$504,786	\$470,004	\$424,182
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