

UNITED STATES
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) May 10, 2005

CHURCHILL DOWNS INCORPORATED

(Exact name of registrant as specified in its charter)

KENTUCKY

0-1469

61-0156015

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

**700 Central Avenue
Louisville, Kentucky**

40208

(Address of principal executive offices)

(Zip Code)

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

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

A copy of the news release issued by Churchill Downs Incorporated (the "Company") on May 10, 2005 announcing the results of operations and financial condition for the first quarter ended March 31, 2005, is attached hereto as Exhibit 99.1 and incorporated by reference herein.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Exhibit

99.1 Press release dated May 10, 2005 issued by Churchill Downs Incorporated.

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

May 10, 2005

/s/ Michael W. Anderson
Michael W. Anderson
VP Finance and Treasurer



FOR IMMEDIATE RELEASE

Contact: Mike Ogburn
 (502) 636-4415, office
 (502) 262-0224, cellular
mogburn@kyderby.com

CHURCHILL DOWNS INCORPORATED REPORTS FIRST QUARTER RESULTS

LOUISVILLE, Ky. (May 10, 2005) — Churchill Downs Incorporated (Nasdaq: CHDN) (“CDI” or “Company”) today reported results for the first quarter ended March 31, 2005.

Net revenues were \$56.3 million, up 49.1 percent compared with \$37.7 million for the first quarter of 2004. CDI reported a net loss of \$13.9 million, or \$1.08 per share, compared with a net loss of \$11.7 million, or \$0.89 per share, in the same period one-year prior.

CDI historically operates at a loss for the first quarter because it conducts minimal live racing events during the period. With its acquisition of Fair Grounds Race Course in October 2004, the Company added 61 race dates in the first quarter of 2005. However, gains resulting from these additional race dates were offset in part by \$2.8 million in legislative spending related to the March 8 alternative gaming ballot initiative in Florida, as well as higher corporate expenses, and fewer simulcast dark days at Arlington Park versus the same period a year ago.

Thomas H. Meeker, CDI’s president and chief executive officer, said the Company made important investments in strategic objectives in the quarter that should expand the CDI brand and deliver returns over the long-term. “We advanced or completed a number of brand-extending initiatives that required capital in the first quarter and we believe will impact our top line going forward. We completed our \$121 million modernization of Churchill Downs, as well as the build out of our Customer Relationship Management (“CRM”) platform. We closed a successful meet at our new Fair Grounds Race Course operation. We continued to advocate for industry-friendly alternative gaming legislation in Florida. We announced a five-year Kentucky Derby sponsorship agreement with Visa USA. Also, we announced the renewal of our Derby broadcast rights with NBC, a network that has shown it can raise the profile of our great event and industry through its excellent coverage and marketing.

“We expect such efforts to deliver growth over the course of several years and have already begun to see some of our investments manifest themselves onto our top line,” continued Meeker. “Our first meet at Fair Grounds Race Course, for example, delivered positive results for the first quarter, resulted in the first on- and off-track wagering gains for the track in four years’ time, and featured a Louisiana Derby that generated the highest wagering for a single day in state history. Patrons responded very favorably to the first Kentucky Derby and Oaks held in our newly renovated Churchill Downs facility, as demonstrated by the incredible on-track results that included Derby attendance of 156,435, the second-highest ever; on-track wagering of \$22.1

— MORE —

700 CENTRAL AVENUE o LOUISVILLE, KY 40208 o P: (502) 636-4400 o churchilldownsincorporated.com

Churchill Downs Incorporated Reports First Quarter Results
 May 10, 2005
 Page 2

million, a new Derby record; and Oaks attendance of 111,243 and on-track wagering of \$12.1 million, both records. We are equally thrilled with the success of the Derby across the country, as more than 20 million viewed the race and total wagering on the 131st running amounted to \$156 million, topping the North American, single-day wagering record of \$143 million set during last year’s Derby.”

Meeker concluded, “These results, coupled with the roll out of our CRM initiative and Company-wide customer focus, provide us momentum as we transition into the current quarter and the heart of our racing season. The experience garnered from the second quarter should give us a much clearer view of business trends, which we look forward to sharing with you in our disclosures for that period.”

A conference call regarding this release is scheduled for Wednesday, May 11, 2005, beginning 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/investor_relations or www.fulldisclosure.com, or by calling (913) 981-5532 at least 10 minutes before the appointed time. The online replay will be available at approximately noon and continue for two weeks. A six-day telephonic replay will be available two hours after the call ends by dialing (719) 457-0820 and entering 5125401 then prompted for the access code. A copy of the Company’s news release announcing earnings and relevant financial and statistical information about the period will be accessible at www.churchilldownsincorporated.com/investor_relations.

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), the Company has provided a non-GAAP measurement, which presents a financial measure of Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”). CDI uses EBITDA as a key performance measure of results of operations for purposes of evaluating performance internally. The Company believes the use of this measure enables management and investors to evaluate and compare, from period to period, CDI’s operating performance in a meaningful and consistent manner. This non-GAAP measurement is not intended to replace the presentation of CDI’s financial results in accordance with GAAP.

Churchill Downs Incorporated, headquartered in Louisville, Ky., owns and operates world-renowned horse racing venues throughout the United States. The Company’s seven racetracks in California, Florida, Illinois, Indiana, Kentucky and Louisiana host 121 graded-stakes events and many of North America’s most

prestigious races, including the Kentucky Derby and Kentucky Oaks, Hollywood Gold Cup and Arlington Million. CDI racetracks have hosted nine Breeders' Cup World Thoroughbred Championships – more than any other North American racing company. CDI also owns off-track betting facilities and has interests in various television production, telecommunications and racing services companies that support CDI's network of simulcasting and racing operations. CDI trades on the Nasdaq National Market under the symbol CHDN and can be found on the Internet at 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 are based on information available at the time and/or management's good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements speak only as of the date the statement was made. We assume no obligation to

— MORE —

700 CENTRAL AVENUE o LOUISVILLE, KY 40208 o P: (502) 636-4400 o churchilldownsincorporated.com

Churchill Downs Incorporated Reports First Quarter Results
May 10, 2005
Page 3

update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. Forward-looking statements are typically identified by the use of terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project," "should," "will," 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 effect of global economic conditions; the effect (including possible increases in the cost of doing business) resulting from future war and terrorist activities or political uncertainties; the economic environment; the impact of increasing insurance costs; the impact of interest rate fluctuations; the effect of any change in the Company's accounting policies or practices; the financial performance of our racing operations; 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; the impact of live racing day competition with other Florida, Louisiana and California racetracks within those respective markets; costs associated with our efforts in support of alternative gaming initiatives; costs associated with our Customer Relationship Management initiatives; a substantial change in law or regulations affecting our pari-mutuel and gaming activities; a substantial change in allocation of live racing days; litigation surrounding the Rosemont, Illinois, riverboat casino; changes in Illinois law that impact revenues of racing operations in Illinois; a decrease in riverboat admissions subsidy revenue from our Indiana operations; the impact of an additional Indiana racetrack and its wagering facilities near our 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; 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; any business disruption associated with our facility renovations; the loss of our totalisator companies or their inability to provide adequate reliance on their internal control processes through SAS 70 reports or to keep their technology current; the need for various alternative gaming approvals in Louisiana; our accountability for environmental contamination; the loss of key personnel and the volatility of our stock price.

— MORE —

700 CENTRAL AVENUE o LOUISVILLE, KY 40208 o P: (502) 636-4400 o churchilldownsincorporated.com

Churchill Downs Incorporated Reports First Quarter Results
May 10, 2005
Page 4

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS
for the three months ended March 31,
(Unaudited)
(In thousands, except per share data)

	<u>2005</u>	<u>2004</u>
Net revenues	\$56,252	\$ 37,729
Operating expenses	65,389	47,493
	-----	-----
Gross loss	(9,137)	(9,764)
Selling, general and administrative expenses	14,142	9,078
	-----	-----
Operating loss	(23,279)	(18,842)
	-----	-----
Other income (expense):		
Interest income	86	116
Interest expense	(2,647)	(1,384)
Unrealized gain on derivative instruments	206	-
Miscellaneous, net	537	336
	-----	-----
	(1,818)	(932)
	-----	-----

Loss before income tax benefit	(25,097)	(19,774)
Income tax benefit	11,200	8,028
Net loss	\$ (13,897)	\$ (11,746)
Basic and diluted net loss per common share	\$ (1.08)	\$ (0.89)
Basic and diluted weighted average shares outstanding	12,881	13,257

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

— MORE —

Churchill Downs Incorporated Reports First Quarter Results
May 10, 2005
Page 5

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

	<u>2005</u>	<u>2004</u>
Net revenues from external customers:		
Kentucky Operations	\$4,236	\$ 4,725
Hollywood Park	4,435	5,099
Arlington Park	11,274	16,044
Calder Race Course	1,628	1,530
Hoosier Park	8,839	9,414
Louisiana Operations	16,941	-
CDSN	8,766	879
	-----	-----
Total racing operations	56,119	37,691
Other investments	-	38
Corporate	133	-
	-----	-----
	\$56,252	\$37,729
	=====	=====
Intercompany net revenues:		
Kentucky Operations	\$ 159	\$ 8
Hollywood Park	90	5
Arlington Park	171	11
Calder Race Course	281	268
Hoosier Park	71	3
Louisiana Operations	5,962	-
	-----	-----
Total racing operations	6,734	295
Other investments	138	145
Corporate	259	278
Eliminations	(7,131)	(718)
	-----	-----
	\$ -	\$ -
	=====	=====
EBITDA:		
Kentucky Operations	\$ (6,601)	\$ (6,176)
Hollywood Park	(3,426)	(3,189)
Arlington Park	(1,651)	404
Calder Race Course	(5,741)	(2,652)
Hoosier Park	414	674
Louisiana Operations	1,660	-
CDSN	2,133	(133)
	-----	-----
Total racing operations	(13,212)	(11,072)
Other investments	178	15
Corporate	(3,509)	(2,087)
	-----	-----
Total EBITDA	(16,543)	(13,144)
Depreciation and amortization	(5,993)	(5,362)
Interest income (expense), net	(2,561)	(1,268)
Income tax benefit	11,200	8,028

Net loss

 \$ (13,897) \$ (11,746)
 =====

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

-MORE-

Churchill Downs Incorporated Reports First Quarter Results
 May 10, 2005
 Page 6

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands) (unaudited)

	March 31, 2005	December 31, 2004
	----	----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,097	\$ 27,712
Restricted cash	3,906	7,267
Accounts receivable, net	21,905	50,523
Deferred income taxes	3,204	3,940
Income taxes receivable	11,305	-
Other current assets	9,547	3,999
	-----	-----
Total current assets	64,964	93,441
Other assets	18,748	17,196
Plant and equipment, net	473,830	458,644
Goodwill	53,528	53,528
Other intangible assets, net	18,925	19,149
	-----	-----
	\$629,995	\$ 641,958
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 18,425	\$ 34,233
Purses payable	14,271	8,464
Accrued expenses	32,570	37,511
Dividends payable	-	6,430
Deferred revenue	43,229	25,941
	-----	-----
Total current liabilities	108,495	112,579
Long-term debt, due after one year	246,382	242,770
Other liabilities	20,788	20,424
Deferred revenue	19,327	19,071
Deferred income taxes	8,681	8,686
	-----	-----
Total liabilities	403,673	403,530
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: 12,928 shares March 31, 2005 and 12,904 shares December 31, 2004	115,578	114,930
Retained earnings	111,716	125,613
Unearned compensation	(1,861)	(1,935)
Accumulated other comprehensive income (loss)	889	(180)
	-----	-----
	226,322	238,428
	-----	-----
	\$629,995	\$ 641,958
	=====	=====

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

-END-