

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2000

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-1469

CHURCHILL DOWNS INCORPORATED

(Exact name of registrant as specified in its charter)

Kentucky 61-0156015
(State or other jurisdiction of (IRS Employer
incorporation or organization) 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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No____

The number of shares outstanding of registrant's common stock at August 14, 2000 was 9,865,449 shares.

1

CHURCHILL DOWNS INCORPORATED

I N D E X

PART I. FINANCIAL INFORMATION	PAGES
ITEM 1. Financial Statements	
Condensed Consolidated Balance Sheets, June 30, 2000, December 31, 1999 and June 30, 1999	3
Condensed Consolidated Statements of Earnings for the six and three months ended June 30, 2000 and 1999	4
Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2000 and 1999	5
Condensed Notes to Consolidated Financial Statements	6-12

ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13-20
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk	21
PART II. OTHER INFORMATION		
ITEM 1.	Legal Proceedings (Not applicable)	21
ITEM 2.	Changes in Securities and Use of Proceeds (Not applicable)	21
ITEM 3.	Defaults Upon Senior Securities (Not applicable)	21
ITEM 4.	Submission of Matters to a Vote of Security Holders	21-22
ITEM 5.	Other Information (Not applicable)	22
ITEM 6.	Exhibits and Reports on Form 8-K	22
Signatures		23
Exhibit Index		24
Exhibits		25-49

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	June 30, 2000 ----	December 31, 1999 ----	June 30, 1999 ----
Current assets:			
Cash and cash equivalents	\$ 21,931	\$ 29,060	\$ 21,927
Restricted cash	30,438	-	-
Accounts receivable	23,032	24,279	14,653
Other current assets	3,741	2,751	1,670
	-----	-----	-----
Total current assets	79,142	56,090	38,250
Other assets	6,988	4,740	8,947
Plant and equipment, net	276,341	274,882	133,461
Intangible assets, net	61,216	62,334	62,269
	-----	-----	-----
	\$423,687	\$398,046	\$242,927
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 33,979	\$ 14,794	\$ 15,190
Accrued expenses	38,833	23,821	18,510
Dividends payable	-	4,927	-
Income taxes payable	5,990	336	7,679
Deferred revenue	2,334	10,860	1,318
Long-term debt, current portion	2,904	552	479
	-----	-----	-----
Total current liabilities	84,040	55,290	43,176
Long-term debt	166,658	180,898	103,271
Other liabilities	9,737	8,263	4,554
Deferred income taxes	15,569	15,474	15,982
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: 9,854 shares June 30, 2000 and December 31, 1999, and 7,525 shares June 30, 1999	71,634	71,634	8,927
Retained earnings	76,172	66,667	67,255
Deferred compensation costs	(58)	(115)	(173)
Note receivable for common stock	(65)	(65)	(65)
	-----	-----	-----
	147,683	138,121	75,944
	-----	-----	-----
	\$423,687	\$398,046	\$242,927
	=====	=====	=====

The accompanying notes are an integral part of the condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS for the
six and three months ended June 30, 2000 and 1999
(Unaudited)
(In thousands, except per share data)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2000	1999	2000	1999
Net revenues	\$157,583	\$101,803	\$131,938	\$84,140
Operating expenses	120,672	74,820	89,668	55,663
	-----	-----	-----	-----
Gross profit	36,911	26,983	42,270	28,477
Selling, general and administrative expenses	12,963	6,889	6,782	3,586
	-----	-----	-----	-----
Operating income	23,948	20,094	35,488	24,891
	-----	-----	-----	-----
Other income (expense):				
Interest income	506	362	240	215
Interest expense	(7,671)	(2,209)	(3,919)	(1,774)
Miscellaneous, net	(416)	125	(459)	81
	-----	-----	-----	-----
	(7,581)	(1,722)	(4,138)	(1,478)
	-----	-----	-----	-----
Earnings before income tax provision	16,367	18,372	31,350	23,413
	-----	-----	-----	-----
Federal and state income tax provision	(6,792)	(7,716)	(13,010)	(9,747)
	-----	-----	-----	-----
Net earnings	\$ 9,575	\$ 10,656	\$ 18,340	\$13,666
	=====	=====	=====	=====
Earnings per common share data:				
Basic	\$0.97	\$1.42	\$1.86	\$1.82
Diluted	\$0.97	\$1.39	\$1.85	\$1.79
Weighted average shares outstanding:				
Basic	9,854	7,525	9,854	7,525
Diluted	9,908	7,671	9,906	7,649

The accompanying notes are an integral part of the condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended June 30,
(Unaudited)
(In thousands)

	2000	1999
	----	----
Cash flows from operating activities:		
Net earnings	\$ 9,575	\$10,656
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	8,268	4,511
Gain on sale of Training Facility	(70)	-
Deferred compensation	270	150
Deferred income taxes	172	(101)
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Restricted cash	(30,438)	-
Accounts receivable	1,247	(2,022)
Other current assets	(1,067)	(39)
Accounts payable	19,185	8,367
Accrued expenses	15,012	4,321
Income taxes payable	5,654	7,421
Deferred revenue	(8,525)	(7,095)
Other assets and liabilities	(1,063)	(33)
	-----	-----
Net cash provided by operating activities	18,220	26,136
	-----	-----
Cash flows from investing activities:		
Additions to plant and equipment, net	(13,502)	(8,080)
Sale of Training Facility Assets	4,969	-
Prepaid acquisition costs - Hollywood Park	-	(323)
Acquisition of business, net of cash acquired of \$4,200 in 1999	-	(85,324)
	-----	-----
Net cash used in investing activities	(8,533)	(93,727)
	-----	-----
Cash flows from financing activities:		
Increase (decrease) in long-term debt, net	2,111	(995)
Borrowings on bank line of credit	15,000	119,000
Repayments of bank line of credit	(29,000)	(30,000)
Payment of loan origination costs	-	(2,656)
Payment of dividends	(4,927)	(3,762)
Capital contribution by minority interest in subsidiary	-	1,551
	-----	-----
Net cash (used in) provided by financing activities	(16,816)	83,138
	-----	-----
Net increase in cash and cash equivalents	(7,129)	15,547
Cash and cash equivalents, beginning of period	29,060	6,380
	-----	-----
Cash and cash equivalents, end of period	\$21,931	\$21,927
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 7,420	\$ 1,650
Income taxes	\$ 1,117	\$ 775
Schedule of non-cash activities:		
Accrued acquisition costs related to Hollywood Park	-	\$ 1,669

The accompanying notes are an integral part of the condensed consolidated financial statements.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for
the six months ended June 30, 2000 and 1999 (unaudited)
(\$ in thousands, except per share data)

1. Basis of Presentation

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by accounting principles generally accepted in the United States or those normally made in Churchill Downs Incorporated's (the "Company") annual report on Form 10-K. The year end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. Accordingly, the reader of this Form 10-Q may wish to refer to the Company's Form 10-K for the period ended December 31, 1999 for further information. The accompanying condensed consolidated financial statements have been prepared in accordance with the registrant's customary accounting practices and have not been audited. Certain prior period financial statement amounts have been reclassified to conform to the current period presentation. In the opinion of management, all adjustments necessary for a fair presentation of this information have been made and all such adjustments are of a normal recurring nature.

Because of the seasonal nature of the Company's business and recent acquisition activity, revenues and operating results for any interim quarter are not indicative of the revenues and operating results for the year and are not necessarily comparable with results for the corresponding period of the previous year. The accompanying condensed consolidated financial statements reflect a disproportionate share of annual net earnings as the Company normally earns a substantial portion of its net earnings in the second quarter of each year during which four of its five racetracks are open, and the Kentucky Derby and Kentucky Oaks are run. The Kentucky Derby and Kentucky Oaks are run on the first weekend in May.

2. Restricted Cash

Restricted cash represents refundable deposits and amounts due to horsemen for purses, stakes and awards.

3. Long-Term Debt

On April 23, 1999, the Company increased its line of credit to \$250 million under a revolving loan facility through a syndicate of banks to meet working capital and other short-term requirements and to provide funding for acquisitions. The interest rate on the borrowing is based upon LIBOR plus 75 to 250 additional basis points, which is determined by certain Company financial ratios. There was \$164.0 million outstanding on the line of credit at June 30, 2000 compared to \$178.0 million outstanding at December 31, 1999 and \$100.0 million outstanding at June 30, 1999. The line of credit is secured by substantially all of the assets of the Company and its wholly owned subsidiaries, and matures in 2004.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for
the six months ended June 30, 2000 and 1999 (unaudited)
(\$ in thousands, except per share data)

3. Long-Term Debt (cont'd)

The Company has entered into interest rate swap contracts with major financial institutions which have termination dates through March 2003. Under terms of these separate contracts, we receive a LIBOR based variable interest rate on notional amounts of \$35.0 million each and pay a fixed interest rate of 5.89%, 7.015% and 7.30%, which mature in August 2000, March 2003 and May 2002, respectively. The variable interest rate received on the contracts is determined based on LIBOR on the last day of each month, which is consistent with the variable rate determination on the underlying debt.

4. Acquisitions and Other Transactions

On April 21, 2000, Keeneland Association, Inc. purchased the Company's Thoroughbred training and boarding facility known as Kentucky Horse Center for a cash payment of \$5 million. Proceeds from the sale were used to repay the Company's line of credit, and to fund operating expenses and capital expenditures during the second quarter of 2000.

On September 10, 1999, the Company acquired the assets of the Hollywood Park racetrack and the Hollywood Park Casino in Inglewood, California, including approximately 240 acres of land upon which the racetrack and casino are located, for a purchase price of \$140.0 million plus approximately \$2.5 million in transaction costs. The Company leases the Hollywood Park Casino facility to the seller under a 10-year lease with one 10-year renewal option. The lease provides for annual rent of \$3.0 million, subject to adjustment during the renewal period. The entire purchase price of \$142.5 million was allocated to the acquired assets and liabilities based on their fair values on the acquisition date. The acquisition was accounted for by the Company as an asset purchase and, accordingly, the financial position and results of operations of Hollywood Park racetrack have been included in the Company's consolidated financial statements since the date of acquisition. The allocation of the purchase price may require adjustment in the Company's future financial statements based on a final determination of the fair value of assets acquired in the acquisition.

On July 20, 1999, the Company issued 2.3 million shares of the Company's common stock at a price of \$29 per share. The total proceeds net of offering expenses were \$62.1 million, and were used for the repayment of bank borrowings.

On April 23, 1999, the Company acquired all of the outstanding stock of Calder Race Course, Inc. and Tropical Park, Inc. from KE Acquisition Corp. for a purchase price of \$86 million cash plus a closing net working capital adjustment of approximately \$2.9 million cash and \$0.6 million in transaction costs. The purchase included Calder Race Course in Miami and the licenses held by Calder Race Course, Inc. and Tropical Park, Inc. to conduct horse racing at Calder Race Course. The purchase price, including additional costs, of \$89.5 million was allocated to the acquired assets and liabilities based on their fair values on the acquisition date with the excess of \$49.4 million being recorded as goodwill, which is being amortized over 40 years. The acquisition was accounted for by the Company under the purchase method of accounting and, accordingly, the financial position and results of operations of Calder Race Course, Inc. and Tropical Park, Inc. have been included in the Company's consolidated financial statements since the date of acquisition.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for
the six months ended June 30, 2000 and 1999 (unaudited)
(\$ in thousands, except per share data)

4. Acquisitions and Other Transactions (cont'd)

Following are the unaudited pro forma results of operations as if the September 10, 1999 acquisition of Hollywood Park racetrack, the July 20, 1999 stock issuance and the April 23, 1999 acquisition of Calder Race Course had occurred on January 1, 1999:

	Six Months Ended June 30, 1999
Net revenues	\$160,790
Net earnings	\$13,191
Earnings per common share:	
Basic	\$1.34
Diluted	\$1.32
Weighted average shares	
Basic	9,825
Diluted	9,971

This unaudited pro forma financial information is not necessarily indicative of the operating results that would have occurred had the transactions been consummated as of January 1, 1999, nor is it necessarily indicative of future operating results.

5. Earnings Per Share

The following is a reconciliation of the numerator and denominator of the basic and diluted per share computations:

	Six months ended June 30,		Three months ended June 30,	
	2000	1999	2000	1999
Net earnings (numerator) amounts used for basic and diluted per share computations:	\$9,575	\$10,656	\$18,340	\$13,666
Weighted average shares (denominator) of common stock outstanding per share:				
Basic	9,854	7,525	9,854	7,525
Plus dilutive effect of stock options	54	146	52	124
Diluted	9,908	7,671	9,906	7,649
Earnings per common share:				
Basic	\$0.97	\$1.42	\$1.86	\$1.82
Diluted	\$0.97	\$1.39	\$1.85	\$1.79

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for
the six months ended June 30, 2000 and 1999 (unaudited)
(\$ in thousands, except per share data)

5. Earnings Per Share (cont'd)

Options to purchase approximately 74 and 52 shares for the periods ending June 30, 2000 and 1999, respectively, were not included in the computation of earnings per common share assuming dilution because the options' exercise prices were greater than the average market price of the common share.

6. Segment Information

The Company has adopted SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information." The Company has determined that it currently operates in the following six segments: (1) Churchill Downs racetrack and the Louisville Sports Spectrum simulcast facility (2) Hollywood Park racetrack and its on-site simulcast facility (3) Calder Race Course (4) Ellis Park racetrack and its on-site simulcast facility (5) Hoosier Park racetrack and its on-site simulcast facility and the other three Indiana off-track betting facilities ("OTBs") and (6) Other investments, including Charlson Broadcast Technologies LLC ("CBT") and the Company's other various equity interests, which are not material. Eliminations include the elimination of management fees and other intersegment transactions. As a result of a reorganization for internal reporting during 2000, the Company's segment disclosures are presented on a new basis to correspond with internal reporting for corporate revenues and expenses which, for the six and three months ended June 30, 1999 and 2000, are now reported separate of Churchill Downs racetrack revenues and expenses.

Most of the Company's revenues are generated from commissions on pari-mutuel wagering at the Company's racetracks and OTBs, plus simulcast fees, Indiana riverboat admissions revenue, admissions, concessions revenue, sponsorship revenues, licensing rights and broadcast fees and other sources.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies" in the Company's annual report to stockholders for the year ended December 31, 1999. EBITDA should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with accounting principles generally accepted in the United States), as a measure of our operating results or cash flows (as determined in accordance with accounting principles generally accepted in the United States) or as a measure of our liquidity.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for
the six months ended June 30, 2000 and 1999 (unaudited)
(\$ in thousands, except per share data)

6. Segment Information (cont'd)

The table below presents information about reported segments for the six months and three months ended June 30, 2000 and 1999:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2000	1999	2000	1999
Net revenues:				
Churchill Downs	\$ 64,678	\$61,133	\$ 60,121	\$56,490
Hollywood Park	50,879	-	45,120	-
Calder Race Course	13,669	11,701	11,792	11,701
Hoosier Park	24,217	24,258	13,032	13,310
Ellis Park	2,682	2,963	1,370	1,797
Other investments	3,514	2,711	2,207	1,497
	159,639	102,766	133,642	84,795
Corporate revenues*	605	-	592	-
Eliminations	(2,661)	(963)	(2,296)	(655)
	\$157,583	\$101,803	\$131,938	\$84,140
	=====	=====	=====	=====
EBITDA:				
Churchill Downs	\$ 23,863	\$ 22,014	\$ 27,393	\$25,297
Hollywood Park	9,472	-	11,093	-
Calder Race Course	(745)	1,888	1,284	1,888
Hoosier Park	3,442	3,387	1,555	1,709
Ellis Park	(1,047)	(803)	(656)	(421)
Other investments	700	661	565	332
	35,685	27,147	41,234	28,805
Corporate expenses*	(4,189)	(2,545)	(2,181)	(1,353)
	\$ 31,496	\$ 24,602	\$ 39,053	\$27,452
	=====	=====	=====	=====
Operating income (loss):				
Churchill Downs	\$ 22,003	\$ 20,211	\$ 26,456	\$24,409
Hollywood Park	7,315	-	9,995	-
Calder Race Course	(2,527)	1,302	392	1,302
Hoosier Park	2,778	2,766	1,222	1,389
Ellis Park	(1,769)	(1,450)	(1,018)	(748)
Other investments	(24)	(190)	261	(108)
	27,776	22,639	37,308	26,244
Corporate expenses*	(3,828)	(2,545)	(1,820)	(1,353)
	\$ 23,948	\$ 20,094	\$ 35,488	\$24,891
	=====	=====	=====	=====

* As a result of a reorganization for internal reporting during 2000, the Company's segment disclosures are presented on a new basis to correspond with internal reporting for corporate revenues and expenses. Corporate revenues and expenses for the six and three months ended June 30, 1999 and 2000 are reported separately.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for
the six months ended June 30, 2000 and 1999 (unaudited)
(\$ in thousands, except per share data)

6. Segment Information (cont'd)

	As of June 30, 2000	As of December 31, 1999	As of June 30, 1999
	-----	-----	-----
Total assets:			
Churchill Downs	\$ 365,872	\$345,909	\$191,894
Hollywood Park	180,150	153,126	-
Calder Race Course	104,839	114,396	108,593
Hoosier Park	36,235	32,559	34,737
Ellis Park	23,898	25,015	23,031
Other investments	303,567	312,272	171,655
	-----	-----	-----
	1,014,561	983,277	529,910
Eliminations	(590,874)	(585,231)	(286,983)
	-----	-----	-----
	\$ 423,687	\$398,046	\$242,927
	=====	=====	=====

Following is a reconciliation of total EBITDA to income before provision for income taxes:

(in thousands)	Six Months ended June 30,		Three Months ended June 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
Total EBITDA	\$31,496	\$24,602	\$39,053	\$27,452
Depreciation and amortization	(7,964)	(4,384)	(4,023)	(2,481)
Interest income (expense), net	(7,165)	(1,846)	(3,680)	(1,558)
	-----	-----	-----	-----
Earnings before provision for income taxes	\$16,367	\$18,372	\$31,350	\$23,413
	=====	=====	=====	=====

7. Pending Transactions

The Company has entered into a definitive agreement with Centaur, Inc. ("Centaur") to sell a 26% interest in Hoosier Park, LP ("HPLP") for a purchase price of \$8.5 million. HPLP is an Indiana limited partnership that owns Hoosier Park racetrack and related OTBs. Upon closing, the Company will retain a 51% interest in HPLP and continue to manage its day-to-day operations. Centaur, which already owned a portion of HPLP prior to the agreement, will then hold a 39% minority interest in HPLP. The transaction is subject to certain closing conditions, including the approval of the Indiana Horse Racing Commission. The agreement also contains a provision under which Centaur has the right to purchase our remaining interest at any time prior to July 31, 2001. Upon failure of Centaur to exercise this provision both parties will have an opportunity to purchase the other's remaining interest on the basis of specific terms outlined in the definitive agreement. Closing is expected during the third quarter of 2000.

CHURCHILL DOWNS INCORPORATED
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for
the six months ended June 30, 2000 and 1999 (unaudited)
(\$ in thousands, except per share data)

7. Pending Transactions (cont'd)

The Company has entered into a definitive agreement with Duchossois Industries Inc. ("DII"), a privately held company that owns Arlington International Racecourse, under which Arlington International Racecourse Inc., Arlington Management Services Inc. and Turf Club of Illinois Inc. will merge with the Company.

Under terms of the agreement, the Company will issue 3.15 million shares of its common stock upon closing to DII. The agreement also specifies the issuance of up to an additional 1.25 million shares of the Company's stock to DII depending on certain developments and conditions over a future period. DII has entered into a stockholder's agreement that will provide for restrictions on the voting and transfer of the shares of the Company's common stock received in the merger. The transaction remains subject to customary closing conditions, including the approval of the Illinois Racing Board, Florida Division of Pari-Mutuel Wagering, Department of Business and Professional Regulation and the Company's shareholders. Closing of the transaction is expected during September 2000.

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

Information set forth in this discussion and analysis contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the Act. These statements represent our judgment concerning the future and are subject to 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," "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 Arlington International Racecourse ("Arlington"); litigation surrounding the Rosemont, Illinois, riverboat casino; market reaction to our merger agreement with Arlington; changes in Illinois law that impact revenues of the racing operations in Illinois; 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 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; 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.

Overview

We conduct pari-mutuel wagering on live Thoroughbred, Standardbred and Quarter Horse horse racing and simulcast signals of races. Additionally, we offer racing services through our other interests.

We own and operate the Churchill Downs racetrack in Louisville, Kentucky, which has conducted Thoroughbred racing since 1875 and is internationally known as home of the Kentucky Derby. We also own and operate Hollywood Park, a Thoroughbred racetrack in Inglewood, California ("Hollywood Park"); Calder Race Course, a Thoroughbred racetrack in Miami, Florida, which owns racing licenses held by Calder Race Course, Inc. and Tropical Park, Inc. ("Calder Race Course"); and Ellis Park, a Thoroughbred racetrack in Henderson, Kentucky ("Ellis Park").

We are the majority owner and operator of Hoosier Park at Anderson in Anderson, Indiana, which conducts Thoroughbred, Quarter Horse and Standardbred horse racing ("Hoosier Park"). Hoosier Park is owned by Hoosier Park, LP ("HPLP"), an Indiana limited partnership. We have entered into a definitive agreement with Centaur, Inc. ("Centaur") to sell a 26% interest in Hoosier Park, LP for a purchase price of \$8.5 million. Upon closing, we will retain a 51% interest in Hoosier Park and continue to manage its

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

day-to-day operations. Centaur, which already owned a portion of HPLP prior to the agreement, will then hold a 39% minority interest in HPLP. The transaction is subject to certain closing conditions, including the approval of the Indiana Horse Racing Commission ("IHRC") and various regulatory agencies, and closing is expected during the third quarter of 2000. We also conduct simulcast wagering on horse racing at our off-track betting facilities (OTBs) located in Louisville, Kentucky, and in Indianapolis, Merrillville and Fort Wayne, Indiana, as well as at our racetracks.

Additionally, we have entered into a definitive agreement with Duchossois Industries Inc. ("DII"), a privately held company that owns Arlington International Racecourse, under which Arlington International Racecourse Inc., Arlington Management Services Inc. and Turf Club of Illinois Inc. (collectively "Arlington") will merge with us.

Under terms of the agreement, we will issue 3.15 million shares of our common stock upon closing to DII. The agreement also specifies the issuance of up to an additional 1.25 million shares of the our stock to DII depending on certain developments and conditions over a future period. DII has entered into a stockholder agreement that will provide for restrictions on the voting and transfer of the shares of the common stock received in the merger. The transaction remains subject to customary closing conditions, including the approval of the Illinois Racing Board, Florida Division of Pari-Mutuel Wagering, Department of Business and Professional Regulation, and our shareholders. Closing of the transaction is expected during September 2000.

Because of the seasonal nature of our business and recent acquisition activity, revenues and operating results for any interim quarter are likely not indicative of the revenues and operating results for the year and are not necessarily comparable with results for the corresponding period of the previous year. We normally earn a substantial portion of our net earnings in the second quarter of each year during which four of our five racetracks are open and the Kentucky Derby and the Kentucky Oaks are run. The Kentucky Derby and the Kentucky Oaks are run on the first weekend in May.

Our primary source of revenue is commissions on pari-mutuel wagering at our racetracks and OTBs. Other sources of revenue include simulcast fees, Indiana riverboat admissions subsidy revenue, lease income, admissions, concessions revenue, sponsorship revenues, licensing rights and broadcast fees.

In Kentucky, two pieces of legislation significant to our operations were passed in the 2000 session of the Kentucky General Assembly. First, an excise tax credit for racetracks was included in the 2000-2002 Kentucky state budget. The measure, effective July 1, 2000, calls for the two-year phase-in of a graduated excise tax with average daily on-track handle of \$1.2 million and below to be taxed at 2.5% and average daily on-track handle in excess of \$1.2 million to be taxed at 3.5%. Under previous Kentucky law, tracks with average daily on-track handle of \$1.2 million and above, such as Churchill Downs, were taxed at a flat rate of 3.5%. This credit of nearly \$1.4 million in new revenue is earmarked for horsemen's incentives and necessary apital improvements at Churchill Downs racetrack over the next two years. Though this legislation is set to expire in 2002, we intend to lobby for a permanent 2% tax reduction in 2002.

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

The Kentucky General Assembly also enacted legislation that eliminates the excise tax on Breeders' Cup Championship Day wagering at any Kentucky track that hosts the event. This legislation is aimed at attracting the Breeders' Cup to Kentucky, and Churchill Downs, on a more frequent basis. In 1998, Breeders' Cup Day wagering at Churchill Downs totaled \$13.4 million and generated excise taxes of approximately \$315,000. This tax exemption will not become effective until January 1, 2001, and therefore will not apply to the 2000 Breeders' Cup at Churchill Downs. The exemption will continue if the Breeders' Cup returns to Kentucky within three years of the previously held event.

RESULTS OF OPERATIONS

Pari-mutuel wagering information, including intercompany transactions, for our five live racing facilities and four separate OTBs, which are included in their respective racetracks, during the six months ended June 30, 2000 and 1999 is as follows (\$ in thousands):

	Churchill Downs	Hollywood Park*	Calder Race Course*	Hoosier Park	Ellis Park
Live Racing					
2000 handle	\$ 90,856	\$100,240	\$ 33,838	\$ 4,814	-
2000 no. of days	45	46	29	61	-
1999 handle	\$ 93,689	\$108,470	\$ 35,225	\$ 4,943	\$ 596
1999 no. of days	47	50	29	60	2
Export simulcasting					
2000 handle	\$354,265	\$374,889	\$ 86,134	\$14,494	-
2000 no. of days	45	46	41	61	-
1999 handle	\$334,555	\$417,128	\$ 68,409	\$ 8,622	\$ 4,736
1999 no. of days	47	50	41	60	2
Import simulcasting					
2000 handle	\$ 58,045	\$120,517	-	\$72,013	\$23,179
2000 no. of days	104	129	-	597	181
1999 handle	\$ 57,047	\$107,337	-	\$69,262	\$23,894
1999 no. of days	101	131	-	581	179
Totals					
2000 handle	\$503,166	\$595,646	\$119,972	\$91,321	\$23,179
1999 handle	\$485,291	\$632,935	\$103,634	\$82,827	\$29,226

* Pari-mutuel wagering information is provided for the six months ended June 30, 2000 and 1999. Although the summary reflects handle for the first six months of 2000 and 1999 as if the acquisitions had taken place at the beginning of the year, only revenues generated since the subsidiaries' acquisition dates have been included in the Company's consolidated statements of earnings.

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

Six Months Ended June 30, 2000 Compared to Six Months Ended June 30, 1999

Net Revenues

Net revenues during the six months ended June 30, 2000 increased \$55.8 million (55%) from \$101.8 million in 1999 to \$157.6 million in 2000. Churchill Downs racetrack revenues increased \$4.1 million (7%) primarily due to \$1.3 million of increased pari-mutuel wagering, and an increase in corporate sponsor event ticket prices, admissions and seat revenue and concessions revenue as a result of record attendance on Kentucky Oaks and Kentucky Derby days. Hollywood Park contributed \$50.9 million to the first six months of 2000 net revenues, and Calder Race Course revenues increased \$2.0 million to \$13.7 million in 2000 from \$11.7 million in 1999 due to the timing of the 1999 acquisition. Hollywood Park was acquired in the third quarter of 1999 and Calder Race Course was acquired in the second quarter of 1999.

Operating Expenses

Operating expenses increased \$45.9 million (61%) from \$74.8 million in 1999 to \$120.7 million in 2000 primarily as a result of Hollywood Park's 2000 operating expenses of \$41.3 million, and Calder Race Course operating expenses increasing \$4.5 million, primarily due to the timing of the acquisition.

Gross Profit

Gross profit increased \$9.9 million from \$27.0 million in 1999 to \$36.9 million in 2000. The increase in gross profit was primarily the result of the acquisition of Hollywood Park and the increase in gross profit for Churchill Downs racetrack due to record attendance on Kentucky Oaks and Kentucky Derby days.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased by \$6.1 million (88%) from \$6.9 million in 1999 to \$13.0 million in 2000. SG&A expenses at Churchill Downs increased \$2.1 million (50%) due primarily to increased corporate staffing and compensation expenses reflecting the Company's strengthened corporate services to meet the needs of new business units. The 1999 acquisitions of Calder Race Course and Hollywood Park resulted in increases of \$1.2 million and \$2.2 million, respectively.

Other Income and Expense

Interest expense increased \$5.5 million from \$2.2 million in 1999 to \$7.7 million in 2000 primarily as a result of borrowings to finance the acquisition of Calder Race Course and Hollywood Park.

Income Tax Provision

The decrease in the income tax provision of \$0.9 million for the six months ended June 30, 2000 as compared to June 30, 1999 is primarily a result of a decrease in pre-tax earnings.

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

Three Months Ended June 30, 2000 Compared to Three Months Ended June 30, 1999

Net Revenues

Net revenues during the three months ended June 30, 2000 increased \$47.8 million (57%) from \$84.1 million in 1999 to \$131.9 million in 2000. Churchill Downs racetrack revenues increased \$4.2 million (7%) primarily due to \$1.4 million of increased pari-mutuel wagering, and an increase in corporate sponsor event ticket prices, admissions and seat revenue and concessions revenue as a result of record attendance on Kentucky Oaks and Kentucky Derby days. Hollywood Park contributed \$45.1 million to the three months ended June 30, 2000 net revenues.

Operating Expenses

Operating expenses increased \$34.0 million (61%) from \$55.7 million in 1999 to \$89.7 million in 2000. Churchill Downs racetrack operating expenses increased \$1.5 million (5%) primarily due to increases in purses, consistent with increases in pari-mutuel wagering revenues. Hollywood Park incurred 2000 operating expenses of \$33.9 million.

Gross Profit

Gross profit increased \$13.8 million from \$28.5 million in 1999 to \$42.3 million in 2000. The increase in gross profit was primarily the result of the inclusion of Hollywood Park and the increase in gross profit for Churchill Downs racetrack due to record attendance on Kentucky Oaks and Kentucky Derby days.

Selling, General and Administrative Expenses

SG&A expenses increased by \$3.2 million (89%) from \$3.6 million in 1999 to \$6.8 million in 2000. SG&A expenses at Churchill Downs increased \$1.2 million (52%) due primarily to increased corporate staffing and compensation expenses reflecting the Company's strengthened corporate services to meet the needs of new business units. The acquisition of Hollywood Park added \$1.2 million. Other operations accounted for the remaining \$0.8 million of the increase in SG&A expenses.

Other Income and Expense

Interest expense increased \$2.1 million from \$1.8 million in 1999 to \$3.9 million in 2000 primarily as a result of borrowings to finance the 1999 acquisitions of Calder Race Course and Hollywood Park.

Income Tax Provision

Our income tax provision increased by \$3.3 million for the three months ended June 30, 2000 as compared to June 30, 1999 primarily as a result of an increase in pre-tax earnings of \$7.9 million.

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

Significant Changes in the Balance Sheet June 30, 2000 to December 31, 1999

Restricted cash increased \$30.4 million as a result of current period separate classification of restricted assets primarily due to the timing of Hollywood Park's live racing meet.

Accounts payable increased \$19.2 million at June 30, 2000 primarily due to increases in purses payable and other expenses related to simulcast wagering for Churchill Downs racetrack, Hollywood Park and Hoosier Park.

Accrued expenses increased \$15.0 million primarily as a result of Hollywood Park live racing accrued payables.

Dividends payable decreased \$4.9 million at June 30, 2000 due to the payment of dividends of \$4.9 million (declared in 1999) in first quarter 2000.

Income taxes payable increased by \$5.6 million at June 30, 2000 representing the estimated income tax expense attributed to income generated in the six months of 2000.

Deferred revenue decreased \$8.5 million at June 30, 2000, primarily due to the significant amount of admission and seat revenue that was received prior to December 31, 1999 recognized as income in May 2000 for the Kentucky Derby and Kentucky Oaks race days.

The long-term debt decrease of \$14.2 million was the result of the application of current cash flow to reduce borrowings under our bank line of credit during 2000.

Significant Changes in the Balance Sheet June 30, 2000 to June 30, 1999

Restricted cash increased \$30.4 million as a result of current period separate classification of restricted assets primarily due to the timing of Hollywood Park's live racing meet.

Accounts receivable increased \$8.4 million at June 30, 2000. The acquisition of Hollywood Park increased accounts receivable by \$7.1 million. The remaining increase was primarily due to the timing of payments received for Churchill Downs racetrack's live Spring Meet.

Net plant and equipment increased \$142.9 million primarily as a result of the acquisition of Hollywood Park. Additional increases were due to routine capital spending at our operating units offset by depreciation expense and the sale of the Kentucky Horse Center assets during the second quarter of 2000.

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

The accounts payable increase of \$18.8 million was primarily due to the acquisition of Hollywood Park which represents \$7.6 million of the increase. The additional \$11.2 million increase was due to the timing of payments for horsemen-related and simulcast payables for Churchill Downs racetrack Spring Meet.

Accrued expenses increased \$20.3 million, primarily due to a \$19.1 million increase as a result of the Hollywood Park acquisition.

The long-term debt net increase of \$63.4 million was due primarily to line of credit borrowings used to fund the acquisition of Hollywood Park.

Common stock increased \$62.7 million primarily due to \$62.1 million in net proceeds received from our public offering during the third quarter of 1999.

Liquidity and Capital Resources

The working capital deficiency was \$4.9 million at June 30, 2000 and 1999 which results from the seasonality of our businesses. Cash flows provided by operations were \$18.2 and \$26.1 million for the six months ended June 30, 2000 and 1999, respectively. Management believes cash flows from operations and available borrowings during 2000 will be sufficient to fund our cash requirements for the year, including capital improvements and future acquisitions.

Cash flows used in investing activities were \$8.5 million and \$93.7 million for the six months ended June 30, 2000 and 1999, respectively. Cash used for 1999 business acquisitions consisted of \$82.4 million net of cash acquired for the acquisition of Calder Race Course during the second quarter and \$2.9 million net of cash acquired for the acquisition of Charlson Broadcast Technologies, LLC during the first quarter. We used \$13.5 million during 2000 for capital spending at our facilities including \$4.9 million for the expansion of Churchill Downs' main entrance and corporate offices.

Cash flows (used in) provided by financing activities were \$(16.8) and \$83.1 million for the six months ended June 30, 2000 and 1999, respectively. We borrowed \$15 million and repaid \$29 million on our line of credit during 2000.

In April 1999, our total line of credit was increased to \$250 million under a revolving loan facility, of which \$164 million was outstanding at June 30, 2000. This line of credit is secured by substantially all of our assets and matures in 2004. This credit facility is intended to meet working capital and other short-term requirements and to provide funding for future acquisitions.

CHURCHILL DOWNS INCORPORATED
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

Impact of Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivatives and Hedging Activities (SFAS 133), which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. SFAS 133, as amended by SFAS 137, is effective for the Company's year ending December 31, 2001. Management of the Company is currently analyzing the impact of SFAS 133 but anticipates that the adoption of SFAS 133 will not have a material effect on the Company's results of operations or financial position.

On December 3, 1999, the staff of the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101 (SAB 101), Revenue Recognition in Financial Statements. SAB 101 summarizes some of the staff's interpretations of the application of generally accepted accounting principles to revenue recognition. The staff of the SEC issued Staff Accounting Bulletin No. 101B (SAB 101B) which delays the application of the accounting and disclosure requirements to no later than the fourth quarter of the fiscal year beginning after December 15, 1999. Management of the Company is currently analyzing the impact of SAB 101 and plans to adopt the accounting and disclosure requirements in the fourth quarter of 2000. Management does not anticipate the adoption of SAB 101 to have a material effect on the Company's results of operations or financial position.

Pending Transactions

We have entered into a definitive agreement with Centaur, Inc. ("Centaur") to sell a 26% interest in Hoosier Park, LP ("HPLP") for a purchase price of \$8.5 million. HPLP is an Indiana limited partnership that owns Hoosier Park racetrack and related OTBs. Upon closing, we will retain a 51% interest in HPLP and continue to manage its day-to-day operations. Centaur, which already owned a portion of HPLP prior to the agreement, will then hold a 39% minority interest in HPLP. The transaction is subject to certain closing conditions, including the approval of the IHRC. The agreement also contains a provision under which Centaur has the right to purchase our remaining interest at any time prior to July 31, 2001. If Centaur does not exercise this option, both parties will have an opportunity to purchase the other's remaining interest on the basis of specific terms outlined in the definitive agreement. Closing is expected during the third quarter of 2000.

We have also entered into a definitive agreement with Duchossois Industries Inc. ("DII"), a privately held company that owns Arlington International Racecourse, under which Arlington International Racecourse Inc., Arlington Management Services Inc. and Turf Club of Illinois Inc. will merge with us.

Under terms of the agreement, we will issue 3.15 million shares of our common stock upon closing to DII. The agreement also specifies the issuance of up to an additional 1.25 million shares of our stock to DII depending on certain developments and conditions over a future period. DII has entered into a stockholder's agreement that will provide for restrictions on the voting and transfer of the shares of the common stock received in the merger. The transaction remains subject to customary closing conditions, including the approval of the Illinois Racing Board, Florida Division of Pari-Mutuel Wagering, Department of Business and Professional Regulation and our shareholders. Closing of the transaction is expected during September 2000.

CHURCHILL DOWNS INCORPORATED

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

At June 30, 2000, we had \$164 million of debt outstanding under our revolving loan facility, which bears interest at LIBOR based variable rates. We are exposed to market risk on variable rate debt due to potential adverse changes in the LIBOR rate. Assuming the outstanding balance on the revolving loan facility remains constant, a one percentage point increase in the LIBOR rate would reduce annual pre-tax earnings and cash flows by \$1.6 million.

In order to mitigate a portion of the market risk associated with our variable rate debt, we have entered into interest rate swap contracts with major financial institutions. Under terms of these separate contracts we receive a LIBOR based variable interest rate on notional amounts of \$35.0 million each and pay a fixed interest rate of 5.89%, 7.015% and 7.30%, which mature in August 2000, March 2003 and May 2002, respectively. Assuming the June 30, 2000 notional amounts under the interest rate swap contracts remain constant, a one percentage point increase in the LIBOR rate would increase annual pre-tax earnings and cash flows by \$1.1 million. Management plans to engage in further interest rate swap agreements in the future to reduce our interest rate exposure.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Not Applicable

ITEM 2. Changes in Securities and Use of Proceeds

Not Applicable

ITEM 3. Defaults Upon Senior Securities

Not Applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

The registrant's 2000 Annual Meeting of Shareholders was held on June 22, 2000. Proxies were solicited by the registrant's board of directors pursuant to Regulation 14 under the Securities Exchange Act of 1934. There was no solicitation in opposition to the board's nominees as listed in the proxy statement, and all nominees were elected by vote of the shareholders. Voting results for each nominee were as follows:

Class I Directors -----	Votes For -----	Votes Withheld -----
William S. Farish	7,910,933	78,670
G. Watts Humphrey, Jr.	7,910,939	78,664
Brad M. Kelley	7,917,527	72,076
Dennis Swanson	7,908,529	81,074

A proposal (Proposal No. 2) to approve the Churchill Downs Incorporated 2000 Employee Stock Purchase Plan was approved by a vote of the majority of the shares of the registrant's common stock represented at the meeting: 7,698,853 shares were voted in favor of the proposal; 199,515 were voted against; and 91,235 abstained.

A proposed amendment (Proposal No. 3) of the Churchill Downs Incorporated 1997 Stock Option Plan to increase the number of shares of common stock available for issuance under the plan from 300,000 shares to 600,000 shares was approved by a vote of the majority of the shares of the registrant's common stock represented at the meeting: 7,482,956 shares were voted in favor of the proposal; 463,890 were voted against; and 42,757 abstained.

A proposal (Proposal No. 4) to approve the minutes of the 1999 Annual Meeting of Shareholders' was approved by a vote of the majority of the shares of the registrant's common stock represented at the meeting: 7,852,448 shares were voted in favor of the proposal; 50,313 were voted against; and 86,842 abstained.

The total number of shares of common stock outstanding as of April 24, 2000, the record date of the Annual Meeting of Shareholders, was 9,853,627.

ITEM 5. Other Information

Not Applicable

ITEM 6. Exhibits and Reports on Form 8-K.

A. Exhibits

See exhibit index on page 24.

B. Reports on Form 8-K

Churchill Downs Incorporated filed a Current Report on Form 8-K dated June 23, 2000, under Item 5, "Other Events", reporting the agreement and plan of merger with Duchossois Industries Inc., A. Acquisition Corp., A. Management Acquisition Corp., T. Club Acquisition Corp., Arlington International Racecourse, Inc., Arlington Management Services, Inc. and Turf Club of Illinois, Inc.

Churchill Downs Incorporated filed a Current Report on Form 8-K dated May 9, 2000, under Item 5, "Other Events", reporting on Churchill Downs Incorporated first quarter results for 2000.

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

August 14, 2000 \s\Thomas H. Meeker

Thomas H. Meeker
President and Chief Executive Officer
(Director and Principal Executive Officer)

August 14, 2000 \s\Robert L. Decker

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

August 14, 2000 \s\Michael E. Miller

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

EXHIBIT INDEX

Numbers -----	Description -----	By Reference To -----
(2)(a)	Agreement and Plan of Merger dated as of June 23, 2000 by Churchill Downs Incorporated, A. Acquisition Corp., A. Management Acquisition Corp., T. Club Acquisition Corp., Arlington International Racecourse, Inc., Arlington Management Services, Inc., Turf Club of Illinois, Inc. and Duchossois Industries, Inc.	Exhibit 2 (i) to Report on Form 8-K dated June 23, 2000
(10)(a)	Fourth Amendment to \$250,000,000 Revolving Credit Facility Credit Agreement dated May 12, 2000	Page 25, Report on Form 10-Q for the fiscal quarter ended June 30, 2000
(b)	Fifth Amendment to \$250,000,000 Revolving Credit Facility Credit Agreement dated June 19, 2000	Page 37, Report on Form 10-Q for the fiscal quarter ended June 30, 2000
(27)	Financial Data Schedule for the fiscal quarter ended June 30, 2000	Page 49, Report on Form 10-Q for the fiscal quarter ended June 30, 2000

FOURTH AMENDMENT

to

\$250,000,000 REVOLVING CREDIT FACILITY

CREDIT AGREEMENT

by and among

CHURCHILL DOWNS INCORPORATED, as the Borrower,

and

THE GUARANTORS PARTY HERETO

and

THE BANKS PARTY HERETO

and

PNC BANK, NATIONAL ASSOCIATION, As Agent,

and

CIBC OPPENHEIMER CORP., As Syndication Agent.

and

BANK ONE, KENTUCKY, N.A., As Documentation Agent

Dated as of May 12, 2000

25

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT (the "Fourth Amendment") dated as of May 12, 2000, by and among CHURCHILL DOWNS INCORPORATED, as the Borrower (the "Borrower"), the GUARANTORS party to the Credit Agreement (as hereinafter defined), the BANKS party to the Credit Agreement (as hereinafter defined) and PNC BANK, NATIONAL ASSOCIATION, as the Agent (the "Agent"), and CIBC OPPENHEIMER CORP., as Syndication Agent and BANK ONE, KENTUCKY, N.A., as Documentation Agent

WHEREAS, reference is made to the Credit Agreement dated April 23, 1999, as amended prior to the date hereof (the "Credit Agreement") described above;

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement; and

WHEREAS, the parties to the Credit Agreement desire to amend the Credit Agreement as set forth herein.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1. Amendments to Credit Agreement Relating to Working Cash Line.

The following amendments to the Credit Agreement are effective on the date hereof and shall remain in force until the Termination Date (as defined below).

A. Definitions (Section 1.1)

(i) Existing Definitions.

The following definition contained in Section 1.1 is hereby amended and restated to read as follows:

Settlement Date shall mean with respect to each Swing

Loan, any Business Day on which the Agent elects to effect settlement pursuant to Section 4.6."

(ii) New Definitions.

Section 1.1 of the Credit Agreement is hereby amended to include the following new definition:

"Money Management Arrangements shall have the meaning

assigned to such term in Section 2.5.2."

B. Swing Loan Requests (Section 2.4.2)

Section 2.4.2 (Swing Loan Requests) is hereby deleted and
the words

"Intentionally Omitted" are inserted in lieu thereof.

The defined term, "Swing Loan Request" and all references thereto are hereby deleted.

C. Making Swing Loans (Section 2.5.2)

Section 2.5.2 [Making Swing Loans] of the Credit Agreement is hereby amended and restated to read as follows:

"2.5.2 Making Swing Loans.

"If at any time on any Business Day the target balance of cash to be held in the Borrower's accounts with PNC Bank maintained in connection with the money management services provided by the PNC Bank for the Borrower (the "Money Management Arrangements") as agreed upon by the Borrower and PNC Bank shall exceed the actual balance in such accounts (such excess shall be referred to as the "Deficit Balance"), PNC Bank may, on behalf of the Borrower and without the requirement that the Borrower deliver any written request therefor, make a Swing Loan to the Borrower in an amount which shall not exceed the lesser of (i) the Deficit Balance, and (ii) the amount, if any, available under the Swing Loan Commitment, which amount shall be deposited in an account under the Money Market Arrangements. The aggregate amount of all disbursements of Swing Loans made and shown on the PNC Bank's electronic data processing equipment, over all of the payments of principal made by the Borrower and recorded on PNC Bank's electronic data processing equipment shall be prima facie evidence of the outstanding principal balance due under the Swing Loan Note absent manifest error.

D. Borrowings to Repay Swing Loans (Section 2.9)

Section 2.9 [Borrowings to Repay Swing Loans] of the Credit Agreement is hereby amended and restated to read as follows:

"2.9 Borrowings to Repay Swing Loans.

Any aggregate positive balance of cash over the targeted amount of cash in the applicable accounts under the Money Market Arrangements shall, to the extent available at the end of a Business Day, be automatically applied to the repayment of the outstanding balance of the Swing Loans. In addition to the repayments referred to in the preceding sentence, PNC may at its option at any time demand repayment of the Swing Loans (including any such times as are specified in the Agent's Letter as amended from time to time), and upon any such demand each Bank shall make a Revolving Credit Loan in an amount equal to such Bank's Ratable Share of the aggregate principal amount of such outstanding Swing Loan, plus, if PNC so requests, accrued interest thereon, provided that no Bank shall be obligated in any event to make Revolving Credit Loans in excess of its Revolving Credit Commitment.

Revolving Credit Loans made pursuant to the preceding sentence shall bear interest at the Base Rate Option and shall be deemed to have been properly requested in accordance with Section 2.4.1 without regard to any of the requirements of that provision or other provisions of the Agreement. PNC shall provide notice to the Banks (which may be telephonic or written notice by letter, facsimile or telex) that such Revolving Credit Loans are to be made under this Section 2.9 and of the apportionment among the Banks, and the Banks shall be unconditionally obligated to fund such Revolving Credit Loans (whether or not the conditions specified in Section 6 are then satisfied) by the time PNC so requests, which may be on the Business Day that the Banks receive such notice from PNC.

E. Revolving Credit Interest Rate Options.(Section 3.1)

The first sentence in Section 3.1 (Revolving Credit Interest Rate Options) is hereby amended to read as follows:

"Swing Loans shall bear interest at the interest rate set forth in the Agent's Letter as amended on the date of the Fourth Amendment to this Agreement and as amended thereafter."

F. Restrictions on Indebtedness (Section 7.2.1).

A new clause (xii) is hereby added to Section 7.2.1 (Indebtedness) to read as set forth below. Such clause (xii) shall follow immediately after clause (xi) of such Section 7.2.1 and the period at the end of such clause (xi) is hereby deleted and the following is inserted in lieu thereof: ", and".

"(xii) Loans incurred by the Loan Parties under the Money Market Arrangements which are required to be repaid on the same Business Day as that on which such loans are incurred, provided that the aggregate amount of such loans shall not exceed \$10,000,000 in principal amount.

G. Termination Date.

All of the amendments to the Credit Agreement set forth in this Section 1 shall terminate and be of no further force and effect on the date on which both of the following events shall have occurred (such date shall be referred to as the "Termination Date"): (i) the Money Management Agreements (as defined in the Credit Agreement as amended by this Fourth Amendment) shall have been terminated by the parties thereto in accordance with the termination provisions therein and (ii) all obligations due to the Agent under Money Management Agreements shall have been repaid in full, including repayment of any Deficit Balance (as defined in the Credit Agreement as amended by this Fourth Amendment) and any expenses, fees or other amounts owing to the Agent. On and after the Termination Date, all provisions of the Credit Agreement in effect prior to the date hereof which are being terminated, amended or restated by this Fourth Amendment (including the right to request Swing Loans contained in Section 2.5.2) shall be in force and effect again without giving effect to such termination, amendment or restatement.

2. Amendments to Credit Agreement and Waivers Relating to Financial Covenants

The following amendments to the Credit Agreement and waivers are effective as of March 31, 2000:

A. Amendment to Section 7.2.21 (Minimum Fixed Charge Coverage Ratio) and Waiver

(i) Amendment to Section 7.2.21. The parties hereto hereby amend and restate Section 7.2.21 (Minimum Fixed Charge Coverage Ratio) to read as follows:

7.2.21 Minimum Fixed Charge Coverage Ratio.

The Loan parties shall not permit the Fixed Charge Coverage Ratio for the four fiscal quarters ending on the last day of each fiscal quarter to be less than the applicable ratios set forth on Schedule 7.2 as of the dates set forth on such Schedule under column (4) (titled "Minimum Fixed Charge Coverage Ratio"). For purposes of this covenant, Consolidated EBITDA shall include the rolling four quarter EBITDA of any entity which has been or is being acquired by the Loan Parties if such entity is or will become a Loan Party hereunder.

(ii) Waiver with Respect to Section 7.2.21. The Banks hereby waive any violation of Section 7.2.21 during the period from March 31, 2000 through the date hereof.

B. Amendment to Definition of Interest Coverage Ratio.

The parties hereto hereby amend and restate the definition of Interest Coverage Ratio contained in Section 1.1 of the Credit Agreement to read as follows:

Interest Coverage Ratio shall mean the ratio of Consolidated EBIT to the sum of Consolidated Interest Expense, in each instance computed as of the end of each quarter for the four quarters then ended.

C. Amendment to Schedule 7.2 (Financial Covenant Levels).

The parties hereto hereby amend Schedule 7.2 (Financial Covenant Levels) by

- (i) deleting the figure of "2.00" under column (5) for the Fiscal Quarter Ended 3/31/00 and substituting the figure "1.90" in its place;
- (ii) deleting each figure of "2.50" under Column (5) for the Fiscal Quarters Ended 3/31/02,

6/30/02, 9/30/02 and 12/31/02 and substituting the figure "2.25" in place of each deleted figure;

- (iii) deleting each figure of "2.75" under column (5) for the Fiscal Quarters Ended 3/31/03, 6/30/03, 9/30/03 and 12/31/03 and substituting the figure "2.50" in place of each deleted figure;
- (iv) amending and restating the heading of column (5) to read "Minimum Interest Coverage Ratio"; and
- (v) deleting column (6) entirely.

D. Amendment to Section 7.2.19 (Minimum Interest Coverage

Ratio) and Waiver.

- (i) Amendment to Section 7.2.19. The parties hereto hereby amend and restate Section 7.2.19 to read as follows:

7.2.19 Minimum Interest Coverage Ratio.

The Loan Parties shall not permit the Interest Coverage Ratio for the four fiscal quarters ending on the last day of each fiscal quarter to be less than the ratio set forth on Schedule 7.2 under column (5) (titled "Minimum Interest Coverage Ratio") and as of the dates set forth on such schedule.

- (ii) Waiver with Respect to Section 7.2.19. The Banks hereby waive any violation of Section 7.2.19 during the period from March 31, 2000 through the date hereof.

3. Warranties

A. Warranties Under the Credit Agreement

The representations and warranties of Loan Parties contained in the Credit Agreement, after giving effect to the amendments thereto on the date hereof, are true and correct on and as of the date hereof with the same force and effect as though made by the Loan Parties on such date, except to the extent that any such representation or warranty expressly relates solely to a previous date. The Loan Parties are in compliance with all terms, conditions, provisions, and covenants contained in the Credit Agreement.

B. Power and Authority; Validity and Binding Effect; No Conflict.

Each Loan Party has full power to enter into, execute, deliver and carry out this Fourth Amendment, and such actions have been duly authorized by all necessary proceedings on its part. This Fourth Amendment has been duly and validly executed and delivered by each Loan Party. This Fourth Amendment

constitutes the legal, valid and binding obligation of each Loan Party which is enforceable against such Loan Party in accordance with its terms. Neither the execution and delivery of this Fourth Amendment nor the consummation of the transactions herein contemplated will conflict with, constitute a default under or result in any breach of (i) the terms and conditions of any organizational documents of any Loan Party or (ii) any Law or any material agreement or instrument or other obligation to which any Loan Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound, or result in the creation or enforcement of any Lien upon any property of any Loan Party or any of its Subsidiaries other than as set forth herein.

C. Consents and Approvals; No Event of Default.

No consent, approval, exemption, order or authorization of any Person other than the parties hereto is required by any Law or any agreement in connection with the execution, delivery and carrying out of this Fourth Amendment. No event has occurred and is continuing and no condition exists or will exist after giving effect to this Fourth Amendment which constitutes an Event of Default or Potential Default.

4. Conditions to Effectiveness.

The effectiveness of this Fourth Amendment is subject to satisfaction of each of the following conditions on or before the date hereof:

A. Representations and Warranties.

Each of the representations and warranties under Section 3 hereof are true and correct on the date hereof.

B. Execution by Required Banks, Agent and Loan Parties.

This Fourth Amendment shall have been executed by all of the Banks, the Agent and the Loan Parties on or before the date hereof.

C. Opinion of Counsel.

The Loan Parties shall have delivered an opinion of their counsel (which may be "in house") confirming the warranties in Section 3 hereof.

D. Amendment Fees.

The Borrower shall pay to the Agent for the ratable benefit of the Banks a fee in the amount of \$62,500.

5. References to Credit Agreement, Loan Documents.

Any reference to the Credit Agreement or other Loan Documents in any document, instrument, or agreement shall hereafter mean and include the

Credit Agreement or such Loan Document, including such schedules and exhibits, as amended hereby. In the event of irreconcilable inconsistency between the terms or provisions hereof and the terms or provisions of the Credit Agreement or such Loan Document, including such schedules and exhibits, the terms and provisions hereof shall control.

6. Force and Effect.

The Borrower reconfirms, restates, and ratifies the Credit Agreement, the Swing Loan Note and all other documents executed in connection therewith except to the extent any such documents are expressly modified by this Fourth Amendment and Borrower confirms that all such documents have remained in full force and effect since the date of their execution.

7. Governing Law.

This Fourth Amendment shall be deemed to be a contract under the laws of the Commonwealth of Kentucky and for all purposes shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Kentucky without regard to its conflict of laws principles.

8. Counterparts; Effective Date.

This Fourth Amendment may be signed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Fourth Amendment shall become effective when it has been executed by the Agent, the Loan Parties and all of the Banks and each of the other conditions set forth in Section 4 of this Fourth Amendment has been satisfied.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Fourth Amendment as of the day and year above written.

BORROWER:

CHURCHILL DOWNS INCORPORATED

By: _____
Title: _____

GUARANTORS:

CHURCHILL DOWNS MANAGEMENT COMPANY

By: _____
Title: _____

CHURCHILL DOWNS INVESTMENT COMPANY

By: _____
Title: _____

RACING CORPORATION OF AMERICA

By: _____
Title: _____

ELLIS PARK RACE COURSE, INC.

By: _____
Title: _____

CALDER RACE COURSE, INC.

By: _____
Title: _____

TROPICAL PARK, INC.

By: _____
Title: _____

CHURCHILL DOWNS CALIFORNIA COMPANY

By: _____
Title: _____

CHURCHILL DOWNS CALIFORNIA FALL OPERATING
COMPANY

By: _____
Title: _____

CHURCHILL DOWNS CALIFORNIA FOOD SERVICES
COMPANY

By: _____
Title: _____

BANKS AND AGENT

PNC BANK, NATIONAL ASSOCIATION, individually
and as Agent

By: _____
Title: _____

BANK ONE, KENTUCKY, NA

By: _____
Title: _____

CIBC INC.

By: _____
Title: _____

COMERICA BANK

By: _____
Title: _____

FIFTH THIRD BANK

By: _____
Title: _____

NATIONAL CITY BANK OF KENTUCKY

By: _____
Title: _____

FIRSTSTAR BANK, N.A.

By: _____
Title: _____

BANK OF LOUISVILLE

By: _____
Title: _____

CIVITAS BANK

By: _____
Title: _____

WELLS FARGO BANK

By: _____
Title: _____

to

\$250,000,000 REVOLVING CREDIT FACILITY

CREDIT AGREEMENT

by and among

CHURCHILL DOWNS INCORPORATED, as the Borrower,

and

THE GUARANTORS PARTY HERETO

and

THE BANKS PARTY HERETO

and

PNC BANK, NATIONAL ASSOCIATION, As Agent,

and

CIBC OPPENHEIMER CORP., As Syndication Agent.

and

BANK ONE, KENTUCKY, N.A., As Documentation Agent

Dated as of June 19, 2000

37

THIS WAIVER AND FIFTH AMENDMENT TO \$250,000,000 REVOLVING CREDIT FACILITY CREDIT AGREEMENT (the "Fifth Amendment") dated as of June 19, 2000, by and among CHURCHILL DOWNS INCORPORATED, as the Borrower (the "Borrower"), the GUARANTORS party to the Credit Agreement (as hereinafter defined), the BANKS party to the Credit Agreement (as hereinafter defined) and PNC BANK, NATIONAL ASSOCIATION, as the Agent (the "Agent"), and CIBC OPPENHEIMER CORP., As Syndication Agent. and BANK ONE, KENTUCKY, N.A., As Documentation Agent.

WHEREAS, reference is made to the Credit Agreement dated April 23, 1999 as amended prior to the date hereof (the "Credit Agreement") described above;

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement;

WHEREAS, the Borrower has entered into that certain Agreement and Plan Merger (the "Arlington Acquisition Agreement"), dated as of June 23, 2000, between Duchossois Industries, Inc. ("Duchossois"), the Borrower and Arlington International Racecourse, Inc., Arlington Management Services, Inc., Turf Club of Illinois, Inc., and three Borrower wholly owned acquisition Subsidiaries, , pursuant to which three Subsidiaries of the Borrower shall merge into the following three Subsidiaries of Duchossois:

Arlington International Racecourse, Inc. ("AIRI"), an Illinois corporation
Arlington Management Services, Inc. ("AMSI") , an Illinois corporation
Turf Club of Illinois, Inc. ("Turf Club") , an Illinois corporation

On the effective date of the above-referenced mergers (the "Acquisition Closing Date"), the Borrower shall receive, by virtue of the mergers, stock of AIRI, AMSI and Turf Club (collectively, together with the Subsidiaries of AIRI, AMSI and Turf Club, the "Arlington Companies to be Acquired") and the Borrower shall issue to Duchossois, by virtue of the mergers, 3,150,000 shares of its stock on the Acquisition Closing Date and up to 1,250,000 additional shares of such stock after the Acquisition Closing Date (collectively, the acquisition of the Arlington Companies to be Acquired, by the Borrower pursuant to the Arlington Acquisition Agreement shall be referred to as the "Arlington Park Acquisition"),

as more fully set forth in the Arlington Acquisition Agreement;

WHEREAS, the Arlington Companies to be Acquired own the Arlington Park racetrack located in Arlington Heights, Illinois ("Arlington Park Facility") and two-off track betting facilities (the "Arlington Owned OTB Facilities"), and lease two-off track betting facilities (collectively all leased facilities shall be referred to as the "Arlington Leased Facilities") as more fully described in the Arlington Acquisition Agreement and subject to the exceptions described therein;

WHEREAS, Section 7.2.5 of the Credit Agreement further provides in part that the Loan Parties shall elect to treat each Person in which they acquire ownership interests in connection with a Permitted Acquisition either as a Loan Party or as an Excluded Entity. The Loan Parties desire to elect to treat each

of the Arlington Companies to be Acquired as a Loan Party (and not as an Excluded Entity) on and after the Acquisition Closing Date;

WHEREAS, Section 7.2.5 of the Credit Agreement further provides in part that the Loan Parties may not become a party to any merger or consolidation unless they satisfy certain conditions which include delivering an Acquisition Compliance Certificate evidencing that the Loan Parties shall be in compliance with the financial covenants contained in Sections 7.2.1, 7.2.4 or 7.2.17 through 7.2.21 after making such acquisition;

WHEREAS, Section 7.2.17 (Maximum Total Leverage Ratio), 7.2.18 (Maximum Senior Leverage Ratio) and Section 7.2.21 (Minimum Fixed Charge Coverage Ratio) each provide in part as follows: "For purposes of this covenant, EBITDA shall include the rolling four quarter results of any entity being acquired by the Loan Parties if such entity will become a Loan Party hereunder;" and

WHEREAS, the Loan Parties request that the Banks waive the requirement that the Loan Parties shall include the results of the Arlington Companies to be Acquired for periods prior to the Acquisition Closing Date in their rolling four quarter computations of EBITDA for purposes of Section 7.2.17 (Maximum Total Leverage Ratio), Section 7.2.18 (Maximum Senior Leverage Ratio) and Section 7.2.21 (Minimum Fixed Charge Coverage Ratio) so that the computations of EBITDA for purposes of the covenants contained in such Sections shall include, for periods prior to the Acquisition Closing Date, the EBITDA of the Loan Parties but shall not include the EBITDA of the Arlington Companies to be Acquired.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1. Waiver and Amendment Under Credit Agreement.

Subject to the conditions contained in this Fifth Amendment, the Banks hereby waive the requirement that the Loan Parties shall include the results of the Arlington Companies to be Acquired for periods prior to the Acquisition Closing Date in their rolling four quarter computations of EBITDA performed after the Acquisition Closing Date for purposes of Section 7.2.17 (Maximum Total Leverage Ratio), Section 7.2.18 (Maximum Senior Leverage Ratio) and Section 7.2.21 (Minimum Fixed Charge Coverage Ratio) of the Credit Agreement. The computations of EBITDA performed after the Acquisition Closing Date for purposes of such Sections shall include, (i) for periods prior to the Acquisition Closing Date, the EBITDA of the Loan Parties but not the EBITDA of the Arlington Companies to be Acquired, and (ii) for periods after the Acquisition Closing Date, the EBITDA of the Loan Parties including the Arlington Companies to be Acquired.

2. Warranties

The Loan Parties, jointly and severally, represent and warrant as follows:

A. Recitals.

The recitals hereto are true and correct in all material respects.

B. Incorporation into Credit Agreement.

The representations and warranties in this Section 2 are incorporated in Section 5 of the Credit Agreement and any breach of such representations or warranties is a breach under Section 5 of the Credit Agreement.

C. Other Warranties Under the Credit Agreement

The other representations and warranties of Loan Parties contained in the Credit Agreement, after giving effect to the amendments thereto on the date hereof, are true and correct on and as of the date hereof with the same force and effect as though made by the Loan Parties on such date, except to the extent that any such representation or warranty expressly relates solely to a previous date. The Loan Parties are in compliance with all terms, conditions, provisions, and covenants contained in the Credit Agreement.

3. Conditions to Effectiveness.

This Fifth Amendment shall become effective provided that each of the following conditions is satisfied as of the date set forth in such condition:

A. Representations and Warranties.

Each of the Borrower's representations and warranties under Section 2 hereof shall be true and correct on the Fifth Amendment Effective Date, as that term is defined herein.

B. Opinion of Counsel.

On or before the Fifth Amendment Effective Date, there shall be delivered to the Agent for the benefit of each Bank written opinions of Wyatt, Tarrant & Combs (which may include reliance on applicable local counsel of the Loan Parties) and Rebecca C. Reed, counsel for the Loan Parties, in each case dated the Fifth Amendment Effective Date as to the warranties listed in Exhibit 3(B) hereto as such warranties relate to this Fifth Amendment and the documents executed in connection herewith and the consents required for this Fifth Amendment and such other documents.

C. Execution by Required Banks, Agent and Loan Parties.

On or before the Fifth Amendment Effective Date, this Fifth Amendment shall have been executed by the Required Banks, the Agent and the Loan Parties.

D. Acknowledgments Regarding Closing Conditions.

At least five (5) Business Days before the Acquisition Closing Date, the Loan Parties shall acknowledge and agree that they shall execute and deliver the following to the Agent for the benefit of the Banks:

(a) Acquisition Compliance Certificate.

An Acquisition Compliance Certificate in accordance with Section 7.2.5 of the Credit Agreement which shall be computed in accordance with the terms of the Credit Agreement as amended by this Fifth Amendment and using rolling four quarters tests through and including the most recent quarter for which the applicable financial statements are available, provided that if the Acquisition Closing Date occurs (i) on or after August 15, 2000 but within the third quarter of 2000 such Certificate shall be computed using rolling four quarters test through and including June 30, 2000, and (ii) in any quarter (the "Acquisition Closing Quarter") ending after September 30, 2000, such Compliance Certificate shall be computed using rolling four quarters test (A) through and including the last day of the immediately preceding fiscal quarter if the Acquisition Closing Date occurs more than 45 days after the commencement of the Acquisition Closing Quarter, and (B) through and including the last day of the second preceding fiscal quarter if the Acquisition Closing Date occurs within the first 45 days of the Acquisition Closing Quarter.

(b) Financial Statement Deliveries.

The (1) audited financial statements of the Arlington Companies to be Acquired for the fiscal year ended December 31, 1999, (2) unaudited financial statements of the Borrower through and including the date on which the rolling four quarters test is to be measured as provided in Section 3(D)((a)) of this Fifth Amendment, (3) projections for the Borrower on a consolidated basis for the period ending December 31, 2001, and (4) the projected financial covenant ratios titled "Compliance Ratio Worksheet."

(c) Opinion of Counsel.

A written opinion of Wyatt, Tarrant & Combs and Skadden, Arps, Slate, Meagher, & Flom (Illinois) and any other applicable local counsel for the Loan Parties, dated as of the Acquisition Closing Date addressing the representations and warranties covered in the opinions delivered on the Closing Date of the Credit Agreement as such representations and warranties relate to the Guarantor Joinders, other Loan Documents and other documents to be delivered in connection with the Arlington Park Acquisition (except that the opinion on capitalization may provide that it is based in part on a certificate of an officer of the Arlington Companies to be Acquired).

(d) Other Documents.

Each of the other documents required under the Credit Agreement in connection with the Arlington Park Acquisition, including Guarantor Joinders by any new Subsidiaries which shall become Loan Parties, a Mortgage on the Arlington Park Facility, at the request of the Agent, Mortgages on the Arlington Owned OTB Facilities and Borrower shall use its best efforts to grant a leasehold mortgage in a form acceptable to the Agent (a "Leasehold Mortgage") and an appropriate landlord waiver and estoppel on the Arlington Leased Facility located in Chicago, Illinois and related title insurance policies and surveys (except with respect to the Arlington Owned OTB Facilities, the Borrower shall use its best efforts to deliver satisfactory title insurance policies and surveys) and environmental reports (except with respect to the Arlington Owned OTB Facilities, the Borrower shall use its best efforts to deliver satisfactory environmental reports), the consents of the following Persons as may be required for the consummation of the transactions pursuant to the Arlington Acquisition Agreement and the grant of Liens to the Agent for the benefit of the Banks in the assets to be acquired in connection therewith, and the pledges to the Agent of the stock of the Arlington Companies to be Acquired: (i) the Illinois Racing Board (ii) the applicable state regulatory authorities in each of the other states in which the Loan Parties conduct racing businesses to the extent determined to be necessary, (iii) the shareholders of the Borrower and (iv) any other Persons from whom consent for such transactions may be required.

E. Arlington Park Acquisition.

The Loan Parties shall consummate the Arlington Park Acquisition pursuant to the Arlington Acquisition Agreement on or before December 31, 2000.

4. References to Credit Agreement, Loan Documents.

Any reference to the Credit Agreement or other Loan Documents in any document, instrument, or agreement shall hereafter mean and include the Credit Agreement or such Loan Document, including such schedules and exhibits, as amended hereby. In the event of irreconcilable inconsistency between the terms or provisions hereof and the terms or provisions of the Credit Agreement or such Loan Document, including such schedules and exhibits, the terms and provisions hereof shall control.

5. Force and Effect.

The Borrower reconfirms, restates, and ratifies the Credit Agreement and all other documents executed in connection therewith except to the extent any such documents are expressly modified by this Fifth Amendment and Borrower confirms that all such documents have remained in full force and effect since the date of their execution.

6. Governing Law.

This Fifth Amendment shall be deemed to be a contract under the laws of the Commonwealth of Kentucky and for all purposes shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Kentucky without regard to its conflict of laws principles.

7. Counterparts; Effective Date.

This Fifth Amendment may be signed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Fifth Amendment shall become effective when it has been executed by the Agent, the Loan Parties and the Required Banks and each of the other conditions set forth in Section 3 of this Fifth Amendment has been satisfied (the "Fifth Amendment Effective Date").

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Fifth Amendment as of the day and year above written.

BORROWER:

CHURCHILL DOWNS INCORPORATED

By: _____
Title: _____

GUARANTORS:

CHURCHILL DOWNS MANAGEMENT COMPANY

By: _____
Title: _____

CHURCHILL DOWNS INVESTMENT COMPANY

By: _____
Title: _____

RACING CORPORATION OF AMERICA

By: _____
Title: _____

ELLIS PARK RACE COURSE, INC.

By: _____
Title: _____

CALDER RACE COURSE, INC.

By: _____
Title: _____

TROPICAL PARK, INC.

By: _____
Title: _____

CHURCHILL DOWNS CALIFORNIA COMPANY

By: _____
Title: _____

CHURCHILL DOWNS CALIFORNIA FALL OPERATING
COMPANY

By: _____
Title: _____

CHURCHILL DOWNS CALIFORNIA FOOD SERVICES
COMPANY

By: _____
Title: _____

BANKS AND AGENT

PNC BANK, NATIONAL ASSOCIATION, individually
and as Agent

By: _____
Title: _____

BANK ONE, KENTUCKY, NA

By: _____
Title: _____

CIBC INC.

By: _____
Title: _____

COMERICA BANK

By: _____
Title: _____

FIFTH THIRD BANK

By: _____
Title: _____

[SIGNATURE PAGE 4 OF 4 TO WAIVER AND FIFTH AMENDMENT]

NATIONAL CITY BANK OF KENTUCKY

By: _____
Title: _____

FIRSTAR BANK, N.A.

By: _____
Title: _____

BANK OF LOUISVILLE

By: _____
Title: _____

FIFTH THIRD BANK INDIANA

By: _____
Title: _____

WELLS FARGO BANK

By: _____
Title: _____

EXHIBIT 3(B)

OPINION OF COUNSEL

The opinion of Rebecca Reed shall confirm that the recitals hereto are true and correct in all material respects and that the other matters contained in the warranty in Section 2(B) hereto are true and the opinion of Wyatt, Tarrant & Combs shall confirm that the following representations and warranties in the Credit Agreement are true and correct as such warranties relate to this Fifth Amendment and the Credit Agreement as amended by this Fifth Amendment.

Credit Agreement Section

Warranty

5.1.1	Organization and Qualification
5.1.2	Capitalization and Ownership
5.1.4	Power and Authority
5.1.5	Validity and Binding Effect
5.1.6	No Conflict
5.1.12	Consents and Approvals

5
1,000
U.S. Dollars

	6-MOS	
	DEC-31-2000	
	JAN-01-2000	
	JUN-30-2000	
	1	52,369
	0	
	23,032	
	166	
	430	
	79,142	340,354
	64,013	
	423,687	
84,040	0	
	71,634	
0	0	
	76,049	
423,687		
	157,583	
	157,583	
	120,672	
	133,635	
	(90)	
	0	
	7,671	
	16,367	
	6,792	
9,575	0	
	0	
	0	
	9,575	
	0.97	
	0.97	