UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For year ended December 31, 2000

[ ] 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 incorporation or organization	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

Securities registered pursuant to Section 12(b) of the Act:

None	None
Title of each class registered	Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, NO PAR VALUE
Title of class

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 and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. (_________)

As of March 14, 2001, 13,048,717 shares of the Registrant's Common Stock were outstanding, and the aggregate market value of the shares held by nonaffiliates of the Registrant was $166,432,105.

Portions of the Registrant's Proxy Statement for its Annual Meeting of Shareholders to be held on June 21, 2001 are incorporated by reference herein in response to Items 10, 11, 12 and 13 of Part III of Form 10-K. The exhibit index is located on pages 56 to 59.

CHURCHILL DOWNS INCORPORATED

I N D E X

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
Churchill Downs Incorporated

In our opinion, the consolidated financial statements listed in the index appearing under Item 14 (a) (1), present fairly, in all material respects, the financial position of Churchill Downs Incorporated and its subsidiaries as of December 31, 2000, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14 (a) (2), presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

\s\ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Louisville, Kentucky
February 27, 2001

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED BALANCE SHEETS
December 31,
(in thousands)

ASSETS	2000	1999	1998
Current assets:			
Cash and cash equivalents	$ 10,807	$ 29,060	$ 6,380
Restricted cash	9,006	-	-
Accounts receivable	32,535	24,279	11,968
Other current assets	2,932	2,751	1,049
Total current assets	55,280	56,090	19,397
Other assets	8,116	4,740	3,796
Plant and equipment, net	342,767	274,882	83,088
Intangible assets, net	63,841	62,334	8,370
	$470,004	$398,046	$114,651
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 38,396	$ 23,012	$ 6,381
Accrued expenses	27,115	15,603	8,248
Dividends payable	6,508	4,927	3,762
Income taxes payable	1,091	336	258
Deferred revenue	11,353	10,860	8,412
Long-term debt, current portion	2,324	552	127
Total current liabilities	86,787	55,290	27,188
Long-term debt	155,716	180,898	13,538
Other liabilities	9,837	8,263	1,756
Deferred income taxes	15,179	15,474	6,938
Commitments and contingencies	-	-	-
Shareholders' equity:			
Preferred stock, no par value; 250 shares authorized; no shares issued	-	-	-
Common stock, no par value; 50,000 shares authorized; issued: 13,019 shares in 2000; 9,854 shares in 1999; and 7,525 shares in 1998	123,227	71,634	8,927
Retained earnings	79,323	66,667	56,599
Note receivable for common stock	(65)	(65)	(65)
Deferred compensation costs	-	(115)	(230)
	202,485	138,121	65,231
	$470,004	$398,046	$114,651

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS
Years ended December 31,
(in thousands, except per share data)

	2000	1999	1998
Net revenues	$362,016	$258,427	$147,300
Operating expenses:			
Purses	128,982	97,585	50,193
Other direct expenses	158,624	109,783	68,788
	287,606	207,368	118,981
Gross profit	74,410	51,059	28,319
Selling, general and administrative expenses	27,832	18,546	11,176
Operating income	46,578	32,513	17,143
Other income (expense):			
Interest income	1,023	847	680
Interest expense	(14,848)	(7,839)	(896)
Miscellaneous, net	(166)	334	342
	(13,991)	(6,658)	126
Earnings before provision for income taxes	32,587	25,855	17,269
Provision for income taxes	(13,423)	(10,879)	(6,751)
Net earnings	$ 19,164	$ 14,976	$ 10,518
Earnings per common share data:			
Basic	$1.77	$1.74	$1.41
Diluted	$1.75	$1.72	$1.40
Weighted average shares outstanding:			
Basic	10,849	8,598	7,460
Diluted	10,940	8,718	7,539

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended December 31, 2000, 1999 and 1998
(in thousands, except per share data)

	Common Shares	Stock Amount	Retained Earnings	Note Receivable Common Stock	Deferred Compensation Costs	Total
Balances December 31, 1997	7,317	$ 3,615	$49,843	$ (65)	-	$ 53,393
Net earnings			10,518			10,518
Deferred compensation		344			$ (344)	-
Deferred compensation amortization					114	114
Issuance of common stock at $24.25 per share in conjunction with RCA acquisition	200	4,850				4,850
Issuance of common stock for employee benefit plans	8	118				118
Cash dividends, $.50 per share			(3,762)			(3,762)
Balances December 31, 1998	7,525	8,927	56,599	(65)	(230)	65,231
Net earnings			14,976			14,976
Deferred compensation amortization					115	115
Issuance of common stock at $29.00 per share	2,300	62,122				62,122
Issuance of common stock for employee benefit plans	29	585	19			604
Cash dividends, $.50 per share			(4,927)			(4,927)
Balances December 31, 1999	9,854	71,634	66,667	(65)	(115)	138,121
Net earnings			19,164			19,164
Deferred compensation amortization					115	115
Issuance of common stock at $16.28 per share in conjunction with Arlington merger	3,150	51,290				51,290
Issuance of common stock for employee benefit plans	15	303				303
Cash dividends, $.50 per share			(6,508)			(6,508)
Balances December 31, 2000	13,019	$123,227	$79,323	$ (65)	$ -	$202,485

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,
(in thousands)

	2000	1999	1998
Cash flows from operating activities:			
Net earnings	$ 19,164	$ 14,976	$ 10,518
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization, includes amortization of loan origination costs classified as interest expense of $609 in 2000 and $463 in 1999	17,286	11,306	5,744
Deferred income taxes	(275)	(502)	(121)
Deferred compensation	115	115	114
Increase (decrease) in cash resulting from changes in operating assets and liabilities:			
Restricted cash	(9,006)	-	-
Accounts receivable	9,312	(8,971)	(2,973)
Other current assets	(32)	(1,119)	(293)
Accounts payable	(2,474)	15,837	(2,211)
Accrued expenses	(2,200)	2,932	386
Income taxes payable	755	98	71
Deferred revenue	(4,631)	(231)	758
Other assets and liabilities	(783)	5,291	(1,177)
Net cash provided by operating activities	27,231	39,732	10,816
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired of $4,200 in 1999 and $517 in 1998	-	(228,303)	(17,232)
Proceeds from the sale of Training Facility assets	4,969	-	-
Additions to plant and equipment, net	(22,419)	(12,083)	(3,524)
Net cash used in investing activities	(17,450)	(240,386)	(20,756)
Cash flows from financing activities:			
Increase (decrease) in long-term debt, net	2,487	(1,295)	(140)
Borrowings on bank line of credit	146,618	269,500	22,000
Repayments of bank line of credit	(172,515)	(102,500)	(11,000)
Payment of loan origination costs	-	(2,867)	(280)
Payment of dividends	(4,927)	(3,762)	(3,658)
Capital contribution by minority interest in subsidiary	-	1,551	-
Common stock issued	303	62,707	118
Net cash (used in) provided by financing activities	(28,034)	223,334	7,040
Net (decrease) increase in cash and cash equivalents	(18,253)	22,680	(2,900)
Cash and cash equivalents, beginning of period	29,060	6,380	9,280
Cash and cash equivalents, end of period	$ 10,807	$ 29,060	$ 6,380
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ 13,794	$ 6,858	$ 497
Income taxes	$ 13,117	$ 10,796	$ 7,130
Schedule of Non-cash Activities:			
Issuance of common stock related to merger with Arlington Park	$ 51,291	-	-
Issuance of common stock related to the acquisition of RCA	-	-	$ 4,850
Invoicing for future events	$ 4,706	$ 2,678	$ 678
Plant & equipment additions included in			

accounts payable	$ 292	$ 502	$ 95
Compensation expense	-	-	$ 344

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

1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Churchill Downs Incorporated (the "Company") conducts pari-mutuel wagering on live race meetings for Thoroughbred horses and participates in intrastate and interstate simulcast wagering at its racetracks in Kentucky, California, Florida and Illinois. In addition, the Company, through its subsidiary Hoosier Park L.P. ("Hoosier Park"), conducts pari-mutuel wagering on live Thoroughbred, Quarter Horse and Standardbred horse races and participates in interstate simulcast wagering. The Company's Kentucky, California, Florida, Illinois and Indiana operations are subject to regulation by the racing commissions of the respective states.

The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Churchill Downs California Company d/b/a Hollywood Park("Hollywood Park"), Calder Race Course, Inc. and Tropical Park, Inc. which hold licenses to conduct horse racing at Calder Race Course ("Calder Race Course"), Arlington International Racecourse, Inc., Arlington Management Services, Inc. and Turf Club of Illinois, Inc.(collectively referred to as "Arlington Park"), Ellis Park Race Course, Inc. ("Ellis Park"), Churchill Downs Management Company ("CDMC"), Churchill Downs Investment Company ("CDIC") and Anderson Park Inc. ("Anderson"), and its majority-owned subsidiary, Hoosier Park, and Charlson Broadcast Technologies, LLC ("CBT"). All significant intercompany balances and transactions have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

A Summary of Significant Accounting Policies Followed

Cash Equivalents

The Company considers investments with original maturities of three months or less to be cash equivalents. The Company has, from time to time, cash in the bank in excess of federally insured limits.

Restricted Cash

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

1. Basis of Presentation and Summary of Significant Accounting Policies(cont'd)

Plant and Equipment

Plant and equipment are recorded at cost. Depreciation is calculated using the straight-line and accelerated methods over the estimated useful lives of the related assets as follows: 10 to 40 years for grandstands and buildings, 3 to 18 years for equipment, 5 to 10 years for furniture and fixtures and 10 to 20 years for tracks and other improvements.

Intangible Assets

Amortization of the cost of acquisitions in excess of fair value of assets acquired, the Indiana racing license and the Arlington Park trademarks are provided over 40 years using the straight-line method. Loan origination costs on the Company's line of credit are being amortized under the effective interest method over 60 months, the term of the loan. The intangible asset relating to the Illinois Horse Race Equity fund will not be amortized until revenues relating to the intangible are recongnized.

Long-lived Assets

In the event thatfacts and circumstances indicate that the carrying amount of tangible or intangible long-lived assets or groups of assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the assets would be compared to the assets' carrying amount to determine if a write-down to market value or discounted cash flow value is required.

Interest Rate Swaps

The Company utilizes interest rate swap contracts to hedge exposure to interest rate fluctuations on its variable rate debt. The differential between the fixed interest rate paid and the variable interest rate received under the interest rate swap contracts is recognized as an adjustment to interest expense in the period in which the differential occurs. Differential amounts incurred under the rate swap contracts but not settled in cash at the end of a reporting period are recorded as receivables or payables in the balance sheet. Any gains or losses realized on the early termination of interest rate swap contracts are deferred and amortized as an adjustment to interest expense over the emaining term of the underlying debt instrument.

Deferred Revenue

Deferred revenue includes primarily advance sales related to the Kentucky Derby and Oaks races in Kentucky and other advanced billings on racing events.

1. Basis of Presentation and Summary of Significant Accounting Policies (cont'd)

Stock-Based Compensation

The Company accounts or stock-based compensation in accordance with Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees". In accordance with Statement of Financial Accounting Standards (SFAS) No. 123 "Accounting for Stock-based Compensation" pro forma disclosure of net earnings and earnings per share are presented in Note 10 as if SFAS No. 123 had been applied.

Reclassifications

Certain financial statement amounts have been reclassified in the prior years to conform to current year presentation.

2. Acquisitions and Other Transactions

On September 8, 2000, three of the Company's wholly owned subsidiaries merged with Arlington International Racecourse, Inc., Arlington Management Services, Inc. and Turf Club of Illinois, Inc. (collectively referred to as "Arlington Park"). The Company issued 3.15 million shares of its common stock, with a fair value of $51.3 million, to Duchossois Industries, Inc. ("DII") and could issue up to an additional 1.25 million shares of common stock dependent upon the opening of the riverboat casino at Rosemont, Illinois, and the amount of subsidies received by Arlington as a result thereof. For this purpose, the purchase price was recorded based upon the fair value of shares issued to DII at the announcement of the mergers on June 23, 2000, plus approximately $2.2 million in merger-related costs. The acquired tangible and intangible assets of $87.7 million and assumed liabilities of $34.1 million of Arlington Park were recorded at their estimated fair values on the merger date. 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 certain liabilities assumed in the merger. The Company also received $5.8 million in management fees related to the Arlington Park management contract that was in effect from July 1 through the closing of the Arlington Park merger on September 8,2000. The merger was accounted for by the Company as an asset purchase and, accordingly, the financial position and results of operations of Arlington Park have been included in the Company's consolidated financial statements since the date of merger.

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 $5.0 million, which approximated its carrying value.

2. Acquisitions and Other Transactions (cont'd)

On September 10, 1999, the Company acquired the assets of the Hollywood Park 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 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 have been included in the Company's consolidated financial statements since the date of acquisition.

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 tangible and intangible assets of $103.9 million and assumed liabilities of $14.4 million 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.

On April 21, 1998, the Company acquired from TVI Corp. ("TVI") all of the outstanding stock of Racing Corporation of America ("RCA"). As part of the transaction, TVI received 0.2 million shares of the Company's common stock valued at $4.9 million with the remaining balance of $17.1 million paid from cash on hand and a draw on the Company's bank line of credit. The purchase price of $22.6 million, including $0.6 million in transaction costs was allocated to acquired tangible and intangible assets of $23.8 million and assumed liabilities of $7.9 million based on their fair values on the acquisition date with the excess of $6.7 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 results of operations of RCA subsequent to April 20, 1998, are included in the Company's consolidated results of operations.

(in thousands, except per share data)

2. Acquisitions and Other Transactions (cont'd)

Following are the unaudited pro forma results of operations as if the September 8, 2000 merger with Arlington Park, the September 10, 1999 acquisition of Hollywood Park, the July 20, 1999 stock issuance and the April 23, 1999 acquisition of Calder Race Course all had occurred on January 1,1999:

	December 31, 2000	1999
Net revenues	$425,077	$357,284
Net earnings	$18,556	$14,222
Earnings per common share:		
Basic	$1.43	$1.10
Diluted	$1.42	$1.09
Weighted average shares outstanding:		
Basic	13,015	12,983
Diluted	13,106	13,103

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.

3. Plant and Equipment

Plant and equipment is comprised of the following:

	2000	1999	1998
Land	$132,034	$ 98,445	$ 7,632
Grandstands and buildings	191,172	167,648	73,377
Equipment	23,703	15,845	4,979
Furniture and fixtures	20,342	8,057	5,341
Tracks and other improvements	44,927	40,271	37,998
Construction in process	2,439	2,411	249
	414,617	332,677	129,576
Accumulated depreciation	(71,850)	(57,795)	(46,488)
	$342,767	$274,882	$83,088

Depreciation expense was approximately $14,917, $9,506, and $5,490 for the years ended December 31, 2000, 1999 and 1998.

(in thousands, except per share data)

4. Intangibles assets

The Company's intangible assets are comprised of the following:

	2000	1999	1998
Cost of acquisitions in excess of fair value of net assets acquired	$59,433	$59,433	$6,449
Illinois Horse Race Equity Fund	3,307	-	-
Arlington Park trademarks	494	-	-
Indiana racing license	2,085	2,085	2,085
Loan origination costs	3,076	3,076	280
	68,395	64,594	8,814
Accumulated amortization	(4,554)	(2,260)	(444)
	$63,841	$62,334	$8,370

Amortization expense related to the loan origination costs of $609 and $463 for the years ended December 31, 2000 and 1999 is classified as interest expense. Amortization expense for other intangibles of approximately $1,760, $1,353 and $253 for the years ended December 31, 2000, 1999 and 1998 is classified in operating expenses.

5. Income Taxes

Components of the provision for income taxes are as follows:

	2000	1999	1998
Currently payable:			
Federal	$11,347	$ 9,528	$5,795
State & local	2,374	1,853	1,077
	13,721	11,381	6,872
Deferred:			
Federal	(246)	(439)	46
State & local	(52)	(63)	6
	(298)	(502)	52
Reversal of valuation allowance	-	-	(173)
	$13,423	$10,879	$6,751

The Company's income tax expense is different from the amount computed by applying the statutory federal income tax rate to income before taxes as follows:

	2000	1999	1998
Federal statutory tax on earnings before income tax	$11,405	$9,049	$5,942
State income taxes, net of federal income tax benefit	1,502	1,154	747
Permanent differences and other	516	676	235
Reversal of valuation allowance	-	-	(173)
	$13,423	$10,879	$6,751

(in thousands, except per share data)

5. Income Taxes (cont'd)

Components of the Company's deferred tax assets and liabilities are as follows:

	2000	1999	1998
Deferred tax liabilities:			
Property & equipment in excess of tax basis	$15,419	$16,288	$7,805
Racing license in excess of tax basis	650	650	650
Other	189	66	-
Deferred tax liabilities	16,258	17,004	8,455
Deferred tax assets:			
Supplemental benefit plan	372	337	316
State net operating loss carryforwards	-	638	857
Allowance for uncollectible receivables	404	345	87
Other	926	830	437
Deferred tax assets	1,702	2,150	1,697
Net deferred tax liability	$14,556	$14,854	$6,758

Income taxes are classified in the balance sheet as follows:

	2000	1999	1998
Net non-current deferred tax liability	$15,179	$15,474	$6,938
Net current deferred tax asset	(623)	(620)	(180)
	$14,556	$14,854	$6,758

6. Shareholders' Equity

On September 8, 2000, the Company issued 3.15 million shares of the Company's common stock to DII in conjunction with the Arlington Park merger.

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 was $62.1 million, and was used for the repayment of bank borrowings.

On March 19, 1998, the Company's Board of Directors authorized a 2-for-1 stock split of its common stock effective March 30, 1998. All share and per share amounts in the accompanying consolidated financial statements have been restated to give effect to the stock split.

On March 19,1998, the Company's Board of Directors approved a stockholder rights plan, which grants each shareholder the right to purchase a fraction of a share of Series 1998 preferred stock at the rate of one right for each share of the Company's common stock. This plan expires on March 19, 2008.

7. Employee Benefit Plans

The Company has a profit-sharing plan that covers all employees with one year or more of service and one thousand or more worked hours. The Company will match contributions made by the employee up to 3% of the employee's annual compensation. The Company will also match at 50%, contributions made by the employee up to an additional 2%. The Company may also contribute a discretionary amount determined annually by the Board of Directors as well as a year end discretionary match not to exceed 4%. The Company's contribution to the plan for the years ended December 31, 2000, 1999 and 1998 was approximately $840, $819 and $806 respectively.

The Company is a member of a noncontributory defined benefit multi-employer retirement plan for all members of the Pari-mutuel Clerk's Union of Kentucky and several other collectively-bargained retirement plans which are administered by unions. Contributions are made in accordance with negotiated labor contracts. Retirement plan expense for the years ended December 31, 2000, 1999 and 1998 was approximately $1,706, $665 and $258, respectively. The Company's policy is to fund this expense as accrued.

The estimated present value of future payments under a supplemental benefit plan is charged to expense over the period of active employment of the employees covered under the plan. Supplemental benefit plan expense for the years ended December 31, 2000, 1999 and 1998 was approximately $87, $55 and $55, respectively.

8. Long-Term Debt

The Company has a $250 million line of credit 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. The weighted average interest rate was 7.94% on the outstanding balance at December 31, 2000. There was $153.2 million outstanding on the line of credit at December 31, 2000 compared to $178.0 million and $11.0 million outstanding at December 31, 1999 and 1998, respectively. The line of credit is collateralized by substantially all of the assets of the Company and its wholly owned subsidiaries, and matures in 2004.

The Company has entered into interest rate swap contracts with major financial institutions. Under terms of these separate contracts we receive a LIBOR based variable interest rate and pay a fixed interest rate of 7.015% and 7.30% on notional amounts of $35.0 million each which mature in March 2003 and May 2002, respectively. The Company has also entered into a contract which pays a fixed interest rate of 6.40% on a notional amount of $30.0 million and matures in November 2002. The variable interest rate paid 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.

(in thousands, except per share data)

8. Long-Term Debt (cont'd)

On May 31, 1996, the Company entered into a Partnership Interest Purchase Agreement with Conseco, LLC ("Conseco") for the sale of 10% of the Company's partnership interest in Hoosier Park to Conseco. The transaction also included assumption by Conseco of a loan to the Company of approximately $2.6 million, of which the balance is $2.4 million at December 31, 2000. The loan requires interest of prime plus 2% (11.5% at December 31, 2000) payable monthly with principal due November 2004. The note is collateralized by 10% of the assets of Hoosier Park.

During 2000 the Company entered into a short-term note payable which expires in April 2001, bears interest at approximately prime, and is secured by a blanket lien on CBT's assets. There was $2.0 million outstanding on the note payable at December 31, 2000.

Future aggregate maturities of long-term debt are as follows:

2001	$ 2,324
2002	157
2003	17
2004	155,542
	$158,040

9. Operating Leases

The Company has a long-term operating lease for the land in Anderson, Indiana on which its Hoosier Park facility is located and an operating lease for the Indianapolis off-track betting facility ("OTB"). The Anderson lease expires in 2003, with an option to extend the lease for three additional ten year terms. The Indianapolis lease expires in 2009, with an option to extend the lease for two additional five year terms. The leases include provisions for minimum lease payments as well as contingent lease payments based on handle or revenues.

The Company also has a long term operating lease agreement for land in Arlington Heights, Illinois on which the backside facilities of Arlington Park are located and two operating lease agreements for Arlington Park OTBs. The Arlington lease expires in 2010 with an option to purchase, the Mud Bug OTB lease expires in 2006 with an option to extend the lease for an additional five years and the Waukegan OTB lease expires in 2003, with an option to purchase.

The Company also leases certain totalisator and audio/visual equipment and services as well as land and facilities. The Company's total rent expense for all operating leases was approximately $7,629, $6,832 and $4,022 for the years ended December 31, 2000, 1999 and 1998. Total annual rent expense for contingent lease payments was approximately $6,991, $6,287 and $3,942 for the years ended December 31, 2000, 1999 and 1998.

(in thousands, except per share data)

9. Operating Leases (cont'd)

Future minimum operating lease payments are as follows:

	Minimum Lease Payment
2001	$ 1,856
2002	1,725
2003	1,485
2004	1,270
2005	1,251
Thereafter	4,082
	$11,669

10. Stock-Based Compensation Plans

Employee Stock Options:

The Company sponsors both the "Churchill Downs Incorporated 1997 Stock Option Plan" (the "97 Plan") and the "Churchill Downs Incorporated 1993 Stock Option Plan" (the "93 Plan"), stock-based incentive compensation plans, which are described below. The Company applies APB Opinion 25 and related interpretations in accounting for both the plans. However, pro forma disclosures are as if the Company adopted the cost recognition provisions of SFAS 123 are presented below.

The Company is authorized to issue up to 600 shares and 400 shares of common stock (as adjusted for the stock split) under the 97 Plan and 93 Plan, respectively, pursuant to "Awards" granted in the form of incentive stock options (intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended) and non-qualified stock options. Awards may be granted to selected employees of the Company or any subsidiary.

Both the 97 Plan and the 93 Plan provide that the exercise price of any incentive stock option may not be less than the fair market value of the common stock on the date of grant. The exercise price of any nonqualified stock option is not so limited by the plans. The Company granted stock options in 2000, 1999 and 1998. The stock options granted in those years have contractual terms of 10 years and varying vesting dates, ranging from one to three years following the date of grant. In accordance with APB 25, the Company has not recognized any compensation cost for these stock options.

(in thousands, except per share data)

10. Stock-Based Compensation Plans (cont'd)

A summary of the status of the Company's stock options as of December 31, 2000, 1999 and 1998 and the changes during the year ended on those dates is presented below:

	2000		1999		1998	
	Weighted # of Shares Underlying Options	Average Exercise Prices	Weighted # of Shares Underlying Options	Average Exercise Prices	Weighted # of Shares Underlying Options	Average Exercise Prices
Outstanding at beginning of the year	600	$21.62	478	$20.86	426	$19.45
Granted	179	$27.60	154	$23.70	52	$32.50
Exercised	4	$19.56	22	$19.30	-	-
Canceled	-	-	-	-	-	-
Forfeited	2	$30.24	10	$22.53	-	-
Expired	-	-	-	-	-	-
Outstanding at end of year	773	$22.98	600	$21.62	478	$20.86
Exercisable at end of year	393	$19.46	311	$19.09	248	$21.02
Weighted-average fair value per share of options granted during the year		$15.32		$12.01		$10.42

The fair value of each stock option granted is estimated on the date of grant using the Black- Scholes option-pricing model with the following weighted-average assumptions for grants in 2000, 1999 and 1998, respectively: dividend yields ranging from 1.40% to 1.83%; risk- free interest rates are different for each grant and range from 5.05% to 6.76%; and the expected lives of options are different for each grant and range from approximately 6.5 to 9.3 years, and expected volatility rates of 55.23%, 43.74%, and 24.86% for years ending December 31, 2000, 1999 and 1998.

The following table summarizes information about stock options outstanding at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/00	Weighted Average Remaining Contributing Life	Weighted Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Price
$13.40 to $16.75	18	4.5	$15.75	18	$15.75
$16.76 to $20.10	273	5.2	$18.93	273	$18.93
$20.11 to $23.45	238	7.4	$22.17	102	$21.54
$23.46 to $26.80	8	9.1	$24.13	-	-
$26.81 to $30.15	178	9.8	$27.84	-	-
$30.16 to $33.50	58	8.0	$32.67	-	-
TOTAL	773	7.2	$22.98	393	$19.09

10. Stock-Based Compensation Plans (cont'd)

Employee Stock Purchase Plan:

Under the Company's Employee Stock Purchase Plan (the "Employee Stock Purchase Plan"), the Company is authorized to sell, pursuant to short-term stock options, shares of its common stock to its full-time (or part-time for at least 20 hours per week and at least five months per year) employees at a discount from the common stock's fair market value. The Employee Stock Purchase Plan operates on the basis of recurring, consecutive one-year periods. Each period commences on August 1 and ends on the next following July 31.

On the first day of each 12-month period, August 1, the Company offers to each eligible employee the opportunity to purchase common stock. Employees elect to participate for each period to have a designated percentage of their compensation withheld (after-tax) and applied to the purchase of shares of common stock on the last day of the period, July 31. The Employee Stock Purchase Plan allows withdrawals, terminations and reductions on the amounts being deducted. The purchase price for the common stock is 85% of the lesser of the fair market value of the common stock on (i) the first day of the period, or (ii) the last day of the period. No employee may purchase common stock under the Employee Stock Purchase Plan valued at more than $25 for each calendar year.

Under the Employee Stock Purchase Plan, the Company sold 12 shares of common stock to 173 employees pursuant to options granted on August 1, 1999, and exercised on July 30, 2000. Because the plan year overlaps the Company's fiscal year, the number of shares to be sold pursuant to options granted on August 1, 2000, can only be estimated because the 2000 plan year is not yet complete. The Company's estimate of options granted in 2000 under the Plan is based on the number of shares sold to employees under the Plan for the 1999 plan year, adjusted to reflect the change in the number of employees participating in the Plan in 2000.

(in thousands, except per share data)

10. Stock-Based Compensation Plans (cont'd)

A summary of the status of the Company's stock options under the Employee Stock Purchase Plan as of December 31, 2000, 1999 and 1998 and the changes during the year ended on those dates is presented below:

	2000		1999		1998	
	# of Shares Underlying Options	Weighted Average Exercise Prices	# of Shares Underlying Options	Weighted Average Exercise Prices	# of Shares Underlying Options	Weighted Average Exercise Prices
Outstanding at beginning of the year	9	$19.00	5	$24.00	8	$14.60
Adjustment to prior year estimated grants	2	$19.00	2	$24.00	0	$14.60
Granted	16	$19.50	9	$23.90	5	$31.45
Exercised	11	$19.00	7	$24.00	8	$14.60
Forfeited	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding at end of year	16	$19.50	9	$23.90	5	$31.45
Exercisable at end of year	-	-	-	-	-	-
Weighted-average Fair value per share of options granted during the year		$7.79		$8.67		$12.16

Had the compensation cost for the Company's stock-based compensation plans been determined consistent with SFAS 123, the Company's net earnings and earnings per common share for 2000, 1999 and 1998 would approximate the pro forma amounts presented below:

	2000	1999	1998
Net earnings:			
As reported	$19,164	$14,976	$10,518
Pro-forma	$18,286	$14,451	$10,087
Earnings per common share:			
As reported			
Basic	$1.77	$ 1.74	$1.41
Diluted	$1.75	$ 1.72	$1.40
Pro-forma			
Basic	$1.69	$ 1.68	$1.35
Diluted	$1.67	$ 1.66	$1.34

The effects of applying SFAS 123 in this pro forma disclosure are not indicative of future amounts. The Company anticipates making awards in the future under its stock-based compensation plans.

11. Fair Values of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents - The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Long-Term Debt - The carrying amounts of the Company's borrowings under its line of credit agreements and other long-term debt approximates fair value, based upon current interest rates.

Interest Rate Swaps - The carrying amounts of the Company's interest rate swaps are a payable of an approximate mark-to-market value of $558 and $77, at December 31, 2000 and 1999, respectively, using current interest rates.

12. Commitments and contingencies

Hollywood Park received cease and desist orders from the California Regional Water Quality Control Board addressing storm water runoff and dry weather discharge issues. We retained an engineering firm to develop a plan for compliance and to construct certain drainage and waste disposal systems. The construction of the system has been completed. As part of the 1999 asset acquisition of Hollywood Park, the seller agreed to indemnify our Company in the amount of $5.0 million for costs incurred in relation to the waste water runoff issue. Amounts under the indemnification have been expended and the ultimate cost to the Company was $1.7 million, incurred during 2000.

The septic system at the Ellis Park facility must be replaced with hook-up to city sewers. The cost of the hook-up is estimated by the city of Henderson, Kentucky to be $1.2 million. Ellis Park will seek partial reimbursement from the state of Kentucky. The project is estimated to be completed by November 2001.

It is not anticipated that the Company will have any material liability as a result of compliance with environmental laws with respect to any of the Company's property. Except as discussed herein, compliance with environmental laws has not affected the ability to develop and operate the Company's properties and the Company is not otherwise subject to any material compliance costs in connection with federal or state environmental laws.

(in thousands, except per share data)

13. Earnings Per Common Share Computations

The following is a reconciliation of the numerator and denominator of the earnings per common share computations:

	2000	1999	1998
Net earnings (numerator) amounts used for basic and diluted per share	$19,164	$14,976	$10,518
Weighted average shares (denominator) of common stock outstanding per share computations:			
Basic	10,849	8,598	7,460
Plus dilutive effect of stock options	91	120	79
Diluted	10,940	8,718	7,539
Earnings per common share:			
Basic	$1.77	$1.74	$1.41
Diluted	$1.75	$1.72	$1.40

Options to purchase approximately 73, 47 and 41 shares for the years ended December 31, 2000, 1999 and 1998, 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 shares.

14. 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 seven 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) Arlington Park and its OTBs (5) Ellis Park racetrack and its on- site simulcast facility, (6) Hoosier Park racetrack and its on-site simulcast facility and the other three Indiana simulcast facilities and (7) Other investments, including 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 years ended December 31, 2000 and 1999, are now reported separate of Churchill Downs racetrack revenues and expenses. The Company did not track corporate revenues and expenses during 1998, therefore, corporate revenues and expenses for 1998 are not reported separate of Churchill Downs racetrack reveneus 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 subsidy revenue, admissions, concessions revenue, sponsorship revenues, licensing rights and broadcast fees, lease income 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, 2000. Earnings before interest, taxes, depreciation and amortization ("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 of America) as a measure of our operating results or cash flows (as determined in accordance with accounting principles generally accepted in the United States of America) or as a measure of our liquidity.

(in thousands, except per share data)

14. Segment Information (cont'd)

The table below presents information about reported segments for the years ended December 31, 2000, 1999 and 1998:

	December 31,		
	2000	1999	1998
Net revenues:			
Churchill Downs	$ 89,547	$ 82,429	$ 80,925
Hollywood Park	105,628	30,494	-
Calder Race Course	77,552	72,418	-
Arlington Park	14,781	-	-
Hoosier Park	51,250	51,280	47,744
Ellis Park	16,119	19,653	17,386
Other investments	13,069	6,151	2,497
	367,946	262,425	148,552
Corporate revenues	778	-	-
Eliminations	(6,708)	(3,998)	(1,252)
	$362,016	$258,427	$147,300
EBITDA:			
Churchill Downs	$21,715	$17,789	$14,416
Hollywood Park	18,898	3,842	-
Calder Race Course	16,718	17,946	-
Arlington Park	(427)	-	-
Hoosier Park	5,920	6,423	5,599
Ellis Park	936	2,071	2,305
Other investments	7,815	1,314	909
	71,575	49,385	23,229
Corporate expenses	(8,486)	(5,679)	-
	$63,089	$43,706	$23,229
Operating income (loss):			
Churchill Downs	$17,857	$14,240	$10,700
Hollywood Park	14,407	2,574	-
Calder Race Course	13,397	15,564	-
Arlington Park	(1,133)	-	-
Hoosier Park	4,538	5,246	4,499
Ellis Park	(481)	721	1,422
Other investments	6,252	(153)	522
	54,837	38,192	17,143
Corporate expenses	(8,259)	(5,679)	-
	$46,578	$32,513	$17,143

(in thousands, except per share data)

14. Segment Information (cont'd)

	As of December 31,		
	2000	1999	1998
Total Assets:			
Churchill Downs	$358,081	$345,909	$ 89,427
Hollywood Park	174,232	153,126	-
Calder Race Course	127,666	114,396	-
Arlington Park	74,554	-	-
Hoosier Park	32,718	32,559	31,732
Ellis Park	21,381	25,015	23,038
Other investments	45,390	312,272	71,109
	834,022	983,277	215,306
Eliminations	(364,018)	(585,231)	(100,655)
	$470,004	$398,046	$114,651

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

	December 31,		
	2000	1999	1998
Total EBITDA	$63,089	$43,706	$23,229
Depreciation and amortization	(16,677)	(10,859)	(5,744)
Interest income (expense), net	(13,825)	(6,992)	(216)
Earnings before provision for income taxes	$32,587	$25,855	$17,269

Supplementary Financial Information (Unaudited)
(In thousands, except per share data)

Common Stock Information
Per Share of Common Stock

	Net Revenues	Operating Income (Loss)	Net Earnings (Loss)	Basic Earnings (Loss)	Diluted Earnings (Loss)	Dividends	Bid Price High	Bid Price Low
2000	$362,016	$46,578	$19,164	$1.77	$1.75			
Fourth Quarter	$100,897	$6,806	$2,286	$0.18	$0.17	$0.50	$35.69	$25.25
Third Quarter	103,536	15,824	7,303	0.69	0.68		25.88	21.69
Second Quarter	131,938	35,488	18,340	1.86	1.85		26.00	21.75
First Quarter	25,645	(11,540)	(8,765)	(0.89)	(0.89)		26.25	21.00
1999	$258,427	$32,513	$14,976	$1.74	$1.72			
Fourth Quarter	$93,548	$8,784	$3,128	$0.32	$0.31	$0.50	$26.00	$20.13
Third Quarter	63,076	3,635	1,192	0.13	0.12		33.63	22.50
Second Quarter	84,140	24,891	13,666	1.82	1.79		35.75	26.00
First Quarter	17,663	(4,797)	(3,010)	(0.40)	(0.40)		38.75	26.25
1998	$147,300	$17,143	$10,518	$1.41	$1.40			
Fourth Quarter	$31,242	$(1,291)	$(780)	$(0.10)	$(0.10)	$0.50	$36.44	$27.25
Third Quarter	33,299	(1,016)	(655)	(0.09)	(0.09)		41.44	27.63
Second Quarter	67,374	22,220	13,522	1.81	1.79		43.25	24.00
First Quarter	15,385	(2,770)	(1,569)	(0.21)	(0.21)		25.31	19.31

The Company's Common Stock is traded on the National Association of Securities Dealers, Inc.'s National Market("Nasdaq") under the symbol CHDN. As of March 14, 2001, there were approximately 3,420 shareholders of record.

Earnings (loss) per share and other per share amounts have been retroactively adjusted for the 2-for-1 stock split with a record date of March 30, 1998.

On July 20, 1999 the Company issued 2.3 million shares of common stock at a public offering price of $29 per share.

In September 2000, we issued 3.15 million shares of common stock at a price of $16.28 related to the Arlington Park merger.

Quarterly earnings (loss) per share figures may not equal total earnings (loss) per share for the year due in part to the fluctuation of the market price of the stock.

The above table sets forth the high and low bid quotations (as reported by Nasdaq) and dividend payment information for the Company's Common Stock during its last three years.

SIGNATURES

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

CHURCHILL DOWNS INCORPORATED

March 23, 2001

/s/Robert L. Decker

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

March 23, 2001

/s/Michael E. Miller

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

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 33-85012, 333-62013, 33-61111, 333-41376, and 333-43486) of Churchill Downs Incorporated and its subsidiaries of our report dated February 27, 2001 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

\s\ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Louisville, Kentucky
March 16, 2001