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, 1998

[ ] 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 25, 1999, 7,525,041 shares of the Registrant's Common Stock were outstanding, and the aggregate market value of the shares held by nonaffiliates of the Registrant was $131,000,000.

Portions of the Registrant's Proxy Statement for its Annual Meeting of Shareholders to be held on June 17, 1999 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 58 to 59 of Form 10-K.

I N D E X

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders 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 consolidated financial position of Churchill Downs Incorporated and its subsidiaries as of December 31, 1998, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. In addition, in our opinion, the consolidated 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 generally accepted auditing standards 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 the opinion expressed above.

PricewaterhouseCoopers LLP
/s/PricewaterhouseCoopers LLP

Louisville, Kentucky
February 24, 1999

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 1998	1997	1996
Current assets:			
Cash and cash equivalents	$ 6,379,686	$ 9,280,233	$ 8,209,414
Accounts receivable	11,968,114	7,086,889	5,218,236
Other current assets	1,049,084	540,489	679,221
Total current assets	19,396,884	16,907,611	14,106,871
Other assets	3,796,292	3,884,080	1,574,714
Plant and equipment, net	83,088,204	63,162,767	62,882,189
Intangible assets, net	8,369,395	1,894,350	2,165,192
	$114,650,775	$85,848,808	$80,728,966

LIABILITIES AND STOCKHOLDERS' EQUITY	1998	1997	1996
Current liabilities:			
Accounts payable	$ 6,530,502	$ 5,732,783	$5,403,000
Accrued expenses	8,098,228	7,937,575	8,021,487
Dividends payable	3,762,521	3,658,468	2,375,271
Income taxes payable	257,588	186,642	2,510,508
Deferred revenue	8,412,552	7,344,830	6,511,902
Long-term debt, current portion	126,812	79,805	73,893
Total current liabilities	27,188,203	24,940,103	24,896,061
Long-term debt, due after one year	13,538,027	2,633,164	2,878,714
Outstanding mutuel tickets (payable after one year)	806,573	1,625,846	2,031,500
Deferred compensation	949,187	880,098	825,211
Deferred income taxes	6,937,797	2,377,100	2,316,600
Stockholders' equity:			
Preferred stock, no par value; authorized, 250,000 shares; issued, none	-	-	-
Common stock, no par value; authorized, 20,000,000 shares, issued 7,525,041 shares, 1998, 7,316,934 shares, 1997 and 7,308,524 shares, 1996	8,926,975	3,614,567	3,493,042
Retained earnings	56,598,957	49,842,930	44,352,838
Deferred compensation costs	(229,944)	-	-
Note receivable for common stock	(65,000)	(65,000)	(65,000)
	65,230,988	53,392,497	47,780,880
	$114,650,775	$85,848,808	$80,728,966

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS

	Years ended December 31, 1998	1997	1996
Net revenues	$147,300,299	$118,907,367	$107,858,818
Operating expenses:			
Purses	50,192,973	39,718,374	34,439,143
Other direct expenses	68,895,654	55,705,722	52,438,836
	119,088,627	95,424,096	86,877,979
Gross profit	28,211,672	23,483,271	20,980,839
Selling, general and administrative	11,068,262	9,077,983	8,665,942
Operating income	17,143,410	14,405,288	12,314,897
Other income (expense):			
Interest income	679,782	575,084	390,669
Interest expense	(896,067)	(332,117)	(337,438)
Miscellaneous income	342,423	325,087	673,398
	126,138	568,054	726,629
Earnings before provision for income taxes	17,269,548	14,973,342	13,041,526
Provision for income taxes	6,751,000	5,824,782	4,970,000
Net earnings	$10,518,548	$9,148,560	$8,071,526
Earnings per common share data:			
Basic	$1.41	$1.25	$1.08
Diluted	$1.40	$1.25	$1.08
Weighted average shares : outstanding			
Basic	7,460,058	7,312,052	7,445,542
Diluted	7,539,482	7,320,670	7,447,706

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 1998, 1997 and 1996

	Common Shares	Stock Amount	Retained Earnings	Note Receivable Common Stock	Deferred Compensation Costs	Total
Balances December 31, 1995	7,569,206	$3,504,388	$43,486,460	$(65,000)	$(272,691)	$46,653,157
Net earnings			8,071,526			8,071,526
Deferred compensation amortization					272,691	272,691
Issuance of common stock at $14.45 per share	7,818	112,970				112,970
Repurchase of common stock	(268,500)	(124,316)	(4,829,877)			(4,954,193)
Cash dividends, $.33 per share			(2,375,271)			(2,375,271)
Balances December 31, 1996	7,308,524	3,493,042	44,352,838	(65,000)	-	47,780,880
Net earnings			9,148,560			9,148,560
Issuance of common stock at $14.45 per share	8,410	121,525				121,525
Cash dividends, $.50 per share			(3,658,468)			(3,658,468)
Balances December 31, 1997	7,316,934	3,614,567	49,842,930	(65,000)	-	53,392,497
Net earnings			10,518,548			10,518,548
Deferred compensation		344,046			(344,046)	-
Deferred compensation amortization					114,102	114,102
Issuance of common stock at $24.25 per share in conjunction with RCA acquisition	200,000	4,850,000				4,850,000
Issuance of common stock at $14.60 per share	8,107	118,362				118,362
Cash dividends, $.50 per share			(3,762,521)			(3,762,521)
Balances December 31, 1998	7,525,041	$8,926,975	$56,598,957	$ (65,000)	$(229,944)	$65,230,988

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 1998	1997	1996
Cash flows from operating activities:			
Net earnings	$10,518,548	$9,148,560	$8,071,526
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	5,743,932	4,558,761	4,814,114
Deferred income taxes	(121,000)	352,100	(461,000)
Deferred compensation	183,191	54,887	226,690
Increase (decrease) in cash resulting from changes in operating assets and liabilities:			
Accounts receivable	(2,972,985)	(2,053,211)	(2,943,932)
Other current assets	(292,994)	(152,868)	232,699
Accounts payable	(1,245,550)	329,783	(1,114,508)
Accrued expenses	(579,904)	(83,912)	4,710,605
Income taxes payable (refundable)	70,946	(2,323,866)	1,461,000
Deferred revenue	757,889	1,017,486	237,958
Other assets and liabilities	(1,245,808)	(377,523)	(109,037)
Net cash provided by operating activities	10,816,265	10,470,197	15,126,115
Cash flows from investing activities:			
Acquisition of business, net of cash acquired of $517,151	(17,232,849)	-	-
Additions to plant and equipment, net	(3,524,032)	(4,568,494)	(2,570,795)
Purchase of minority-owned investment	-	(2,337,500)	-
Net cash used in investing activities	(20,756,881)	(6,905,994)	(2,570,795)
Cash flows from financing activities:			
Decrease in long-term debt, net	(140,164)	(239,638)	(3,468,569)
Borrowings on bank line of credit	22,000,000		
Repayments of bank line of credit	(11,000,000)		
Dividends paid	(3,658,468)	(2,375,271)	(1,892,302)
Common stock issued	118,362	121,525	112,970
Common stock repurchased	-	-	(4,954,193)
Loan origination costs	(279,661)	-	-
Net cash provided by (used in) financing activities	7,040,069	(2,493,384)	(10,202,094)
Net increase (decrease) in cash and cash equivalents	(2,900,547)	1,070,819	2,353,226
Cash and cash equivalents, beginning of period	9,280,233	8,209,414	5,856,188
Cash and cash equivalents, end of period	$6,379,686	$9,280,233	$8,209,414
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$497,307	$151,397	$277,149
Income taxes	$7,129,540	$7,914,974	$3,970,000
Schedule of Non-cash Activities:			
Issuance of common stock related to the acquisition of RCA	$4,850,000	-	-
Invoicing for future Kentucky Derby and Oaks	$677,733	$402,328	$586,886
Plant & equipment additions included in accounts payable	$95,055	-	-
Compensation expense	$344,406	-	-

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 Spring, Summer and Fall live race meetings for Thoroughbred horses and participates in intrastate and interstate simulcast wagering at its racetracks in Kentucky. In Indiana, the Company, through its subsidiary, Hoosier Park L.P. (Hoosier Park), conducts live Thoroughbred, Quarter Horse and Standardbred horse races and participates in interstate simulcast wagering. Both its Kentucky 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, Ellis Park Race Course (Ellis Park), Churchill Downs Management Company (CDMC), Churchill Downs Investment Company (CDIC), the Kentucky Horse Center and Anderson Park Inc. (Anderson) and its majority-owned subsidiary, Hoosier Park. All significant intercompany balances and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles 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 Follows:

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.

Plant and Equipment:

Plant and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

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

Intangible Assets:

Amortization of the cost of acquisition in excess of fair value of assets acquired and the Indiana racing license is provided over 40 years using the straight-line method. Organizational costs were amortized using the straight-line method over 24 months to 60 months. Loan origination costs on the Company's line of credit are being amortized under the effective interest method over 36 months, the term of the loan.

Long-lived Assets:

In the event that facts 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.

Deferred Revenue:

Deferred revenue includes primarily advance sales related to the Kentucky Derby and Oaks races in Kentucky.

Stock-Based Compensation:

The Company accounts for 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" proforma disclosure of net earnings and earnings per share are presented in Note 10 as if SFAS No. 123 had been applied.

Reclassification:

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

2. Acquisitions:

On April 21, 1998, the Company acquired from TVI Corp., ("TVI") all of the outstanding stock of Racing Corporation of America ("RCA") for a purchase price of $22.6 million, including transaction costs. RCA owns and operates Ellis Park Race Course in Henderson, Kentucky, and the Kentucky Horse Center, a training facility located in Lexington, Kentucky. The purchase price was paid as 200,000 shares of the Company's common stock valued at $4.9 million with the remainder paid in cash. The purchase price was allocated to the acquired assets and liabilities based on their fair values on the acquisition date with the excess of $6.4 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.

Pursuant to the terms of the purchase agreement between the Company and TVI, if alternative gaming (whether full casino, slot machine or video lottery) is legalized in the Commonwealth of Kentucky by December 31, 2015, TVI will receive royalty payments equal to 50% of annual earnings before interest and taxes of the gaming operations at Ellis Park Race Course and at the Kentucky Horse Center. Should gaming be legalized before December 31, 2006, such royalties will be payable for ten years from the date that such gaming becomes fully operational. The royalty period will be reduced by one year for each year from 2006 through 2015 in which gaming is legalized.

Following are the unaudited pro forma results of operations as if the April 21, 1998 transaction had occurred on January 1, 1997 (in thousands, except per share and share amounts):

	1998	1997
Net revenues	$149,272	$137,316
Net earnings	$9,589	$8,845
Earnings per common share:		
Basic	$1.28	$1.18
Diluted	$1.26	$1.18
Weighted average shares outstanding:		
Basic	7,520,332	7,512,052
Diluted	7,599,756	7,520,670

2. Acquisitions: (cont'd)

This unaudited proforma financial information is not necessarily indicative of the operating results that would have occurred had the transaction been consummated as of January 1, 1997, nor is it necessarily indicative of future operating results.

In July 1997, the Company purchased a 24% interest in the Kentucky Downs racecourse in Franklin, Kentucky. The Company's investment of $2.2 million is accounted for under the equity method of accounting.

3. Plant and Equipment:

Plant and equipment is comprised of the following:

	1998	1997	1996
Land	$7,631,657	$5,999,036	$5,879,994
Grandstands and buildings	73,376,961	57,579,747	56,154,054
Equipment	4,979,383	3,416,306	2,936,129
Furniture and fixtures	5,341,119	4,327,797	3,603,276
Tracks and other improvements	37,997,696	33,118,100	31,377,753
Construction in process	249,438	113,210	74,206
	129,576,254	104,554,196	100,025,412
Accumulated depreciation	(46,488,050)	(41,391,429)	(37,143,223)
	$83,088,204	$63,162,767	$62,882,189

Depreciation expense was $5,490,450, $4,287,916, and $4,038,135 for the years ended December 31, 1998, 1997 and 1996.

4. Intangibles assets:

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

	1998	1997	1996
Cost of acquisition in excess of fair value of net assets acquired	$6,448,867	-	-
Indiana racing license	2,085,428	$2,085,428	$2,085,428
Loan origination costs	279,661	-	-
Organizational and preopening costs	-	-	932,738
	8,813,956	2,085,428	3,018,166
Accumulated amortization	(444,561)	(191,078)	(852,974)
	$8,369,395	$1,894,350	$2,165,192

4. Intangibles assets: (cont'd)

Amortization expense was $253,482, $270,845 and $775,979 for the years ended December 31, 1998, 1997 and 1996.

5. Income Taxes:

Components of the provision for income taxes are as follows:

	1998	1997	1996
Currently payable:			
Federal	$6,110,000	$4,616,800	$4,538,000
State & local	762,000	856,100	893,000
	6,872,000	5,472,900	5,431,000
Deferred:			
Federal	45,500	308,100	(382,000)
State & local	6,500	44,000	(79,000)
	52,000	352,100	(461,000)
Reversal of valuation allowance	(173,000)	-	-
	$6,751,000	$5,825,000	$4,970,000

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:

	1998	1997	1996
Federal statutory tax on earnings before income tax	$5,942,000	$5,141,000	$4,464,000
State income taxes, net of federal income tax benefit	747,000	612,000	537,000
Permanent differences and other	235,000	72,000	(31,000)
Reversal of valuation allowance	(173,000)	-	-
	$6,751,000	$5,825,000	$4,970,000

At December 31, 1998, the Company has net operating loss carryforwards of approximately $3,885,000 for Indiana state income tax purposes expiring from 2009 through 2011 and approximately $8,786,000 for Kentucky state income tax purposes expiring from 2002 through 2011. Management has determined that its ability to realize future benefits of the state net operating loss carryforwards meets the "more likely than not" criteria of SFAS No. 109, "Accounting for Income Taxes"; therefore, no valuation allowance has been recorded at December 31, 1998.

5. Income Taxes: (cont'd)

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

	1998	1997	1996
Deferred tax liabilities:			
Property & equipment in excess of tax basis	$7,804,600	$2,415,000	$2,284,000
Racing license in excess of tax basis	650,000	636,000	657,000
Deferred tax liabilities	8,454,600	3,051,000	2,941,000
Deferred tax assets:			
Supplemental benefit plan	315,400	295,000	273,000
State net operating loss carryforwards	856,700	173,000	176,000
Allowance for uncollectible receivables	87,100	71,000	66,000
Other assets	191,300	250,000	136,000
Other accruals	246,100	128,400	511,500
Deferred tax assets	1,696,600	917,400	1,162,500
Valuation allowance for state net operating loss carryforwards	-	173,000	176,000
Net deferred tax liability	$6,758,000	$2,306,600	$1,954,500

Income taxes are classified in the balance sheet as follows:

	1998	1997	1996
Net non-current deferred tax liability	$6,937,800	$2,377,100	$2,316,600
Net current deferred tax asset	(179,800)	(70,500)	(362,100)
	$6,758,000	$2,306,600	$1,954,500

6. Stockholders' Equity:

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.

Additionally, the Company's Board of Directors approved a stockholder "Rights Plan" (the "Plan") on March 19, 1998, which grants each stockholder 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. The rights will become exercisable 10 business days (or such later date as determined by the Board of Directors) after any person or group acquires, obtains a right to acquire or announces a tender offer for 15% or more of the Company's outstanding common stock. The rights would allow the holder to purchase preferred stock of the Company at a 50% discount. The Plan is intended to protect stockholders from takeover tactics that may be used by an acquirer that the Board believes are not in the best interests of the shareholders. The Plan expires on March 19, 2008.

7. Employee Benefit Plans:

The Company has a profit-sharing plan that covers all full-time employees with one year or more of service. The Company will match contributions made by the employee up to 2% of the employee's annual compensation and contribute a discretionary amount determined annually by the Board of Directors. The Company's contribution to the plan for the years ended December 31, 1998, 1997 and 1996 was $806,000, $535,000, and $402,000 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. Contributions are made in accordance with negotiated labor contracts. Retirement plan expense for the year ended December 31, 1998, 1997 and 1996 was $258,000, $205,000, and $183,000, 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, 1998, 1997 and 1996 was $55,200, $51,000, and $51,000 respectively.

8. Long-Term Debt:

On September 15, 1998, the Company obtained a $100 million line of credit, which expires in September 2001, through a syndicate of banks headed by its principal lender. The new credit facility replaces a $50 million line of credit obtained during the second quarter of 1998. The interest rate on borrowings is based upon LIBOR plus 50 to 112.5 additional basis points which is determined by certain Company financial ratios. There was $11.0 million outstanding on the line of credit at December 31, 1998, and no borrowings outstanding at December 31, 1997 and 1996 under previous lines of credit. Provisions contained in the line of credit agreement require the Company to maintain specified levels of net worth, a specific ratio of consolidated funded debt to consolidated earnings before interest, taxes, depreciation and amortization and a specific ratio of consolidated earnings before interest and taxes to the sum of consolidated interest expense and consolidated dividends.

The Company also has two non-interest bearing notes payable in the aggregate face amount of $900,000 relating to the purchase of an intrastate wagering license from the former owners of the Louisville Sports Spectrum property. Interest has been imputed at 8%. The balance of these notes net of unamortized discount was $196,000, $276,000, and $350,000 at December 31, 1998, 1997 and 1996, respectively. The notes require aggregate annual payments of $110,000.

On May 31, 1996, the Company entered into a Partnership Interest Purchase Agreement with Conseco, L.L.C. ("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 $2,600,000, of which the balance is $2,395,092 at December 31, 1998. The loan requires interest of prime plus 2% (9.75% at December 31, 1998) payable monthly with principal due November 2004. The note is collateralized by 10% of the assets of Hoosier Park. Conseco had an option to purchase an additional 47% interest in Hoosier Park which expired unexercised on December 31, 1998.

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

1999-	$ 127,000
2000-	126,000
2001-	11,008,000
2002-	9,000
2003-	-
Thereafter	2,395,000
	$13,665,000

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, as well as operating leases for the Indianapolis off-track betting facility and certain totalisator and audio/visual and other equipment and services. 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. Total rent expense for all operating leases was $4,022,000, $3,803,000 and $3,465,000 for the years ended December 31, 1998, 1997 and 1996.

Future minimum operating lease payments are as follows:

	Minimum Lease Payment
1999	$ 725,604
2000	704,625
2001	556,214
2002	462,045
2003	372,840
Thereafter	1,694,301
	$4,515,629

10. Stock-Based Compensation Plans:

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 as if the Company adopted the cost recognition provisions of SFAS 123 are presented below.

The Company is authorized to issue up to 300,000 shares and 400,000 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.

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

Employee Stock Options:

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 1998, 1997 and 1996. 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.

A summary of the status of the Company's stock options as of December 31, 1998, 1997 and 1996 and the changes during the year ended on those dates is presented below:

	1998		1997		1996	
	# 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	426,532	$19.45	337,000	$19.08	248,000	$22.34
Granted	51,766	$32.50	89,532	$20.83	274,400	$18.97
Exercised	-	-	-	-	-	-
Canceled	-	-	-	-	185,400	$23.27
Forfeited	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding at end of year	478,298	$20.86	426,532	$19.45	337,000	$19.08
Exercisable at end of year	248,000	$21.02	207,400	$19.67	-	-
Weighted-average fair value per share of options granted during the year		$10.42		$6.34		$5.55

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 1998, 1997 and 1996, respectively: dividend yields ranging from 1.20% to 1.54%; risk- free interest rates are different for each grant and range from 5.75% to 6.63%; and the expected lives of options are different for each grant and range from approximately 5.83 to 6.5 years, and expected volatility rates of 24.86%, 19.38% and 18.75% for years ending December 31, 1998, 1997 and 1996.

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

The following table summarizes information about stock options outstanding at December 31, 1998:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/98	Weighted Average Remaining Contributing Life	Weighted Average Exercise Price	Number Exercisable at 12/31/98	Weighted Average Exercise Price
\$15.75 to \$19.25	315,900	6.05	\$18.72	211,000	\$20.89
\$21.25 to \$32.50	162,398	8.20	\$25.02	37,000	\$21.71
TOTAL	478,298	6.77	\$20.86	248,000	\$21.02

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 \$25,000 for each calendar year.

Under the Employee Stock Purchase Plan, the Company sold 8,107 shares of common stock to 102 employees pursuant to options granted on August 1, 1997, and exercised on July 31, 1998. Because the plan year overlaps the Company's fiscal year, the number of shares to be sold pursuant to options granted on August 1, 1998, can only be estimated because the 1998 plan year is not yet complete. The Company's estimate of options granted in 1998 under the Plan is based on the number of shares sold to employees under the Plan for the 1997 plan year, adjusted to reflect the change in the number of employees participating in the Plan in 1998.

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, 1998, 1997 and 1996 and the changes during the year ended on those dates is presented below:

	1998		1997		1996	
	# 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	8,030	$14.60	8,000	$14.45	7,818	$14.45
Adjustment to prior year estimated grants	77	$14.60	410	$14.45	-	-
Granted	5,238	$31.45	8,030	$18.94	8,000	$17.22
Exercised	8,107	$14.60	8,410	$14.95	7,818	$14.45
Forfeited	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding at end of year	5,238	$31.45	8,030	$18.94	8,000	$17.22
Exercisable at end of year	-	-	-	-	-	-
Weighted-average Fair value per share of options granted during the year	$12.16		$5.36		$5.35	

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

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 1998, 1997 and 1996 would approximate the pro forma amounts presented below:

	1998	1997	1996
Net earnings:			
As reported	$10,518,548	$9,148,560	$8,071,526
Pro-forma	$10,086,914	$8,605,000	7,530,000
Earnings per common share:			
As reported			
Basic	$1.41	$1.25	$1.08
Diluted	$1.40	$1.25	$1.08
Pro-forma			
Basic	$1.35	$1.18	$1.01
Diluted	$1.34	$1.18	$1.01

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:

Financial Accounting Standards Board ("FASB") Statement No. 107, "Disclosure about Fair Value of Financial Instruments," is a part of a continuing process by the FASB to improve information on financial instruments. The following methods and assumptions were used by the Company in estimating its fair value disclosures for such financial instruments as defined by the Statement:

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.

12. Contingencies:

On January 22, 1992, the Company acquired certain assets of Louisville Downs, Incorporated for $5,000,000 including the site of the Louisville Sports Spectrum. In conjunction with this purchase, the Company withheld $1,000,000 from the amount due to the sellers to offset certain costs related to the remediation of environmental contamination associated with underground storage tanks at the site. All of the $1,000,000 hold back had been utilized as of December 31, 1998 and additional costs of remediation have not yet been conclusively determined. The sellers have now received a reimbursement from the State of Kentucky of $995,000 for remediation costs and that amount is now being held in an escrow account to pay further costs of remediation. Approximately $985,000 remains in the account. In addition to the hold back, the Company has obtained an indemnity to cover the full cost of remediation from the prior owner of the property.

It is not anticipated that the Company will have any 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.

13. Earnings Per Common Share Computations:

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

	1998	1997	1996
Net earnings (numerator) amounts used for basic and diluted per share computations:	$10,518,548	$9,148,560	$8,071,526
Weighted average shares (denominator) of common stock outstanding per share computations:			
Basic	7,460,058	7,312,052	7,445,542
Plus dilutive effect of stock options	79,424	8,618	2,164
Diluted	7,539,482	7,320,670	7,447,706
Earnings per common share:			
Basic	$1.41	$1.25	$1.08
Diluted	$1.40	$1.25	$1.08

Options to purchase 51,766, 9,800 and 135,250 shares for the years ended December 31, 1998, 1997 and 1996, 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

In 1998 the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company has determined that it currently operates in the following four segments: (1) Churchill Downs racetrack and the Louisville Sports Spectrum simulcast facility, (2) Ellis Park racetrack and its on-site simulcast facility, (3) Hoosier Park racetrack and its on-site simulcast facility and the other three Indiana simulcast facilities and (4) Other operations.

Most of the Company's revenues are generated from commissions on pari-mutuel wagering at the Company's racetracks and simulcast wagering facilities, as well as simulcast fees, admissions and concessions revenue and other sources. Other operations includes the Kentucky Horse Center and the Company's investments in various other business enterprises. The Company's equity in the net income of equity method investees is not significant. Eliminations include the elimination of management fees and other intersegment transactions.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies." The Company evaluates the performance of its segments and allocates resources to them based on earnings before interest, taxes, depreciation and amortization ("EBITDA") and operating income.

14. Segment Information: (cont'd)

The table below presents information about reported segments for the years ending December 31, 1998, 1997 and 1996:

Segment Information (in thousands)

	Churchill Downs	Hoosier Park	Ellis Park	Other operations	Elimina- tions	Total
Net revenues:						
1998	$80,925	$47,744	$17,386	$2,497	$(1,252)	$147,300
1997	77,404	41,503	-	1,299	(1,299)	118,907
1996	74,540	33,319	-	1,334	(1,334)	107,859
EBITDA:						
1998	$14,417	$5,599	$2,305	$909	-	$23,230
1997	14,205	4,282	-	802	-	19,289
1996	15,390	1,565	-	847	-	17,802
Operating income:						
1998	$10,700	$4,499	$1,422	$522	-	$17,143
1997	10,557	3,088	-	760	-	14,405
1996	11,482	6	-	827	-	12,315
Total assets:						
1998	$89,427	$31,732	$23,038	$71,109	$(100,655)	$114,651
1997	72,490	29,689	-	31,180	(47,510)	85,849
1996	71,047	28,626	-	26,062	(45,006)	80,729

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

(in thousands)	1998	1997	1996
Total EBITDA	$23,230	$19,289	$17,802
Depreciation and amortization	(5,744)	(4,559)	(4,814)
Interest income (expense)	(216)	243	53
Earnings before provision for income taxes	$17,270	$14,973	$13,041

15. Subsequent Events:

On January 13, 1999, the Company acquired a 60% interest in Charlson Broadcast Technologies, LLC ("CBT") for a purchase price of $5.4 million. CBT provides simulcast graphic software video services to racetracks and simulcast wagering facilities throughout the United States. The purchase agreement includes provisions for an additional contingent purchase price to be paid by the Company to the former owners of the 60% interest based upon the achievement of certain operating targets.

On January 21,1999, the Company entered into an agreement to acquire all of the outstanding shares of Calder Race Course, Inc., and Tropical Park, Inc. ("Calder"), from KE Acquisition Corp., a private holding company. Terms of the agreement include a purchase price of $86 million subject to certain adjustments. Closing of the acquisition is expected in early April 1999.

Supplementary Financial Information(Unaudited) Common Stock Information

	Net Revenues	Operating Income (Loss)	Net Earnings (Loss)	Per Share of Common Stock: Basic Earnings (Loss)	Diluted Earnings (Loss)	Dividends	Market Price High	Low
1998	$147,300,299	$17,143,410	$10,518,548	$1.41	$1.40			
Fourth Quarter	31,241,540	(1,290,562)	(779,990)	(.10)	(.10)	$0.50	$36.44	$27.25
Third Quarter	33,299,256	(1,016,288)	(654,915)	(.09)	(.09)		41.44	27.63
Second Quarter	67,374,352	22,219,991	13,522,484	1.81	1.79		43.25	24.00
First Quarter	15,385,151	(2,769,731)	(1,569,031)	(.21)	(.21)		25.31	19.31
1997	$118,907,367	$14,405,288	$9,148,560	$1.25	$1.25			
Fourth Quarter	28,021,261	(269,688)	30,749	0.00	0.00	$0.50	$23.38	$20.75
Third Quarter	16,827,607	(3,005,270)	(1,819,209)	(0.25)	(0.25)		21.00	16.25
Second Quarter	60,779,635	20,815,669	12,785,706	1.75	1.75		19.00	16.50
First Quarter	13,278,864	(3,135,423)	(1,848,686)	(0.25)	(0.25)		18.50	16.00
1996	$107,858,818	$12,314,897	$ 8,071,526	$1.08	$1.08			
Fourth Quarter	26,369,324	(1,092,044)	(171,138)	(0.02)	(0.02)	$0.33	$18.25	$17.00
Third Quarter	15,200,752	(2,782,430)	(1,580,988)	(0.21)	(0.21)		18.75	17.00
Second Quarter	54,939,249	19,637,584	11,896,865	1.59	1.59		22.00	18.00
First Quarter	11,349,493	(3,448,213)	(2,073,213)	(0.27)	(0.27)		20.00	16.00

The Company's Common Stock is traded in the over-the-counter market. As of March 29, 1993, the Company's Common Stock was listed on the National Association of Securities Dealers, Inc.'s SmallCap Market under the symbol CHDN. As of March 24, 1999, there were approximately 3,100 stockholders 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.

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. Quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not necessarily reflect actual transactions.

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

June 15, 1999	\s\Thomas H. Meeker Thomas H. Meeker President and Chief Executive Officer (Director and Principal Executive Officer)
June 15, 1999	\s\Robert L. Decker Robert L. Decker Executive Vice President and Chief Financial Officer (Principal Financial Officer)
June 15, 1999	\s\Vicki L. Baumgardner Vicki L. Baumgardner Vice President, Finance and Treasurer (Principal Accounting Officer)

EXHIBIT (21)

Subsidiary	State/Jurisdiction of Incorporation/Organization
Churchill Downs Management Company	Kentucky
Hoosier Park, L.P. (limited partnership)	Indiana
Ellis Park Race Course, Inc.	Kentucky
Racing Corporation of America d/b/a Kentucky Horse Center	Delaware
Calder Race Course, Inc.	Florida
Tropical Park, Inc	Florida

EXHIBIT (23)

We consent to the incorporation by reference in the registration statements of Churchill Downs Incorporated on Forms S-8 (File Nos. 33-85012, 333-62013 and 33-61111) of our report, dated February 24, 1999 on our audits of the consolidated financial statements and consolidated financial statement schedule of Churchill Downs Incorporated as of December 31, 1998, 1997 and 1996 and for each of the three years then ended which report is included in this Annual report on Form 10-K/A.

\s\ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Louisville, Kentucky
June 15, 1999