

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended December 31, 1995

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
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 of Incorporation) (I.R.S. 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

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 Sections 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 the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

As of March 28, 1996, the estimated aggregate market value of the shares of the Registrant's Common Stock held by non-affiliates of the Registrant was approximately \$105,000,000.

As of March 28, 1996, 3,784,605 shares of the Registrant's Common Stock were outstanding.

Portions of the Registrant's Proxy Statement for its Annual Meeting of Shareholders to be held on June 13, 1996 are incorporated by reference herein in response to Items 10, 11, 12, and 13 of Part III of Form 10-K.

This Report consists of 20 consecutively numbered pages.

The date of this Report is April 29, 1996.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors
Churchill Downs Incorporated

We have audited the accompanying consolidated balance sheets of Churchill Downs Incorporated and subsidiaries as of December 31, 1995, December 31, 1994, and December 31, 1993 and the related consolidated statements of earnings, stockholders' equity and cash flows, and the consolidated financial statement schedule, for the years ended December 31, 1995, December 31, 1994, and for the eleven month period ended December 31, 1993 as listed in Item 14 of this Form 10-K. These consolidated 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Churchill Downs Incorporated and subsidiaries as of December 31, 1995, December 31, 1994, and December 31, 1993 and the results of their operations and cash flows for the years ended December 31, 1995, December 31, 1994, and for the eleven month period ended December 31, 1993 in conformity with generally accepted accounting principles. In addition, in our opinion, the consolidated financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects, the information required to be included therein for the years ended December 31, 1995, December 31, 1994, and for the eleven month period ended December 31, 1993.

As discussed in Note 3 to the consolidated financial statements, the Company changed its method of accounting for income taxes as of February 1, 1993.

/s/Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.

Louisville, Kentucky
March 8, 1996

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 1995 -----	December 31, 1994 -----	December 31, 1993 -----
Current assets:			
Cash and cash equivalents	\$ 5,856,188	\$ 2,521,033	\$11,117,716
Accounts receivable	2,098,901	2,277,218	3,716,202
Other current assets	549,820	741,560	682,754
	-----	-----	-----
Total current assets	8,504,909	5,539,811	15,516,672
Other assets	4,632,044	5,058,524	1,973,009
Racing plant and equipment	97,451,463	89,537,701	66,227,497
Less accumulated depreciation	(33,101,934)	(29,960,196)	(26,897,219)
	-----	-----	-----
	64,349,529	59,577,505	39,330,278
	-----	-----	-----
	\$77,486,482	\$70,175,840	\$56,819,959
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$6,517,508	\$4,567,292	\$2,248,825
Accrued expenses	3,310,882	2,347,668	2,310,696
Dividends payable	1,892,302	1,891,759	1,886,965
Income taxes payable	1,049,508	-	1,492,740
Deferred revenue	6,098,541	6,142,111	8,134,737
Notes payable	70,097	722,235	219,465
	-----	-----	-----
Total current liabilities	18,938,838	15,671,065	16,293,428
Notes payable	6,351,079	7,961,079	524,431
Outstanding mutuel tickets (payable after one year)	2,256,696	1,523,600	953,881
Deferred compensation	871,212	690,178	633,366
Deferred income taxes	2,415,500	2,248,000	1,419,000
Minority interest in equity of consolidated subsidiary	-	78,771	-
Stockholders' equity:			
Preferred stock, no par value; authorized, 250,000 shares; issued, none			
Common stock, no par value; authorized, 10,000,000 shares, issued 3,784,605 shares, 1995, 3,783,318 shares, 1994, and 3,773,930 shares, 1993	3,504,388	3,437,911	2,977,911
Retained earnings	43,486,460	39,175,627	34,901,033
Deferred compensation costs	(272,691)	(545,391)	(818,091)
Note receivable for common stock	(65,000)	(65,000)	(65,000)
	-----	-----	-----
	46,653,157	42,003,147	36,995,853
	-----	-----	-----
	\$77,486,482	\$70,175,840	\$56,819,959
	=====	=====	=====

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended December 31, 1995 -----	Year Ended December 31, 1994 -----	Eleven Months Ended December 31, 1993 -----
Net revenues	\$92,434,216	\$66,419,460	\$55,809,889
Operating expenses:			
Purses and stakes	27,651,482	20,422,174	16,690,246
Other direct expenses	46,117,000	28,914,924	24,140,553
	-----	-----	-----
	73,768,482	49,337,098	40,830,799
	-----	-----	-----
Gross profit	18,665,734	17,082,362	14,979,100
Selling, general and administrative	8,360,524	7,221,276	6,019,880
	-----	-----	-----
Operating income	10,305,210	9,861,086	8,959,220
	-----	-----	-----
Other income (expense):			
Interest income	233,556	292,115	324,017
Interest expense	(572,779)	(175,534)	-
Miscellaneous income	288,148	174,386	195,597
	-----	-----	-----
	(51,075)	290,967	519,614
	-----	-----	-----
Earnings before income taxes	10,254,135	10,152,053	9,478,834
	-----	-----	-----
Income taxes:			
Current	3,883,500	3,856,700	3,787,000
Deferred	167,500	129,000	(153,200)
	-----	-----	-----
	4,051,000	3,985,700	3,633,800
	-----	-----	-----
Earnings before cumulative effect of accounting change	6,203,135	6,166,353	5,845,034
Cumulative effect of accounting change	-	-	61,000
	-----	-----	-----
Net earnings	\$6,203,135	\$ 6,166,353	\$5,906,034
	=====	=====	=====
Earnings per share before cumulative effect of accounting change	\$1.64	\$1.63	\$1.55
Cumulative effect of accounting change	-	-	.01
	-----	-----	-----
Net earnings per share (based on weighted average shares outstanding of 3,784,140, 3,778,350 and 3,775,444, respectively)	\$1.64	\$1.63	\$1.56
	=====	=====	=====

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 1995, December 31, 1994 and the eleven months ended December 31, 1993

	Common Stock	Retained Earnings	Note Receivable for Common Stock	Deferred Compensation Costs	Total
Balances January 31, 1993	\$2,159,820	\$30,881,964	\$ (65,000)		\$32,976,784
Net earnings		5,906,034			5,906,034
Deferred compensation	818,091			\$(818,091)	
Cash dividends, \$.50 per share		(1,886,965)			(1,886,965)
	-----	-----	-----	-----	-----
Balances December 31, 1993	2,977,911	34,901,033	(65,000)	(818,091)	36,995,853
Net earnings		6,166,353			6,166,353
Deferred compensation amortization				272,700	272,700
Cash dividends, \$.50 per share		(1,891,759)			(1,891,759)
Issuance of 9,388 shares of common stock at \$49.00 per share	460,000				460,000
	-----	-----	-----	-----	-----
Balances December 31, 1994	3,437,911	39,175,627	(65,000)	(545,391)	42,003,147
Net earnings		6,203,135			6,203,135
Deferred Compensation Amortization				272,700	272,700
Issuance of 1,287 shares of common stock at \$51.65 per share	66,477				66,477
Cash dividends, \$.50 per share		(1,892,302)			(1,892,302)
	-----	-----	-----	-----	-----
Balances December 31, 1995	\$3,504,388	\$43,486,460	\$(65,000)	\$(272,691)	\$46,653,157
	=====	=====	=====	=====	=====

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 1995	Year Ended December 31, 1994	Eleven Months Ended December 31, 1993
Cash flows from operating activities:			
Net earnings	\$ 6,203,135	\$ 6,166,353	\$ 5,906,034
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	4,506,427	3,327,731	2,387,618
Deferred income taxes	167,500	129,000	(214,200)
Deferred compensation	142,534	640,712	-
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	178,317	1,438,984	(1,843,885)
Other current assets	191,740	(44,526)	(65,606)
Income taxes payable	1,049,508	(1,492,740)	837,758
Deferred revenue	(43,570)	(1,992,626)	(131,748)
Accounts payable, accrued expenses and other	4,144,532	3,227,085	1,850,625
	-----	-----	-----
Net cash provided by operating activities	16,540,123	11,399,973	8,726,596
	-----	-----	-----
Cash flows from investing activities:			
Additions to racing plant and equipment, net	(8,589,535)	(23,310,204)	(1,409,888)
Acquisition of Anderson Park, net of note payable of \$1,100,000	-	(850,000)	-
Additions in intangible assets	(461,536)	(1,248,905)	-
Purchase of investments	-	-	(450,000)
	-----	-----	-----
Net cash used in investing activities	(9,051,071)	(25,409,109)	(1,859,888)
	-----	-----	-----
Cash flows from financing activities:			
Increase (decrease) in bank notes payable, net	(2,262,138)	7,299,418	(501,205)
Dividends paid	(1,891,759)	(1,886,965)	-
	-----	-----	-----
Net cash used in financing activities	(4,153,897)	5,412,453	(501,205)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	3,335,155	(8,596,683)	6,365,503
Cash and cash equivalents, beginning of period	2,521,033	11,117,716	4,752,213
	-----	-----	-----
Cash and cash equivalents, end of period	\$5,856,188	\$ 2,521,033	\$11,117,716
	=====	=====	=====
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	\$ 485,908	\$ 102,626	\$ 103,691
Income taxes	\$2,790,000	\$ 5,393,000	\$2,840,000

Noncash investing and financing activities:

During 1994, \$460,000 of notes payable was paid by the issuance of common stock.

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

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION:

Churchill Downs Incorporated (the "Company") conducts Spring and Fall live race meetings for Thoroughbred horses and participates in intertrack and interstate simulcast wagering as a host track and as a receiving track in Kentucky. In Indiana, the Company, through its subsidiary, Hoosier Park L.P. (Hoosier Park), conducts live Thoroughbred and Standardbred race meetings and participates in 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, Churchill Downs Management Company and Anderson Park Inc. and its majority owned subsidiary, Hoosier Park, L.P. 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, had cash in bank in excess of federally insured limits.

RACING PLANT AND EQUIPMENT:

Racing plant and equipment are recorded at cost. Depreciation is provided by accelerated and straight-line methods over the estimated useful lives of the related assets.

DEFERRED REVENUE:

Deferred revenue includes advance sales of tickets.

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

RECLASSIFICATION:

Certain prior year accounts have been reclassified to conform to the current year presentation.

EARNINGS PER SHARE:

Earnings per share has been computed by dividing net earnings by the weighted average number of common shares and equivalents outstanding. Common share equivalents included in the computation represent shares issuable upon assumed exercise of stock options which would have a dilutive effect on earnings. Such equivalents had no material effect on the computation for the periods ended December 31, 1995, 1994 and 1993.

IMPACT OF REPORTING PERIOD:

In 1993, the Company changed to a calendar year from a fiscal year ending January 31. The change of fiscal year resulted in a transition period of eleven months which began February 1, 1993 and ended December 31, 1993.

	Twelve Months Ended December 31	
	1994 -----	1993 Unaudited -----
Net revenues	66,419,460	57,596,544
Gross profit	17,082,362	15,489,722
Income taxes	3,985,700	3,495,000
Earnings before cumulative effect of accounting change	6,166,353	5,421,253
Cumulative effect of accounting change	-	61,000
Net earnings	6,166,353	5,482,253
Earnings per share before cumulative effect of accounting change	1.63	1.44
Cumulative effect of accounting change	-	.01
Earnings per share	1.63	1.45

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

2. RACING PLANT AND EQUIPMENT:

Racing plant and equipment are summarized as follows:

	December 31, 1995	December 31, 1994	December 31, 1993
Land	5,930,242	\$ 5,864,863	\$ 5,033,145
Grandstands and buildings	55,946,326	48,749,083	35,291,747
Equipment	2,685,026	2,110,793	1,526,524
Furniture and fixtures	3,435,761	3,586,659	2,961,423
Tracks and other improvements	29,332,188	28,364,732	20,706,395
Construction in process	121,920	861,571	708,263
	-----	-----	-----
	\$97,451,463	\$89,537,701	\$66,227,497
	=====	=====	=====

Depreciation expense was \$3,817,511 and \$3,062,978 for the years ended December 31, 1995 and 1994 and \$2,387,618 for the eleven months ended December 31, 1993.

3. INCOME TAXES:

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 109, ACCOUNTING FOR INCOME TAXES, as of February 1, 1993. SFAS No. 109 changes the method of accounting for income taxes from the deferred to the liability method. Under the liability method, deferred income taxes at the end of each period are determined by using the enacted tax rates for the years in which the taxes are expected to be paid or recovered. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be recovered. Under the deferred method, deferred income taxes were recognized using the tax rates in effect when the tax was first recorded.

The adoption of SFAS No. 109 required revaluation of the Company's deferred income tax liability to reflect the provisions of this statement. The cumulative effect of this change as of February 1, 1993 increased net earnings for the eleven months ended December 31, 1993 by approximately \$61,000, or \$.01 per share. Prior year financial statements were not restated for this accounting change.

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

The components of the net deferred tax liability recognized in the accompanying balance sheet as of December 31 follow:

	1995	1994	1993
	-----	-----	-----
Deferred tax liability	\$2,841,000	\$2,737,000	\$1,907,000
Deferred tax asset	(529,500)	(489,000)	(488,000)
Valuation allowance	104,000	-	-
	-----	-----	-----
	\$2,415,500	\$2,248,000	\$1,419,000
	=====	=====	=====

At December 31, 1995, the Company has operating loss carry forwards of approximately \$3,000,000 for Indiana State income tax purposes expiring from 2009 through 2010. Based on the weight of evidence, both negative and positive, including the lack of historical earnings in the state of Indiana, the Company has provided a valuation allowance because it is unable to assert that it is more likely than not to realize some portion or all of the deferred tax asset attributable to the Indiana State income tax net operating loss carry forwards.

Significant components of the Company's deferred tax assets and liabilities at December 31 follows:

	1995	1994	1993
	-----	-----	-----
Excess of book over tax basis of property & equipment	\$2,161,000	\$2,037,000	\$1,907,000
Book basis of racing license in excess of tax basis	680,000	700,000	-
Accrual for supplemental benefit plan	(252,900)	(230,000)	(210,000)
Net operating loss carryforwards	(104,000)	-	-
Allowance for uncollectible receivables	(54,000)	(86,000)	(86,000)
Other accruals	(118,600)	(173,000)	(192,000)
	-----	-----	-----
	2,311,500	2,248,000	1,419,000
Valuation allowance for deferred tax assets	104,000	-	-
	-----	-----	-----
	\$2,415,500	\$2,248,000	\$1,419,000
	=====	=====	=====

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

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:

	Year Ended December 31, 1995		Year Ended December 31, 1994		Eleven Months Ended December 31, 1993	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
Statutory tax on earnings before income tax	\$3,486,000	34.0%	\$3,452,000	34.0%	\$3,223,000	34.0%
State income taxes, net of federal income tax benefit	552,400	5.4%	533,700	5.3%	498,000	5.2%
Other	12,600	.1%	-	-	(87,200)	(.9%)
	-----	-----	-----	-----	-----	-----
	\$4,051,000	39.5%	\$3,985,700	39.3%	\$3,633,800	38.3%
	=====	=====	=====	=====	=====	=====

4. EMPLOYEE BENEFIT PLANS:

The Company has a profit-sharing plan which 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 cost of the plan for the years ended December 31, 1995, December 31, 1994 and the eleven months ended December 31, 1993 was \$280,000, \$276,000, and \$258,000, respectively.

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 year ended December 31, 1995, December 31, 1994 and the eleven months ended December 31, 1993 were \$57,000, \$49,000, and \$44,000, 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, 1995, December 31, 1994 and the eleven months ended December 31, 1993 were \$193,774, \$190,626 and \$179,770, respectively. The Company's policy is to fund this expense as accrued.

5. NOTES PAYABLE:

The Company has an unsecured \$20,000,000 bank line of credit with various options for the interest rate, none of which are greater than the bank's prime rate. The rate in effect at December 31, 1995 was 6.85%. Borrowings are payable on January 31, 1997. There was \$6.0 million outstanding at December 31, 1995 and \$7.5 million outstanding at December 31, 1994. No borrowings were outstanding at December 31, 1993.

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

5. NOTES PAYABLE: (cont'd)

The Company also has two non-interest bearing notes payable in the aggregate face amount of \$900,000 relating to the purchase of an intertrack wagering license from the former owners of the Sports Spectrum property. Interest has been imputed at 8%. At December 31, 1995, the balance of these notes was \$420,000 net of an unamortized discount of \$152,000. The notes require aggregate annual payments of \$110,000 from September, 1993. As described in the contingency footnote (Note 10) any remediation costs for environmental cleanup can be offset against any amounts due under these notes payable.

Maturities of all notes payable for the five years following December 31, 1995 follow:

	PRINCIPLE AMOUNT
1996 - \$	68,000
1997 -	6,074,000
1998 -	80,000
1999 -	86,000
2000 and thereafter -	113,000

6. COMMITMENTS:

The Company contracts for totalisator equipment and service. A contract with a new vendor was entered into on November 1, 1993 and extends through October, 1998. The contract provides for rentals based on a percentage of pari-mutuel wagers registered by the totalisator equipment. Hoosier Park entered into a separate contract for totalisator equipment and service under an agreement which expires in 2001 and provides for variable rentals based on the level of activity.

Total rental expense follows:

	Year Ended December 31, 1995	Year Ended December 31, 1994	Eleven Months Ended December 31, 1993
	----- -----	----- -----	----- -----
Minimum rentals	\$ -	\$ -	\$427,000
Variable rentals	1,093,000	577,000	414,000
	----- \$1,093,000	----- \$577,000	----- \$841,000
	=====	=====	=====

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

7. STOCK OPTIONS:

At the June, 1994 annual meeting of stockholders, a stock option plan for key employees was approved. Options may be granted on no more than 200,000 shares of the Company's common stock.

The plan provides for granting of options to buy shares of the Company's common stock intended either to qualify as "incentive stock options" under the Internal Revenue Code of 1986 or "nonqualified stock options" not intended to so qualify. In accordance with the plan, options are exercisable over a 10 year period from date of grant.

Stock option activity follows:

	Option Price Per Share	Number Of Shares Exercisable In				Total
		1996	1997	1998	1999	
1993 ACTIVITY						
Granted	\$46.00-\$55.00	101,700	--	--	--	101,700
Total outstanding December 31, 1993		101,700	--	--	--	101,700
1994 ACTIVITY						
Granted	\$42.50-\$44.00	--	10,800	10,750	--	21,550
Cancelled	\$44.00-\$46.00	(9,000)	(1,000)	--	--	(10,000)
Total outstanding December 31, 1994		92,700	9,800	10,750	--	113,250
1995 Activity						
Granted	\$31.50	--	--	10,600	--	10,600
Total outstanding December 31, 1995		92,700	9,800	21,350	10,600	123,850

All incentive stock options and nonqualified stock options granted during 1995 and 1994 were granted at the closing high bid quotation on the business day immediately preceding the date of grant. In November 1993, nonqualified stock options were granted at \$46.00, the February 1, 1993 market price. The excess of the current market value of the stock at the date of grant over the option price has been accounted for as deferred compensation and is being expensed over the vesting period, three years.

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", is effective for the Company's year ended December 31, 1996. This statement introduces a fair-value based method of accounting for stock-based compensation, but allows companies that choose not to adopt the new rules to continue to apply the existing accounting rules contained in Accounting Principals Board Opinion No. 25 "Accounting For Stock Issued to Employees", provided proforma net income and earnings per share disclosures are provided under the new method. Management has not decided whether it will adopt FASB No. 123 to compute compensation charges, but does not believe that the statement will have a material effect on the Company's consolidated financial position or the consolidated results of its operations.

8. 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 SHORT-TERM INVESTMENTS

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.

9. ACQUISITION

On January 26, 1994 the Company purchased Anderson Park, Inc. ("API") for approximately \$1,950,000. API owned an Indiana Standardbred racing license and was in the process of constructing a racing facility in Anderson, Indiana. Subsequently, the facility was completed and contemporaneously with the commencement of operations on September 1, 1994, the net assets of API were contributed to a newly formed partnership, Hoosier Park, L.P. in return for an 87% general partnership interest.

CHURCHILL DOWNS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

10. CONTINGENCIES

On January 22, 1992, the company acquired certain assets of Louisville Downs, Incorporated for \$5,000,000. 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. Substantially all of the \$1,000,000 hold back has been utilized as of December 31, 1995. The remediation has also been approved to receive funds up to \$995,000 from the Kentucky Petroleum Storage Tank Environmental Assurance Fund (the "Fund"). In addition, the Company may offset any additional costs against additional amounts payable to the sellers for the acquisition 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 the property. Compliance with environmental laws has not otherwise affected development and operation the property and the Company is not otherwise subject to any material compliance costs in connection with federal or state environmental laws.

11. AGREEMENT TO SELL 10% OF HOOSIER PARK

In December 1995, the Company entered into a Partnership Interest Purchase Agreement with Conseco HPLP, L.L.C. ("Conseco") for the sale of 10% of the Company's partnership interest in HPLP to Conseco. The purchase price for the 10% partnership interest will be \$218,000 and the acquisition of a 10% interest in the debt owed by HPLP to CDMC at face value of debt at the date of the closing (approximately \$2,530,000). The purchase is subject to the approval of the Indiana Horse Racing Commission. Following the purchase, Conseco and Pegasus will be limited partners of HPLP and Anderson will continue to be the sole general partner of HPLP. Such a sale is not anticipated to have any material effect on operations in 1996.

From the date of the closing through December 31, 1998, Conseco will have an option to purchase from Anderson an additional 47% partnership interest in HPLP. The purchase price of the additional partnership interest will be \$22,156,000 of which approximately \$6,222,000 will be allocated to the purchase of the partnership interest and approximately \$15,934,000 will be allocated to the acquisition of debt owed by HPLP to CDMC. This purchase is also subject to the approval of the IHRC. Following this purchase, Conseco will be the sole general partner of HPLP, Anderson and Pegasus will be limited partners of HPLP. CDMC will continue to have a long-term management agreement with HPLP pursuant to which CDMC has operational control of the day-to-day affairs of Hoosier Park and its related simulcast operations.

	SUPPLEMENTARY FINANCIAL INFORMATION		COMMON STOCK INFORMATION				
	Net Revenue	Operating Income(Deficit)	Net Income (Loss)	Net Income (Loss)	Cash Dividends (Paid)	Per Share of Common Stock Market Price	
						High	Low
1995	\$92,434,216	\$10,305,210	\$ 6,203,135	\$1.64			
Fourth Quarter	\$21,264,267	\$ (905,283)	\$ (500,096)	\$-0.13	\$0.50	\$38.50	\$31.00
Third Quarter	13,222,206	(3,572,224)	(2,174,704)	-0.57		43.25	35.50
Second Quarter	49,335,136	17,645,591	10,650,212	2.81		46.00	41.00
First Quarter	8,612,607	(2,862,874)	(1,772,277)	-0.47		47.00	42.50
1994	\$66,419,460	\$ 9,861,086	\$ 6,166,353	\$1.63			
Fourth Quarter	\$16,509,087	\$ (515,409)	\$ (304,012)	\$-0.08	\$0.50	\$43.00	\$41.50
Third Quarter	7,515,621	(3,024,070)	(1,794,462)	-0.48		43.50	42.00
Second Quarter	39,968,720	17,128,385	10,469,618	2.77		45.00	42.00
First Quarter	2,426,032	(3,727,820)	(2,204,791)	-0.58		52.00	43.00
1993	\$55,809,889	\$ 8,959,220	\$ 5,906,034	\$ 1.56			
Fourth Quarter	\$ 9,021,217	\$(1,032,107)	\$ (421,207)	\$-0.10	\$0.50	\$54.00	\$51.00
Third Quarter	4,986,547	(3,300,241)	(1,933,201)	-0.51		53.00	50.00
Second Quarter	38,656,798	16,077,896	9,863,277	2.61		62.50	49.00
First Quarter	3,145,327	(2,786,328)	(1,602,835)	-0.44		65.00	43.50

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required herein is incorporated by reference from sections of the Company's Proxy Statement titled "Common Stock Owned by Certain Persons," "Election of Directors," and "Executive Officers of the Company," which Proxy Statement will be filed with the Securities and Exchange Commission pursuant to instruction G(3) of the General Instructions to Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

The information required herein is incorporated by reference from sections of the Company's Proxy Statement titled "Election of Directors - Compensation and Committees of the Board of Directors," "Compensation Committee Report on Executive Compensation," "Compensation Committee Interlocks and Insider Participation," "Performance Graph," and "Executive Compensation," which Proxy Statement will be filed with the Securities and Exchange Commission pursuant to instruction G(3) of the General Instructions to Form 10-K.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

CHURCHILL DOWNS INCORPORATED

April 29, 1996

/S/ VICKI L. BAUMGARDNER

Vicki L. Baumgardner, Vice President,
Finance/Treasurer (Principal Financial
Officer)

EXHIBIT 23

We consent to the incorporation by reference in the registration statements of Churchill Downs Incorporated on Forms S-8 (File No.33-85012 and File no. 33-61111) of our report, which includes an explanatory paragraph regarding a change in the method of accounting for income taxes, dated March 8, 1996 on our audits of the consolidated financial statements and financial statement schedule of Churchill Downs Incorporated as of December 31, 1995, December 31, 1994, and December 31, 1993 and for the year ended December 31, 1995, December 31, 1994 and for the eleven month period ended December 31, 1993 which report is included in this Annual Report on Form 10-K.

/s/Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.

Louisville, Kentucky
March 29, 1996