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

[x] 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, 1996

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, 1997, the estimated aggregate market value of the shares of the Registrant's Common Stock held by non-affiliates of the Registrant was approximately $90,000,000.

As of March 28, 1997, 3,654,264 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 19, 1997 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 twenty-three (23) consecutively numbered pages.

The date of this Report is April 29, 1997.

CONTENTS

PART II

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, 1996, 1995 and 1994 and the related consolidated statements of earnings, stockholders' equity and cash flows, and the consolidated financial statement schedule, for each of the three years then ended 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, 1996, 1995 and 1994 and the results of their operations and cash flows for each of the three years then ended 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, 1996, 1995 and 1994.

/S/ COOPERS & LYBRAND L.L.P.
- ----------------------------
Coopers & Lybrand L.L.P.

Louisville, Kentucky
March 7, 1997

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 1996	December 31, 1995	December 31, 1994
Current assets:			
Cash and cash equivalents	$ 8,209,414	$ 5,856,188	$ 2,521,033
Accounts receivable	5,218,236	2,098,901	2,277,218
Other current assets	679,221	549,820	741,560
Total current assets	14,106,871	8,504,909	5,539,811
Other assets	3,739,906	4,632,044	5,058,524
Plant and equipment	100,025,412	97,451,463	89,537,701
Less accumulated depreciation	(37,143,223)	(33,101,934)	(29,960,196)
	62,882,189	64,349,529	59,577,505
	$ 80,728,966	$ 77,486,482	$ 70,175,840
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$7,575,573	$6,517,508	$4,567,292
Accrued expenses	5,802,330	3,310,882	2,347,668
Dividends payable	2,375,271	1,892,302	1,891,759
Income taxes payable	2,510,508	1,049,508	-
Deferred revenue	6,511,902	6,098,541	6,142,111
Long-term debt, current portion	73,893	70,097	722,235
Total current liabilities	24,849,477	18,938,838	15,671,065
Long-term debt, due after one year	2,925,298	6,351,079	7,961,079
Outstanding mutuel tickets (payable after one year)	2,031,500	2,256,696	1,523,600
Deferred compensation	825,211	871,212	690,178
Deferred income taxes	2,316,600	2,415,500	2,248,000
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 3,654,264 shares 1996, 3,784,605 shares, 1995 and 3,783,318 shares, 1994	3,493,042	3,504,388	3,437,911
Retained earnings	44,352,838	43,486,460	39,175,627
Deferred compensation costs	--	(272,691)	(545,391)
Note receivable for common stock	(65,000)	(65,000)	(65,000)
	47,780,880	46,653,157	42,003,147
	$80,728,966	$77,486,482	$70,175,840

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended December 31, 1996	Year Ended December 31, 1995	Year Ended December 31, 1994
Net revenues	$107,858,818	$ 92,434,216	$ 66,419,460
Operating expenses:			
Purses	34,439,143	27,651,482	20,422,174
Other direct expenses	52,356,075	46,117,000	28,914,924
	86,795,218	73,768,482	49,337,098
Gross profit	21,063,600	18,665,734	17,082,362
Selling, general and administrative	8,748,703	8,360,524	7,221,276
Operating income	12,314,897	10,305,210	9,861,086
Other income (expense):			
Interest income	390,669	233,556	292,115
Interest expense	(337,438)	(572,779)	(175,534)
Miscellaneous income	673,398	288,148	174,386
	726,629	(51,075)	290,967
Earnings before income taxes	13,041,526	10,254,135	10,152,053
Provision for income taxes	4,970,000	4,051,000	3,985,700
Net earnings	$ 8,071,526	$ 6,203,135	$ 6,166,353
Net earnings per share (based on weighted average shares outstanding of 3,724,557, 3,784,140 and 3,778,350, respectively)	$2.17	$1.64	$1.63

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, 1996, 1995 and 1994

	Common Shares	Stock Amount	Retained Earnings	Note Receivable for Common Stock	Deferred Compensation Costs	Total
Balances December 31, 1993	3,773,930	$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 common stock at $49.00 per share	9,388	460,000				460,000
Balances December 31, 1994	3,783,318	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 common stock at $51.65 per share	1,287	66,477				66,477
Cash dividends, $.50 per share			(1,892,302)			(1,892,302)
Balances December 31, 1995	3,784,605	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 $28.90 per share	3,909	112,970				112,970
Repurchase of common stock	(134,250)	(124,316)	(4,829,877)			(4,954,193)
Cash dividends, $.65 per share			(2,375,271)			(2,375,271)
Balances December 31, 1996	3,654,264	$3,493,042	$44,352,838	$ (65,000)	-	$47,780,880

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

CHURCHILL DOWNS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 1996	Year Ended December 31, 1995	Year Ended December 31, 1994
Cash flows from operating activities:			
Net earnings	$8,071,526	$6,203,135	$6,166,353
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	4,814,114	4,506,427	3,327,731
Deferred income taxes	(461,000)	167,500	129,000
Deferred compensation	226,690	142,534	640,712
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(3,119,335)	178,317	1,438,984
Other currents assets	232,699	191,740	(44,526)
Income taxes payable	1,461,000	1,049,508	(1,492,740)
Deferred revenue	413,361	(43,570)	(1,992,626)
Accounts payable, accrued expenses and other	3,440,476	4,144,532	3,227,085
Net cash provided by operating activities	15,079,531	16,540,123	11,399,973
Cash flows from investing activities:			
Additions to plant and equipment, net	(2,570,795)	(8,589,535)	(23,310,204)
Acquisition of Anderson Park, Inc. net of note payable of $1,100,000	-	-	(850,000)
Additions to intangible assets	-	(461,536)	(1,248,905)
Net cash used in investing activities	(2,570,795)	(9,051,071)	(25,409,109)
Cash flows from financing activities:			
Increase (decrease) in long-term debt, net	(3,421,985)	(2,262,138)	7,299,418
Dividends paid	(1,892,302)	(1,891,759)	(1,886,965)
Common stock issued	112,970	-	-
Common stock repurchased	(4,954,193)	-	-
Net cash used in financing activities	(10,155,510)	(4,153,897)	5,412,453
Net increase (decrease) in cash and cash equivalents	2,353,226	3,335,155	(8,596,683)
Cash and cash equivalents, beginning of period	5,856,188	2,521,033	11,117,716
Cash and cash equivalents, end of period	$8,209,414	$5,856,188	$ 2,521,033
Supplemental disclosures of cash flow information: Cash paid during the period for:			
Interest	$277,149	$ 485,908	$ 102,626
Income taxes	$3,970,000	$ 2,790,000	$ 5,393,000

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, cash in the bank in excess of federally insured limits.

PLANT AND EQUIPMENT:

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.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

OTHER ASSETS:

Amortization on a racing license is provided over forty years using the straight-line method. Organizational costs and preopening costs are amortized over 24 months. Amortization expense was $775,979, $688,916 and $264,753 for the years ended December 31, 1996, 1995 and 1994.

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 No. 123 (SFAS 123) "Accounting for Stock-based Compensation" proforma disclosure of net income and earnings per share are presented in Note 7 as if SFAS 123 had been applied.

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, 1996, 1995 and 1994.

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS 128). SFAS 128 is designed to improve the EPS information provided in financial statements by simplifying the existing computational guidelines. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997. The Company does not expect adoption of this standard will have a material impact on its financial statements.

2. PLANT AND EQUIPMENT:

Plant and equipment are summarized as follows:

	December 31, 1996	December 31, 1995	December 31, 1994
Land	$ 5,879,994	$ 5,930,242	$ 5,864,863
Grandstands and buildings	56,154,054	55,946,326	48,749,083
Equipment	2,936,129	2,685,026	2,110,793
Furniture and fixtures	3,603,276	3,435,761	3,586,659
Tracks and other improvements	31,377,753	29,332,188	28,364,732
Construction in process	74,206	121,920	861,571
	$100,025,412	$97,451,463	$89,537,701

Depreciation expense was $4,038,135, $3,817,511 and $3,062,978 for the years ended December 31, 1996, 1995 and 1994.

3. INCOME TAXES:

Components of the provision for income taxes follow:

Income taxes:

	1996	1995	1994
Currently payable	$5,431,000	$3,883,500	$3,856,700
Deferred income taxes	(461,000)	167,500	129,000
	$4,970,000	$4,051,000	$3,985,700

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:

	1996	1995	1994
Federal statutory tax on Earnings before income tax	$4,464,000	$3,486,000	$3,452,000
State income taxes, net of federal income tax benefit	537,000	552,400	533,700
Other	(31,000)	(12,600)	-
	$4,970,000	$4,051,000	$3,985,700

3. INCOME TAXES: (cont'd)

At December 31, 1996, the Company has operating loss carryforwards of approximately $5,200,000 for Indiana State income tax purposes expiring from 2009 through 2011. 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 carryforwards.

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

	1996	1995	1994
Deferred tax liabilities:			
Excess of book over tax basis of property & equipment	$2,284,000	$2,161,000	$2,037,000
Book basis of racing license in excess of tax basis	657,000	680,000	700,000
Gross deferred tax liability	2,941,000	2,841,000	2,737,000
Deferred tax assets:			
Accrual for supplemental benefit plan	(273,000)	(252,900)	(230,000)
Net operating loss carryforwards	(176,000)	(104,000)	-
Allowance for uncollectible receivables	(66,000)	(54,000)	(86,000)
Excess of book over tax basis of other assets	(136,000)	-	-
Other accruals	(511,500)	(118,600)	(173,000)
Gross deferred tax assets	(1,162,500)	(529,500)	(489,000)
Valuation allowance for deferred tax assets	176,000	104,000	-
Net deferred tax liability	$1,954,500	$2,415,500	$2,248,000

Income taxes are classified in the balance sheet as follows:

Net non-current deferred tax liability	$2,316,600	$2,415,500	$2,248,000
Net current deferred tax asset	(362,100)	-	-
	$1,954,500	$2,415,500	$2,248,000

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, 1996, 1995 and 1994 was $402,000, $280,000 and $276,000, 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 years ended December 31, 1996, 1995 and 1994 was $51,000, $57,000 and $49,000, 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, 1996, 1995 and 1994 was $183,246, $193,774 and $190,626, respectively. The Company's policy is to fund this expense as accrued.

5. LONG-TERM DEBT:

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 line of credit expires January 31, 1998. The prime rate as of December 31, 1996 was 8.25%. No borrowings were outstanding at December 31, 1996. There was $6.0 million outstanding at December 31, 1995 and $7.5 million outstanding at December 31, 1994.

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%. The balance of these notes net of unamortized discount was $350,000, $420,000 and $481,000 at December 31, 1996, 1995 and 1994, respectively. The notes require aggregate annual payments of $110,000. 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.

On May 31, 1996, 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 Hoosier Park to Conseco. The transaction also included a loan by Conseco of approximately $2,600,000. The loan requires interest of prime plus 2% (10.25% at December 31, 1996) payable monthly with principal due November, 2004. The note is collateralized by 10% of the assets of Hoosier Park.

5. LONG-TERM DEBT: (cont'd)

Maturities of all notes payable for the five years following December 31, 1996 follow:

	PRINCIPLE AMOUNT
1997 -	$ 74,000
1998 -	80,000
1999 -	86,000
2000 -	93,000
2001 -	17,000
Thereafter -	2,649,000

6. OPERATING LEASES:

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 with the same vendor for totalisator equipment and service under an agreement which expires in 2001 and provides for variable rentals based on the level of activity. Rental expense for the years ended December 31 1996, 1995 and 1994 was $1,257,000, $1,093,000 and $577,000, respectively.

Hoosier Park leases land in Anderson, Indiana under an operating lease agreement with the City of Anderson. Under the agreement, Hoosier Park pays an annual rent of $128,520 or one-half of one percent of the total annual handle wagered at the racetrack facility and at the three Indiana simulcast facilities on live races at the track, whichever is greater. The original term of the lease expires April 22, 2003. Hoosier Park has options to renew the lease for three additional ten-year periods subject to the same terms and conditions. Rent expense during 1996, 1995 and 1994 was $218,821, $308,037 and $100,882, respectively, which included $90,301 and $179,517 of contingent rentals in 1996 and 1995, respectively.

In November 1995, Hoosier Park entered into an operating lease agreement which expires November 25, 2005 to lease property for the Indianapolis off-track betting facility. Under this agreement, Hoosier Park pays an annual minimum rent of $200,000, plus additional rent contingent upon annual gross revenues. Hoosier Park has an option to renew the lease for an additional five-year period. Under the terms of the renewal lease, Hoosier Park pays an annual minimum rent of $300,000, plus additional rent contingent upon annual gross revenues. Rent expense under this agreement during 1996 and 1995 was $619,646 and $113,568, respectively.

6. OPERATING LEASES: (cont'd)

Hoosier Park contracts for audio/video equipment and service under an agreement which expires on the last day of racing in the year 2001. The agreement provides for daily fees, which vary based on the level of programming provided. Expense under this agreement during 1996, 1995 and 1994 was $800,841, $794,351 and $99,363, respectively.

A summary of future minimum operating lease payments follows:

Year Ending December 31	Minimum Lease Payment ($)
1997	$328,520
1998	328,520
1999	328,520
2000	328,520
2001	328,520
Later Years	954,693
Total minimum lease payments	$2,597,293

7. STOCK-BASED COMPENSATION PLANS:

The Company sponsors the "Churchill Downs Incorporated 1993 Stock Option Plan" (the "Plan"), a stock-based incentive compensation plan which is described below. The Company applies APB Opinion 25 and related interpretations in accounting for the Plan. In 1995, the FASB issued FASB Statement No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123") which, if fully adopted by the Company, would change the methods the Company applies in recognizing the cost of the Plan. Adoption of the cost recognition provisions of SFAS 123 is optional and the Company has decided not to elect these provisions of SFAS 123. However, pro forma disclosures as if the Company adopted the cost recognition provisions of SFAS 123 in 1995 are required by SFAS 123 and are presented below.

Under the Plan, the Company is authorized to issue up to 200,000 shares of common stock 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 and directors of the Company or any subsidiary.

7. STOCK-BASED COMPENSATION PLANS: (cont'd)

Employee Stock Options:

The Plan provides 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 Plan. The Company granted stock options in 1996, 1995 and 1994. 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, 1996, 1995 and 1994 and the changes during the year ended on those dates is presented below:

	1996		1995		1994	
	# 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	124,000	$44.68	113,250	$45.93	92,700	$46.53
Granted	137,200	$37.93	10,750	$31.50	20,550	$43.22
Exercised	-	-	-	-	-	-
Canceled	92,700	$46.53	-	-	-	-
Forfeited	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding at end of year	168,500	$38.16	124,000	$44.68	113,250	$45.93
Exercisable at end of year	-	-	61,800	$46.53	30,900	$46.53
Weighted-average fair value per share of options granted during the year	$11.09	$ 8.40				

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 1996 and 1995, respectively: dividend yield of 2.1% in 1995 and ranging from 1.3% to 1.6% in 1996; risk-free interest rates are different for each grant and range from 5.39% to 6.74%; and the expected lives of options are different for each grant and range from approximately 5.5 to 6.5 years, and a volatility of 18.75% for all grants.

7. STOCK-BASED COMPENSATION PLANS: (cont'd)

The following table summarizes information about stock options outstanding at December 31, 1996:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
Range of Exercise Prices	Number Outstanding At 12/31/96	Weighted Average Remaining Contributing Life	Weighted Average Exercise Price	Number Exercisable at 12/31/96	Weighted Average Exercise Price
$31.50 to $38.50	147,950	9.48	$37.46	-	-
$42.50 to $44.00	20,550	7.6	$43.22	-	-
TOTAL	168,500	9.25	$38.16	-	-

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 through payroll deductions. 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 following July 31.

On the first day of each 12 month period, August 1, the Company will offer to each eligible employee the opportunity to purchase common stock. Employees may elect to participate for a period by electing to have a designated percentage of their compensation withheld (after-tax) and applied to purchase 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 will be 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 3,909 shares of common stock to 109 employees pursuant to options granted on August 1, 1995 and exercised on July 31, 1996. Because the plan year overlaps the company's fiscal year, the number of shares sold pursuant to options granted on August 1, 1996 can only be estimated because the 1996 plan year is not yet complete. The Company's estimate of options granted in 1996 under the Plan is based on the number of shares sold to employees under the Plan for the 1995 plan year, adjusted to reflect the change in the number of employees participating in the Plan in 1996.

In accordance with APB 25, the Company has not recognized any compensation cost for the Employee Stock Purchase Plan for 1996 or 1995 (or any other prior year).

7. 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, 1996 and 1995 and the changes during the year ended on those dates is presented below:

	1996		1995	
	# of Shares Underlying Options	Weighted Average Exercise Prices	# of Shares Underlying Options	Weighted Average Exercise Prices
Outstanding at beginning of the year	3,909	$28.90	-	-
Granted	4,000	$34.43	3,909	$28.90
Exercised	3,909	$28.90	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at end of the year	4,000	-	3,909	-
Exercisable at end of year	-	-	-	-
Weighted-average fair value per share of options granted during the year	$12.78		$10.71	

Had the compensation cost for the Company's stock-based compensation plans been determined consistent with SFAS 123, the Company's net income and net income per common share for 1996 and 1995 would approximate the pro forma amounts below:

	1996	1995
Net income:		
As reported	$8,071,526	$6,203,135
Pro-forma	7,530,000	6,153,000
Net income per common share:		
As reported	$2.17	$1.64
Pro-forma	2.02	1.63

The effects of applying SFAS 123 in this pro forma disclosure are not indicative of future amounts. SFAS 123 does not apply to awards prior to 1995, and the Company anticipates making awards in the future under its stock-based compensation plans.

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 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.

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.

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 had been utilized as of December 31, 1995. 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. SALE OF 10% OF HOOSIER PARK:

On December 20, 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. This sale was closed on May 31, 1996. The purchase price for the 10% partnership interest was $218,390 and the transaction also included a payment of $2,603,514 for a 10% interest in the debt owed by HPLP to a subsidiary of the Company. Conseco and Pegasus Group, Inc. ("Pegasus") are limited partners of HPLP and Anderson Park, Inc. ("API"), a subsidiary of the Company, continues to be the sole general partner of HPLP.

Through December 31, 1998, Conseco has an option to purchase from API an additional 47% partnership interest in HPLP including payment for 47% interest in the debt owed by HPLP to a subsidiary of the Company. The purchase price of the additional partnership interest will be approximately $6,222,000 and the payment for the debt will be approximately $15,934,000. This purchase is subject to the approval of the Indiana Horse Racing Commission. Upon exercise of the option, Conseco would be the sole general partner of HPLP, and API and Pegasus will be limited partners of HPLP with partnership interests of 30% and 13%, respectively. The Company will continue to have a long-term management agreement with HPLP pursuant to which the Company has operational control of the day-to-day affairs of HPLP and its related simulcast facilities.

SUPPLEMENTARY FINANCIAL INFORMATION(Unaudited)

COMMON STOCK INFORMATION
Per Share Of Common Stock

	Net Revenues	Operating Income	Net Earnings (Loss)	Net Earnings (Loss)	Dividends	Market Price High	Market Price Low
1996	$107,858,818	$12,314,897	$ 8,071,526	$2.17			
Fourth Quarter	27,387,514	(1,096,925)	(171,138)	-0.02	$0.65	$36.50	$34.00
Third Quarter	13,981,302	(2,782,430)	(1,580,988)	-0.43		37.50	34.00
Second Quarter	54,939,249	19,637,584	11,896,865	3.17		44.00	36.00
First Quarter	11,550,753	(3,443,332)	(2,073,213)	-0.55		40.00	32.00
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

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 FEBRUARY 27, 1997, THERE WERE APPROXIMATELY 3,100 STOCKHOLDERS OF RECORD.

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.

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 "Section 16(a) Beneficial Ownership Reporting Compliance," "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 Report on 1996 Cancellation and Regrant of Options," "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, 1997

/s/Robert L. Decker

Robert L. Decker
Senior Vice President, Finance and
Development, and Chief Financial Officer

/s/Vicki L. Baumgardner

Vicki L. Baumgardner, Vice President,
Finance/Treasurer (Principal Accounting
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, dated March 7, 1997 on our audits of the consolidated financial statements and financial statement schedule of Churchill Downs Incorporated as of December 31, 1996, 1995 and 1994 and for each of the three years then ended 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 28, 1997