

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, 1994

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
(State of Incorporation)

61-0156015
(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 27, 1995, the estimated aggregate market value of the shares of the Registrant's Common Stock held by non-affiliates of the Registrant was approximately \$113,000,000.

As of March 27, 1995, 3,783,318 shares of the Registrant's Common Stock were outstanding.

This Report consists of 22 consecutively numbered pages.

The date of this Report is April 27, 1995.

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PART III

ITEM 10. DIRECTORS AND
EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information relating to the Class I, Class II and Class III directors of the Company, the Directors Emeriti and nominees for election as directors who are not currently directors of the Company, and the beneficial ownership of Common Stock by such directors and nominees.

Name, Age and POSITIONS WITH COMPANY	Principal Occupation (1) and CERTAIN DIRECTORSHIPS (2)	Common Stock of the Company Beneficially Owned as of APRIL 1, 1995 (3) (4)	
		AMOUNT	% OF CLASS
CLASS I - TERMS EXPIRING IN 1997			
William S. Farish 56 Director since 1985; Chairman since 1992	President, W.S. Farish & Company (Trust management company) and Owner, Lane's End Farm; Director, Breeder's Cup Limited and Keeneland Association, Incorporated; Vice Chairman and Steward of Jockey Club; Advisory Director, Galveston-Houston Company, Inc. and Post Oak Bank; President, Ephraim McDowell Cancer Research Foundation	25,280 (5)	.7%
Daniel M. Galbreath 66 Director since 1979	Chairman and Chief Executive Officer, The Galbreath Company (Realtor and builder); Director, Breeder's Cup Limited, Keeneland Association, Incorporated and BCF Management, Inc.; General Partner of Bordon Chemicals & Plastics, Limited Partnership; Owner, Darby Dan Farms	122,150	3.2%
Arthur B. Modell 69 Director since 1985	President and Director, Cleveland Browns Football Company, Inc. (Professional football team); Board of Trustees and President, Cleveland Clinic Foundation; Director, Lake Erie Radio Co.	1,000	*

CLASS II - TERMS EXPIRING IN 1995

<p>Catesby W. Clay 71 Director since 1953</p>	<p>Chairman, Kentucky River Coal Corporation (Coal land lessor); President, Runnymede Farm, Inc. (Thoroughbred breeding); Director, National Council of Coal Lessors (Executive Committee), Kentucky Coal Association, University of Kentucky Mining Engineering Foundation; Director and President, Foundation for Drug-Free Youth</p>	<p>46,630 (5)</p>	<p>1.2%</p>
<p>J. David Grissom 56 Director since 1979</p>	<p>Chairman, Mayfair Capital (Private investment firm); Chairman and Chief Executive Officer, PNC Bank, Kentucky, Inc. and Vice Chairman, PNC Financial Corp. (until April, 1989); Director, Transco Energy Company, Providian Corporation, Columbia/HCA Healthcare Corporation, LG&E Energy Corporation, Regal Cinemas, Inc. and Sphere Drake Holdings Limited; Chairman, Centre College Board of Trustees</p>	<p>10,050 (5)</p>	<p>.3%</p>
<p>Seth W. Hancock 45 Director since 1973</p>	<p>Partner and Manager, Claiborne Farm and President, Hancock Farms, Inc. (Thoroughbred breeding and farming); Vice President and Director, Clay Ward Agency, Inc. (Equine insurance); Director, Hopewell Company and Keeneland Association, Incorporated and Breeder's Cup Limited (Executive Committee)</p>	<p>142,825 (5)</p>	<p>3.8%</p>
<p>Frank B. Hower, Jr. 66 Director since 1979</p>	<p>Retired; Former Chairman, Liberty National Bancorp, Inc. (Bank holding company) and Liberty National Bank & Trust Company of Louisville (until February, 1990); Director, Liberty National Bancorp, Inc., American Life and Accident Insurance Company, The Associated Group, Regional Airport Authority of Louisville and Jefferson County and Kentucky Historical Society; Member, Board of Trustees, Centre College, J. Graham Brown Foundation and University of Louisville</p>	<p>1,040 (5)</p>	<p>*</p>

CLASS III - TERMS EXPIRING IN 1996

Charles W. Bidwill, Jr. 66 Director since 1982	President and General Manager, National Jockey Club (Operator of Sportsman's Park Racetrack); Director, Orange Park Kennel Club, Associated Outdoor Clubs (Tampa Greyhound Track), Bayard Raceways and Caterers of North Florida, Jacksonville Kennel Club, Big Shoulders Fund, Archdiocese of Chicago, Link Unlimited	221,259 (5)	5.8%
Carl F. Pollard 56 Director since 1985	Owner, Hermitage Farm beginning in 1994 (Thoroughbred breeding); Director and Chairman of the Executive Committee, Columbia/HCA Healthcare Corporation; Former Chairman of the Board, Columbia Healthcare Corporation; President and Chief Operating Officer (1991-March 1993) and Senior Executive Vice President (1984-1991), Humana Inc. (Hospitals and health services); Director, National City Bank, Kentucky and Vestar, Inc.; President and Director, Kentucky Derby Museum Corporation	73,040 (5)	1.9%
Darrell R. Wells (6) 51 Director since 1985	General Partner, Security Management Company (Investments); Director, First Security Trust Company, Shelby County Trust Bank, Commonwealth Bancshares, Citizens Financial Corporation, Commonwealth Bank & Trust Company and Jundt Growth Fund	232,930 (5)	6.2%
DIRECTORS EMERITI (7)			
Louis J. Herrmann, Jr. 75 Director since 1968; Secretary-Treasurer from 1985 to 1986; Director Emeritus since 1994	Owner, Louis Herrmann Auto Consultant Incorporated (Automobile sales); Director, Kentucky Mutual Life Insurance Company	50,265 (5)	1.3%
John W. Barr, III 74 Director from 1979 to 1993; Director Emeritus since 1993	Retired; Former Chairman, National City Bank, Kentucky (Bank holding company); Director, Kitchen Kompact Company; Director, Speed Museum, Cave Hill Cemetery, Boy Scouts and American Printing House for the Blind	2,000 (5)	.1%
Stanley F. Hugenberg, Jr. 77 Director from 1982 to 1992; Director Emeritus since 1992	President, Jackantom Sales Company (Manufacturers' representative); Member, Board of Trustees, J. Graham Brown Foundation; Director, Kentucky Derby Museum Corporation	3,670 (5)	.1%
William T. Young 77 Director from 1985 to 1992; Director Emeritus since 1992	Chairman, W.T. Young, Inc. (Warehousing and thoroughbred horses); Director, Columbia/HCA Healthcare Corporation	114,660 (5)	3.0%
Y. Peyton Wells, Jr. (6) 84 Director from 1967 to 1985; Vice President from 1980 to 1985; Director Emeritus since 1985	Retired; Former President and Director, Shelby County Trust Bank	17,650	.5%

NOMINEES FOR ELECTION AS DIRECTORS
NOT CURRENTLY DIRECTORS

CLASS I - TERM EXPIRING IN 1997

G. Watts Humphrey, Jr. 50 Nominee for Director	President, GWH Holdings (Private investment company); Chief Executive Officer, The Conair Group, Inc., Metaltech, Nextech and Smith-Steelite; Deputy Chairman - Fourth District, Federal Reserve Bank Board of Cleveland; Chairman, The Society of Plastics Industry, Inc. and The Blood-Horse, Inc.; Director, Keeneland Association, Incorporated	-0-	*
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CLASS II - TERM EXPIRING IN 1998

W. Bruce Lunsford 47 Nominee for Director	Chairman, President and Chief Executive Officer, Vencor, Inc. (Intensive care hospitals and nursing homes); Director, ResCare, Inc., National City Bank, Kentucky (Executive Committee), Kentucky Economic Development Corporation and Kentucky Country Day School; Member, Board of Trustees, Bellarmine College and Centre College	100,030(5)	2.6%
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CLASS III - TERM EXPIRING IN 1996

Thomas H. Meeker 51 Nominee for Director	President and Chief Executive Officer of the Company; Director, Thoroughbred Racing Association of North America, Inc. (Executive Committee), Equibase Company, PNC Bank, Kentucky, Inc. (Chairman, Audit Committee), Bell South Telecommunications, Inc. (Vice Chairman, Executive Committee) and Alliant Health Systems, Inc. (Executive Committee)	29,437(5)(8)	.8%
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*Less than 0.1%

- (1) Except as otherwise indicated, there has been no change in principal occupation or employment during the past five years.
- (2) Directorships in companies registered pursuant to the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and, in the case of certain directors, other directorships considered significant by them.
- (3) No director or nominee shares voting or investment power of his beneficially owned shares, except that Messrs. Bidwill, Clay, Galbreath, Hancock, Herrmann and Wells share with others the voting and investment power with respect to 2,919, 43,630, 27,377, 106,325, 10,200 and 232,930 shares, respectively, and Mr. Lunsford shares investment power with respect to 10,000 shares. Of the total shares listed above, Mr. Clay specifically disclaims beneficial ownership of 10,950 shares owned by the Agnes Clay Pringle Trust of which he is the trustee, and Mr. Hancock specifically disclaims beneficial ownership of 79,200 shares owned by the A.B. Hancock, Jr. Marital Trust of which is the trustee, of 9,030 shares owned by the Nancy Clay Hancock Trust of which he is a trustee and of 6,043.33 shares held by the ABC Partnership of which he is a general partner, and Mr. Wells disclaims beneficial ownership of 22,400 shares held by The Wells Foundation, Inc. of which he is a trustee and of 135,791.90 shares held by The Wells Family Partnership of which he is the Managing General Partner.
- (4) Does not include shares held by certain adult members of the families of certain directors, or in some cases by fiduciaries for the benefit of family members, as to which such directors disclaim beneficial ownership.
- (5) Messrs. Farish, Clay, Grissom, Hancock, Hower, Bidwill, Pollard, Darrell Wells, Herrmann, Barr, Hugenberg, Young, Lunsford and Meeker are signatories to the Stockholder Agreement with respect to 25,280, 46,630, 10,050, 142,825, 1,040, 222,259 (including shares acquired after April 1, 1995), 73,040, 232,930, 40,065, 2,000, 3,670, 114,660, 100,030 and 29,437 shares, respectively. See Item 12. "Security Ownership of Certain Beneficial Owners and Management."
- (6) Darrell R. Wells is the nephew of Y. Peyton Wells, Jr.
- (7) Directors Emeriti are entitled to attend meetings of the Board of Directors but do not have a vote on matters presented to the Board.

The Bylaws provide that once a director is 72 years of age, he may not stand for re-election but shall assume Director Emeriti status as of the annual meeting following his current term of service as a director. The Chairman of the Board may continue to serve as a director notwithstanding this provision.

- (8) Includes 717 shares issuable under the Company's Incentive Compensation Plan and 16,900 shares issuable under currently exercisable options.

EXECUTIVE OFFICERS OF THE COMPANY

The Company's executive officers, as listed below, are elected annually to their executive offices and serve at the pleasure of the Board of Directors.

NAME AND AGE	Position(s) With Company AND TERM OF OFFICE	Common Stock of the Company Beneficially Owned AS OF APRIL 1, 1995(1) (2)	
		AMOUNT	% of CLASS
William S. Farish (3) 56	Director since 1985; Chairman of the Board since 1992	25,280 (4)	.7%
Thomas H. Meeker 51	President and Chief Executive Officer since 1984	29,437 (4) (5)	.8%
Jeffrey M. Smith 42	Senior Vice President of Planning and Development since February 1993; Senior Vice President of Finance from 1991 to 1993; Treasurer from 1986 to 1993; Vice President of Finance from 1990 to 1991; Secretary from 1986 to 1990	3,349 (6)	.1%
Dan L. Parkerson 52	Senior Vice President of Operations since February 1991 and General Manager since June 1991; Vice President of Operations from 1990 to 1991; Director of Operations from 1986 to 1990	2,450 (7)	.1%
David E. Carrico 44	Senior Vice President of Administration since June 1994; Vice President of Marketing from 1990 to June 1994; Director of Marketing from 1984 to 1990	2,310 (8)	.1%

Alexander M. Waldrop 38	Senior Vice President since June 1994; General Counsel and Secretary since August 1992	3,104(9)	.1%
Vicki L. Baumgardner 43	Vice President of Finance and Treasurer since to February 1993; Controller from 1989	1,653(10)	*

* Less than 0.1%

- (1) See the Table on Options/SAR Grants in Last Fiscal Year under Item 11. "Executive Compensation" for a discussion of stock options granted by the Board of Directors to executive officers during 1994 and 1995.
- (2) No executive officer shares voting or investment power with respect to his or her beneficially owned shares.
- (3) Mr. Farish does not serve full-time as an executive officer of the Company and is not compensated as an officer of the Company.
- (4) All shares owned by Mr. Farish and Mr. Meeker are subject to the Stockholder Agreement. See Item 12. "Security Ownership of Certain Beneficial Owners and Management."
- (5) Includes 717 shares issuable under the Company's Incentive Compensation Plan and 16,900 shares issuable under currently exercisable options.
- (6) Includes 108 shares issuable under the Company's Incentive Compensation Plan and 3,000 shares issuable under currently exercisable options.
- (7) Includes 109 shares issuable under the Company's Incentive Compensation Plan and 2,000 shares issuable under currently exercisable options.
- (8) Includes 104 shares issuable under the Company's Incentive Compensation Plan and 2,000 shares issuable under currently exercisable options.
- (9) Includes 104 shares issuable under the Company's Incentive Compensation Plan and 3,000 shares issuable under currently exercisable options.
- (10) Includes 27 shares issuable under the Company's Incentive Compensation Plan and 1,500 shares issuable under currently exercisable options.

Mr. Waldrop was employed as an attorney with the Louisville law firm of Wyatt, Tarrant & Combs, which firm serves as primary outside counsel to the Company, from August 1985 until his employment by the Company.

Section 16(a) of the Securities Exchange Act of 1934 requires that the Company's executive officers, directors and persons who beneficially own more than ten percent (10%) of the Company's Common Stock file certain reports with the Securities and Exchange Commission ("SEC") with regard to their beneficial ownership of such Common Stock. Pursuant to applicable SEC regulations, the signatories to the Stockholder Agreement (and a prior stockholder agreement) are (or were) also required to file such reports with the SEC. The Company is required to disclose any failure to file or late filings of such reports. See Item 12. "Security Ownership of Certain Beneficial Owners and Management" for a discussion of the terms of the Stockholder Agreement. During the Company's prior fiscal year, James W. Phillips and the Wells Family Partnership each made a single late filing of one (1) report, covering one (1) transaction. The Estate of Warner L. Jones, Jr. and Edna Veeneman Lewis each made late filings of two (2) reports, each covering one (1) transaction. These persons were obligated to make filings with the SEC solely because they were signatories to a stockholder agreement no longer in effect similar to the Stockholder Agreement; none of them is an officer or director nor are they individually a beneficial owner of ten percent (10%) or more of the Company's Common Stock. In addition, one (1) late filing covering one (1) transaction was made by Seth W. Hancock, a director of the Company, and by Kevin Marie Nuss, an officer of the Company who previously was subject to the filing requirements of Section 16(a). The required reports were subsequently filed for each person. Based solely on its review of the forms filed with the SEC, the Company believes that all other filing requirements applicable to its directors, executive officers and ten percent (10%) beneficial owners were satisfied.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the remuneration paid during the last three (3) fiscal years by the Company to [i] Mr. Meeker, the President and CEO of the Company, and [ii] each of the Company's four (4) most highly compensated executive officers whose total annual salary and bonus exceeded \$100,000 in fiscal year 1994 (collectively the "named executive officers").

SUMMARY COMPENSATION TABLE
ANNUAL COMPENSATION

Name & Principal Position	Year						All Long Term Compensation	Other Compensation (4)
		Salary(1)	Bonus (2)	Other Annual Compensa- tion (3)	Securities Underlying Options/SARs (#)			
Thomas H. Meeker, President and CEO	1994	\$245,000	\$73,868	\$49,463	10,000	\$12,711		
	1993	217,250	101,673	43,645	50,700	20,088		
	1992	230,000	-0-	52,456	-0-	17,672		
David E. Carrico, Senior Vice President-Administration	1994	86,607	21,574	-0-	1,750	7,867		
	1993	68,000	18,471	-0-	6,000	6,304		
	1992	60,000	-0-	-0-	-0-	5,516		
Dan L. Parkerson, Senior Vice President-Operations and General Manager	1994	94,108	22,512	-0-	1,750	9,188		
	1993	78,883	28,695	-0-	6,000	7,061		
	1992	76,000	-0-	-0-	-0-	7,586		
Jeffrey M. Smith, Senior Vice President - Planning and Development	1994	93,581	22,278	-0-	2,000	9,171		
	1993	76,083	27,694	-0-	9,000	8,133		
	1992	100,000	-0-	-0-	-0-	7,009		
Alexander M. Waldrop, Senior Vice President, General Counsel and Secretary(5)	1994	88,821	21,574	-0-	2,000	8,113		
	1993	75,167	19,543	-0-	9,000	132		
	1992	34,375	-0-	-0-	-0-	44		

(1) On November 18, 1993, the Company amended its Articles of Incorporation to change its fiscal year from January 31 to December 31. Annual compensation for 1993 is based upon actual compensation paid by the Company to the named executive officers for the eleven months ended December 1993. Annual compensation figures for 1992 and 1994 include a twelve month period.

(2) Bonus awards were paid in cash and/or stock pursuant to the Company's Incentive Compensation Plan or otherwise. See "Compensation Committee Report on Executive Compensation."

(3) Includes above-market earnings on compensation deferred under the Company's Incentive Compensation Plan and the expense of a Supplemental Benefit Plan of which Mr. Meeker is currently the only participant. See the discussion regarding the Supplemental Benefit Plan below.

(4) Consists of life insurance premiums paid by the Company with respect to certain term life insurance payable on the officer's death to beneficiaries designated by him and further, includes amounts contributed by the Company to the officer's account under the Company's Profit Sharing Plan. Amounts attributable to such term life insurance are as follows:

	MR. MEEKER	MR. CARRICO	MR. PARKERSON	MR. SMITH	MR. WALDROP
1994	\$2,864	\$247	\$791	\$278	\$167
1993	2,909	247	812	288	132
1992	2,047	175	588	135	44

Pursuant to the Company's Profit Sharing Plan, the Company matches employees' contributions (which are limited to 10% of annual compensation up to \$9,240 for calendar year 1994) up to 2% of quarterly contributions and also makes discretionary contributions. Amounts contributed by the Company on behalf of the named executive officers are as follows:

	MR. MEEKER	MR. CARRICO	MR. PARKERSON	MR. SMITH	MR. WALDROP
1994	\$9,847	\$7,620	\$8,397	\$8,893	\$7,946
1993	17,179	6,057	6,249	7,845	0
1992	15,935	5,341	6,998	6,874	0

- (5) Mr. Waldrop was employed by the Company in August, 1992 and his compensation for 1992 reflects less than six months of service.

The following table provides information with respect to the named executive officers concerning options granted during 1994:

OPTIONS/SAR GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying Options Granted (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/sh) (2)	Market Price on Date of Grant	Expiration Date	GRANT
						DATE
						Grant Date Present Value (\$)
Thomas H. Meeker	2,272	11%	\$44	\$44	3/15/2004	\$58,686
	2,728	13%	44	44	3/15/2004	70,464
	2,352	11%	42.50	42.50	12/15/2004	57,412
	2,648	13%	42.50	42.50	12/15/2004	64,638
David E. Carrico	750	4%	44	44	3/15/2004	19,373
	1,000	5%	42.50	42.50	12/15/2004	24,410
Dan L. Parkerson	750	4%	44	44	3/15/2004	19,373
	1,000	5%	42.50	42.50	12/15/2004	24,410
Jeffrey M. Smith	1,000	5%	44	44	3/15/2004	25,830
	1,000	5%	42.50	42.50	12/15/2004	24,410
Alexander M. Waldrop	1,000	5%	44	44	3/15/2004	25,830
	1,000	5%	42.50	42.50	12/15/2004	24,410

(1) 8,500 options are exercisable beginning 3/15/97. 9,000 options are exercisable beginning 12/15/97.

(2) The 2,272 options and 2,352 options granted to Mr. Meeker are intended to qualify as incentive stock options under the Internal Revenue Code of 1986, as amended, and accordingly, the exercise price of these options is the fair market value of the shares as of the date of their grant. The 1,000 options granted to each of Messrs. Carrico, Parkerson, Smith and Waldrop on December 15, 1994 are also intended to qualify as incentive stock options under the Internal Revenue Code of 1986, as amended. All other options are non-qualified stock options. 8,500 options and 9,000 options, respectively, have been granted at an exercise price equal to the closing high bid price of the Company's Common Stock as of March 15, 1994 and December 15, 1994, respectively.

(3) The options are valued using the Cox-Ross-Rubinstein Binomial option pricing model, which is a variation of the Black-Scholes option pricing model. This calculation is based on the following assumptions: (i) an expected option term of eight years, (ii) an interest rate of 6.27% and 7.81% (March 15, 1994 and December 15, 1994, respectively) based on the quoted yield of U.S. Treasury Bonds on the date of grant maturing in eight years, (iii) a dividend yield of .92% and 1.04% (March 15, 1994 and December 15, 1994, respectively) per share, and (iv) a stock price volatility of 26.49% and 21.25% (March 15, 1994 and December 15, 1994, respectively) based upon the average closing price of the 250-day period preceding the grant date. Based on these assumptions, the value of the nonqualifying options was determined to be \$25.83 and \$24.41 (March 15, 1994 and December 15, 1994, respectively) per share and the value of the incentive stock options was determined to be \$25.83 and \$24.41 (March 15, 1994 and December 15, 1994, respectively) per share.

The following table provides information with respect to the named executive officers concerning unexercised options held as of December 31, 1994:

AGGREGATE OPTION EXERCISES IN 1994 AND YEAR-END OPTION VALUES

NAME	Number of unexercised options at YEAR END		Value of unexercised in-the-money OPTIONS AT YEAR END (1)
	Exercisable/ UNEXERCISABLE		Exercisable/ UNEXERCISABLE
Thomas H. Meeker	16,900/43,800		\$0/7,500
David E. Carrico	2,000/5,750		0/1,500
Dan L. Parkerson	2,000/5,750		0/1,500
Jeffrey M. Smith	3,000/8,000		0/1,500
Alexander M. Waldrop	3,000/8,000		0/1,500

(1) Closing high bid as of the last trading day of 1994 (December 30, 1994) minus the exercise price.

The Company maintains a Supplemental Benefit Plan (the "Plan") in which Mr. Meeker is currently the only participant. The Plan provides that if a participant remains in the employ of the Company until age 55 or becomes totally and permanently disabled, the participant will be paid a monthly benefit equal to 45% of the "highest average monthly earnings", as defined in the Plan, prior to the time of disability or age 55, reduced by certain other benefits as set forth in the Plan, commencing on retirement (or attainment of age 55 if disability occurs prior to said age) and continuing for life. (1) The benefit payable under the Plan is increased by 1% for each year the participant remains employed by the Company after age 55, to a maximum of 55% of the highest average monthly earnings at age 65. Due to the reductions set forth in footnote 1, the estimated annual benefit payable upon retirement at age 65 to Mr. Meeker under the Plan is \$50,486.

1 The Plan provides that the monthly benefit will be reduced by [i] 100% of the primary insurance amount under social security payable to a participant determined as of the later of the participant's retirement date or attainment of age 62; [ii] 100% of the participant's monthly benefit calculated in the form of a life annuity under the terminated Churchill Downs Pension Plan; [iii] 100% of the monthly income option calculated as a life annuity from the cash surrender value of all life insurance policies listed on a schedule attached to the participant's plan agreement; and [iv] 100% of the employer contributions and any employee contributions up to a maximum of \$2,000 per year allocated to the participant's accounts under the Churchill Downs Incorporated Profit Sharing Plan, calculated in the form of a life annuity payable on his retirement date.

EMPLOYMENT AGREEMENT AND CHANGE IN CONTROL AGREEMENT

Mr. Meeker was employed as President and Chief Executive Officer of the Company in October 1984 under an annually renewing three-year contract. Mr. Meeker's compensation for 1995 includes a base salary of \$245,000 per year, reimbursement for travel and entertainment expenses (including his wife's travel expenses on Company business), provision of an automobile, payment of dues for one (1) country club and any other professional or business associations, and a \$250,000 life insurance policy. Mr. Meeker's employment may be terminated by the Company prior to the expiration of his employment agreement only if he willfully fails to perform his duties under his employment agreement or otherwise engages in misconduct that injures the Company. Pursuant to Mr. Meeker's employment agreement, in the event of both a "change in control" of the Company and, within one (1) year of such "change in control," either termination of Mr. Meeker's employment by the Company without "just cause" or his resignation, the Company will pay to Mr. Meeker an amount equal to three (3) times his average annual base salary over the prior five (5) years. A "change in control" is defined generally to include the sale by the Company of all or substantially all of its assets, a consolidation or merger involving the Company, the acquisition of over 30% of the Common Stock in a tender offer or any other change in control of the type which would be required to be reported under the Federal securities laws; however, a "change in control" will not be deemed to have occurred in the case of a tender offer or change reportable under the Federal securities laws, unless it is coupled with or followed by the election of at least one-half of the directors of the Company to be elected at any one (1) election and the election of such directors has not been previously approved by at least two-thirds of the directors in office prior to such change in control.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Under rules established by the SEC, the Compensation Committee of the Board of Directors (the "Committee") is required to disclose: (1) the Committee's compensation policies applicable to the Company's executive officers; (2) the relationship of executive compensation to Company performance; and (3) the Committee's bases for determining the compensation of the Company's Chief Executive Officer ("CEO"), Thomas H. Meeker, for the most recently completed fiscal year. Pursuant to these requirements, the Committee has prepared this report.

The Committee consists of five (5) independent Directors, none of whom has ever been employed by the Company. The Committee annually reviews executive officer compensation and makes recommendations to the Board of Directors on all matters related to executive compensation. The Committee's authority and oversight extend to total compensation, including base salary, annual incentive compensation and stock options for the Company's executive officers as well as the Company's Profit Sharing Plan. The Committee also administers the employment contract and Supplemental Benefit Plan of the Company's CEO, Thomas H. Meeker. The Committee makes its compensation recommendations to the Board of Directors after considering the recommendations of the CEO (on all but CEO compensation) and other qualified compensation consultants. The Committee also reviews compensation data from comparable companies including those found in the peer group performance graph (the "Peer Graph") which follows this report.

The fundamental philosophy of the Committee is to assure that the Company's compensation program for executive officers links pay to business strategy and performance in a manner which is effective in attracting, motivating and retaining key executives while also providing performance incentives which will inure to the benefit of executive officers and shareholders alike. The objective is to provide total compensation commensurate with Company performance by combining salaries that are competitive in the marketplace with incentive pay opportunities established by the Committee which are competitive with median levels of competitors' incentive compensation.

There are three (3) basic elements of the Company's executive compensation program, each determined by individual and corporate performance: (i) base salary compensation, (ii) annual variable performance incentive compensation earned under the Company's Incentive Compensation Plan ("ICP"), and (iii) stock option grants made under the Company's 1993 Stock Option Plan.

Base salaries are targeted to be competitive with comparable positions in comparable companies. In determining base salaries, the Committee also takes into account individual experience and performance and specific issues particular to the Company.

The ICP provides a direct financial incentive in the form of annual cash and/or stock bonuses. The amount of each bonus is determined by the Company's achievement of certain target earnings per share (computed before taxes but after recognition of awards made under the ICP) ("EPS") goals established annually by the Committee. The ICP provides for the award of a bonus based upon the Company's achievement of EPS goals and the 5-year total return to shareholders in the form of dividends and increases in the Company's stock price, compared to the Wilshire 5000 stock index. These goals are weighted with achievement of EPS goals having a factor of two-thirds and comparative total return to shareholders having a factor of one-third.

The Committee has determined that as an executive's level of responsibility increases, a greater portion of his or her total compensation should be performance based. Not only do awards increase as an executive rises in the Company but also his or her ICP award is composed of a higher percentage of stock which means the compensation shifts to reliance on the value of the Company's stock.

For the Company's year ended December 31, 1994, the Committee set the ICP minimum performance goal at EPS equal to the Company's budget and total return to shareholders equal to the Wilshire 5000 and the Company met both the EPS goal and total return to shareholders goal. As a result, bonuses were awarded under the ICP for the Company's year ended December 31, 1994. These bonuses are reflected in the Summary Compensation Table. For fiscal year 1995, the Committee once again set the ICP minimum performance goal at EPS equal to the Company's budget and total return to shareholders equal to the Wilshire 5000.

At the Annual Meeting of Shareholders held on June 16, 1994, the shareholders of the Company approved the Churchill Downs Incorporated 1993 Stock Option Plan (the "Option Plan"). The Committee believes that the granting of options pursuant to the Option Plan to officers of the Company, including Mr. Meeker, will further the Company's goals of attracting, motivating and retaining employees while also providing compensation which links pay to performance. During 1994, awards under the Option Plan were as follows: (1) Mr. Meeker was granted 5,376 nonqualified stock options and 4,624 incentive stock options ("ISOs") and (2) all other officers were granted 4,800 nonqualified stock options and 5,750 ISOs. The options are exercisable in 1997. The Option Plan provides for cashless exercises through broker's transactions.

The Committee believes that the Option Plan is integral to a performance based compensation package. Although the ICP reflects certain levels of increases in stock price, the ICP is also heavily weighted toward earnings per share goals established by the Committee. The Option Plan allows the Company to further tie compensation to performance of the Company with a possibility of greatly increasing the total compensation package of its executives without an equivalent cash outlay by the Company.

Mr. Meeker was employed as President and Chief Executive Officer of the Company in October 1984 under an annually renewing three-year contract. Each year, Mr. Meeker's base salary is set by the Committee after considering the Company's overall financial performance in light of the Company's strategic development initiatives. In April of 1994, Mr. Meeker's annual base salary was increased to \$245,000. This relatively small increase in base salary reflects the fact that the Committee has decided to shift a greater portion of Mr. Meeker's overall compensation to performance based sources such as the ICP and the Option Plan.

COMPENSATION COMMITTEE

Frank B. Hower, Jr.
William S. Farish
Catesby W. Clay
Arthur B. Modell
Darrell R. Wells

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Company is unaware of any relationships among its officers and directors which would require disclosure under this caption.

PERFORMANCE GRAPH

Set forth below is a line graph comparing the yearly percentage change in the cumulative total shareholder return on the Company's Common Stock against the cumulative total return of each of a peer group index and the Wilshire 5000 index for the period of approximately five (5) fiscal years commencing January 31, 1990, and ending December 31, 1994. The period ending December 31, 1993 represents an eleven (11) month period due to the change in the Company's fiscal year. The companies used in the peer group index consist of Bay Meadows Operating Co., Fair Grounds Corp., Hollywood Park Operating Co., International Thoroughbred Breeders, Inc. and Santa Anita Operating Co., which are all of the publicly traded companies known to the Company to be engaged primarily in thoroughbred racing in the continental United States. Turf Paradise, Inc. was previously included in the peer group index but was acquired by Hollywood Park Operating Co. in 1994. The Wilshire 5000 equity index measures the performance of all United States headquartered equity securities with readily available price data. The graph depicts the result of an investment of \$100 in the Company, the Wilshire 5000 index and the peer group companies. Since the Company has historically paid dividends on an annual basis, the performance graph assumes that dividends were reinvested annually.

	1/31/90	1/31/91	1/31/92	1/31/93	12/31/93	12/31/94
Churchill Downs	\$100	\$111	\$174	\$219	\$261	\$213
Wilshire 5000	\$100	\$106	\$136	\$150	\$165	\$165
Peer Group	\$100	\$104	\$ 89	\$ 89	\$139	\$ 81

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning the beneficial ownership of the Common Stock as of April 1, 1995 (except as otherwise indicated), by [i] the only persons known by the Board of Directors to own beneficially more than five percent (5%) of the Common Stock and [ii] the Company's directors, nominees for election as directors and executive officers as a group. Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

Name and Address OF BENEFICIAL OWNER	Shares Beneficially OWNED	Percent OF CLASS
28 parties to a Third Supplemental Stockholder Agreement c/o Thomas H. Meeker, Stockholder Representative 700 Central Avenue Louisville, Kentucky 40208	1,196,146 (1) (5)	31.5%
National City Corporation National City Center 1900 East Ninth Street Cleveland, Ohio 44114	196,485 (2)	5.2%
Darrell R. Wells 4350 Brownsboro Road Suite 310 Louisville, Kentucky 40207	232,930 (3) (4) (5)	6.2%
Charles W. Bidwill, Jr. 911 Sunset Road Winnetka, Illinois 60093	221,259 (3) (4) (5)	5.8%
23 Directors, Nominees for Director and Executive Officers as a Group	1,206,782 (3) (4) (5) (6)	31.7%

(1) Information provided as of April 18, 1995. Pursuant to certain federal securities laws, the parties to the Third Supplemental Stockholder Agreement (the "Stockholder Agreement") may collectively be considered a "group" and therefore may be deemed a "person" known by management of the Company to own beneficially more than 5% of the shares of Common Stock of the Company. The names and addresses of the parties to the Stockholder Agreement are set forth in the Schedule 13D filed by such parties with the Securities and Exchange Commission ("SEC") on April 25, 1995, which filing is incorporated herein by reference. Each shareholder who is a party to the Stockholder Agreement has agreed that until April 15, 1997, such shareholder will not sell, transfer, assign or otherwise dispose of shares of Common Stock beneficially owned or acquired by such shareholder without first offering to sell such Common Stock to the Company and to all other signatories to the Stockholder Agreement on the same terms and conditions as in an offer received from a third party by such shareholder. The Stockholder Agreement provides for protraction of the shares offered by the selling shareholder in the event that more than one of the signatories to the Stockholder Agreement desires to purchase the shares offered by such selling shareholder. The Stockholder Agreement provides that Common Stock may be transferred by the parties to the Agreement, without compliance with the Agreement [i] pursuant to an offer to purchase not less than all of the outstanding shares of the Common Stock that the Board of Directors has recommended and that an independent financial advisor retained by the Company has determined is fair to the Company's shareholders from a financial point of view; [ii] by gift, will or pursuant to the laws of descent and distribution; [iii] by pledge to a financial institution; [iv] if the transfer is by operation of law; or [v] in a small transaction which is defined to be a transfer in any single calendar month of 3,000 shares or less of the Common Stock. The Stockholder Agreement does not restrict the rights of any shareholder who is a party thereto to vote the Common Stock, to receive cash or stock dividends, to receive shares of Common Stock in a stock split, or to sell or dispose of shares of Common Stock, except as specifically set forth in such Stockholder Agreement. The Company has approved and become a third party beneficiary of the Stockholder Agreement.

(2) National City Corporation and its wholly-owned subsidiary, National City Bank, Kentucky ("National City"), have informed the Company that on February 10, 1995, National City held a total of 196,485 shares in fiduciary accounts for others. National City has further informed the Company that it has sole power to vote or direct the voting of 53,610 shares; sole power to dispose or to direct the disposition of 173,120 shares; shared power to vote or direct the voting of no shares; and shared power to dispose or direct the disposition of 22,215 shares.

(3) Of the total shares listed above, Mr. Wells disclaims beneficial ownership of 22,400 shares held by The Wells Foundation, Inc., of which he is a trustee and of 135,791.90 shares held by The Wells Family Partnership of which he is the Managing General Partner. Mr. Wells shares voting and investment power with respect to all shares attributed to him in the above table. Mr. Bidwill shares voting and investment power with respect to 2,919 shares beneficially owned by him.

(4) See Item 10. "Directors and Executive Officers of the Registrant."

- (5) The 232,930 shares beneficially owned by Mr. Wells and 222,259 shares (including shares acquired after April 1, 1995) beneficially owned by Mr. Bidwill are subject to the Stockholder Agreement. An additional 588,727 shares owned by certain other directors, nominees for election as directors and executive officers of the Company are subject to the Stockholder Agreement.

- (6) Includes 1,169 shares issuable under the Company's Incentive Compensation Plan and 28,400 shares issuable under currently exercisable options.

Information concerning the beneficial ownership of the Company's stock by each of the directors and executive officers individually is set forth under Item 10. "Directors and Executive Officers of the Registrant" which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the past fiscal year, the Company did not engage in any transactions in which any director or officer of the Company had any material interest, except as described below.

Directors of the Company may from time to time own or have interests in horses racing at the Company's tracks. All such races are conducted, as applicable, under the regulations of the Kentucky Racing Commission or the Indiana Horse Racing Commission, and no director receives any extra or special benefit with regard to having their horses selected to run in races or in connection with the actual running of races.

One or more directors of the Company have an interest in business entities which contract with the Company for the purpose of simulcasting the Kentucky Derby and other races and the acceptance of interstate wagers on such races. In such case, no extra or special benefit not shared by all others so contracting with the Company is received by any director or entity owned or controlled by a director. Mr. Charles W. Bidwill, Jr., a director and five percent (5%) owner of the Company, is the President and General Manager and part owner of National Jockey Club. In 1994, National Jockey Club and the Company were parties to a simulcasting contract whereby National Jockey Club was granted the right to simulcast the Company's Derby Trial - Grade III race, The Kentucky Oaks - Grade I race and the Kentucky Derby - Grade I race. In consideration for these rights, National Jockey Club paid to the Company 5.6% of its gross handle on the simulcast races. For purposes of this and other simulcast contracts, gross handle is defined as the total amount wagered by patrons on the races at the National Jockey Club facility less any money

returned to the patrons by cancels and refunds. This simulcast contract is uniform throughout the industry and the rates charged were substantially the same as rates charged to other parties who contracted to simulcast the same races. In 1994, the Company simulcast the Kentucky Derby to 576 locations in the United States and selected international sites. National Jockey Club received no extra or special benefit as a result of the Company's relationship with Mr. Bidwill.

Thomas H. Meeker, President and Chief Executive Officer of the Company, is currently indebted to the Company in the principal amount of \$65,000, represented by his demand note bearing interest at 8% per annum (payable quarterly) and payable in full upon termination of Mr. Meeker's employment with the Company for any reason. This indebtedness arose in connection with Mr. Meeker's initial employment, pursuant to the terms of which he was granted a loan by the Company for the purpose of purchasing the Company's stock.

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 27, 1995

/S/VICKI L. BAUMGARDNER

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