SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 1997

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from ---------------- to -----------------

Commission file number 0-1469

CHURCHILL DOWNS INCORPORATED
(Exact name of registrant as specified in its charter)

KENTUCKY	61-0156015
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

700 CENTRAL AVENUE, LOUISVILLE, KY 40208
(Address of principal executive offices)
(Zip Code)

(502) 636-4400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No______

The number of shares outstanding of registrant's common stock at May 13, 1997 was 3,654,264 shares.

CHURCHILL DOWNS INCORPORATED

I N D E X

CHURCHILL DOWNS INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

ASSETS	March 31 1997	December 31 1996	March 31 1996
Current assets:			
Cash and cash equivalents	$7,084,056	$ 8,209,414	$ 7,305,232
Prepaid income taxes	870,792	-	1,186,350
Accounts receivable	3,918,264	5,218,236	957,397
Other current assets	1,180,439	679,221	675,686
Total current assets	13,053,551	14,106,871	10,124,665
Other assets	3,634,018	3,739,906	4,498,318
Plant and equipment	101,086,691	100,025,412	98,144,122
Less accumulated depreciation	(38,158,464)	(37,143,223)	(34,115,683)
	62,928,227	62,882,189	64,028,439
	$79,615,796	$ 80,728,966	$78,651,422

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable	$10,258,980	$ 7,575,573	$ 8,715,251
Accrued expenses	3,549,700	5,802,330	3,358,596
Dividends payable	-	2,375,271	-
Income Taxes Payable	-	2,510,508	-
Deferred revenue	11,477,348	6,511,902	10,796,479
Long-term debt, current portion	73,893	73,893	5,070,097
Total current liabilities	25,359,921	24,849,477	27,940,423
Long-term debt, due after one year	2,752,969	2,925,298	351,079
Outstanding mutuel tickets (payable after one year)	2,250,165	2,031,500	2,413,548
Deferred compensation	1,003,947	825,211	882,762
Deferred income taxes	2,316,600	2,316,600	2,415,500
Stockholders' equity:			
Preferred stock, no par value; authorized, 250,000 shares; issued, none	-	-	-
Common stock, no par value; authorized, 10 million shares, issued 3,654,264 shares, March 31, 1997 and December 31, 1996 and 3,784,605 shares, March 31, 1996	3,493,042	3,493,042	3,504,388
Retained earnings	42,504,152	44,352,838	41,413,247
Deferred compensation costs	-	-	(204,525)
Note receivable for common stock	(65,000)	(65,000)	(65,000)
	45,932,194	47,780,880	44,648,110
	$ 79,615,796	$ 80,728,966	$78,651,422

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

CHURCHILL DOWNS INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS for the three months ended March 31, 1997 and 1996
(Unaudited)

	THREE MONTHS ENDED MARCH 31	
	1997	1996
Net revenues	$13,278,864	$11,349,493
Operating expenses	14,424,004	12,663,038
Gross loss	(1,145,140)	(1,313,545)
Selling, general and administrative expenses	1,990,283	2,163,597
Operating loss	(3,135,423)	(3,477,142)
Other income and expense:		
Interest income	66,380	44,003
Interest expense	(80,216)	(96,198)
Miscellaneous, net	130,573	81,124
	116,737	28,929
Loss before income tax benefit	(3,018,686)	(3,448,213)
Federal and state income tax benefit	1,170,000	1,375,000
Net loss	$(1,848,686)	$(2,073,213)
Retained earnings, beginning of period	44,352,838	43,486,460
Retained earnings, end of period	$42,504,152	$41,413,247
Net loss per share (based on weighted average shares outstanding of 3,655,837 and 3,786,062 respectively)	$ (.51)	$ (.55)

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

CHURCHILL DOWNS INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS for the three months ended March 31, 1997 and 1996
(Unaudited)

	THREE MONTHS ENDED MARCH 31	
	1997	1996
Cash flows from operating activities:		
Net loss	$(1,848,686)	$(2,073,213)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,143,522	1,147,680
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Prepaid income taxes	(870,792)	(1,186,350)
Accounts receivable	1,299,972	1,141,504
Other current assets	(501,218)	(125,866)
Income taxes payable	(2,510,508)	(1,049,508)
Deferred revenue	4,965,446	4,697,938
Accounts payable, accrued expenses, and other	827,974	2,481,820
Net cash provided by operating activities	2,505,710	5,034,005
Cash flows from investing activities:		
Additions to plant and equipment, net	(1,083,468)	(692,659)
Net cash used in investing activities	(1,083,468)	(692,659)
Cash flows from financing activities:		
Decrease in long-term debt, net	(172,329)	(1,000,000)
Dividend paid	(2,375,271)	(1,892,302)
Net cash used in financing activities	(2,547,600)	(2,892,302)
Net increase (decrease) in cash and cash equivalents	(1,125,358)	1,449,044
Cash and cash equivalents, beginning of period	8,209,414	5,856,188
Cash and cash equivalents, end of period	$ 7,084,056	$ 7,305,232

Supplemental Disclosures of cash flow information:

Cash paid during the period for:		
Interest	$ 92,300	$ 168,700
Income taxes	$ 2,190,000	$ 500,000

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

CHURCHILL DOWNS INCORPORATED

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the three months ended March 31, 1997 and 1996
(Unaudited)

1. Because of the seasonal nature of the Company's business, revenues and operating results for any interim quarter are not indicative of the revenues and operating results for the year and are not necessarily comparable with results for the corresponding period of the previous year. The Company normally earns a substantial portion of its net income in the second quarter of each year during which the Kentucky Derby and Kentucky Oaks is run. The Kentucky Derby and Kentucky Oaks is run on the first weekend in May.

During the three months ended March 31, 1997 and 1996 the Company conducted simulcast receiving wagering for 368 and 367 location days, respectively. The Company operated simulcast wagering at its Sports Spectrum site in Louisville, Kentucky for 72 days during the three month period, compared to 67 days in 1996. Additionally, the Company conducts simulcast wagering on-track during its Churchill Downs live race meets. Through its subsidiary, Hoosier Park L.P. ("Hoosier Park"), the Company conducted simulcast wagering at its racetrack in Anderson, Indiana and at three simulcast wagering facilities located in Merrillville, Ft. Wayne and Indianapolis, Indiana for a total of 296 days during the three month period compared to 300 days in 1996.

2. The accompanying consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the Company's annual report on Form 10-K. The year end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. Accordingly, the reader of this Form 10-Q may wish to refer to the Company's Form 10-K for the period ended December 31, 1996 for further information. The accompanying consolidated financial statements have been prepared in accordance with the registrant's customary accounting practices and have not been audited. In the opinion of management, all adjustments necessary for a fair presentation of this information have been made and all such adjustments are of a normal recurring nature.

3. 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. There were no borrowings outstanding at March 31, 1997 and December 31, 1996. There were $5.0 million in borrowings outstanding at March 31, 1996.

4. Certain balance sheet and statement of operations items have been reclassified in the prior year to conform to current period presentation.

5. 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, 1996.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the three months ended March 31, 1997 and 1996 (continued)
(Unaudited)

It is not anticipated that the Company will have any liability as a result of compliance with environmental laws with respect to any of the Company's property. Compliance with environmental laws has not otherwise affected development and operation of the Company's property and the Company is not otherwise subject to any material compliance costs in connection with federal or state environmental laws.

6. 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.

CHURCHILL DOWNS INCORPORATED

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

This discussion and analysis contains both historical and forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be significantly impacted by certain risks and uncertainties described herein, and in the Company's annual report on Form 10-K for the year ended December 31, 1996.

The Company's principal business is conducting pari-mutuel wagering on Thoroughbred and Standardbred horse races. For many years, the Company has conducted live Spring and Fall race meetings for Thoroughbred horses in Kentucky. In 1988, the Company began in-state simulcasting ("intertrack") of its live races, except those run on Kentucky Derby Day, by sending its video signal to other locations in Kentucky for purposes of pari-mutuel wagering into the Company's mutuel pools. In 1989, the Company commenced operations as a receiving track for intertrack simulcasting. During November 1991, the Company began interstate simulcasting for all of the live races with the receiving locations participating in the Company's mutuel pools. The Kentucky Derby and Kentucky Oaks, which are run on the first weekend in May of each year, continue to be the Company's outstanding attractions. In 1995, for the first time, Churchill Downs offered the simulcast of its races on Kentucky Derby Day to racetracks within Kentucky and continued the practice in 1996. In 1996, Derby weekend accounted for approximately 30% of total on-track pari-mutuel wagering and 35% of total on-track attendance for the 1996 Spring Meet at Churchill Downs. In July 1994, the Company began whole card simulcasting importing a full program or race card from host tracks located outside the state for pari-mutuel wagering purposes. Whole card simulcasting has created a major new wagering opportunity for patrons of the Company in both Kentucky and Indiana.

The Company, through its subsidiary, Hoosier Park, L.P. ("Hoosier Park"), is majority owner and operator of Indiana's only pari-mutuel racetrack, Hoosier Park in Anderson, Indiana. Hoosier Park conducted two Harness race meets, as well as simulcast wagering, during its first 16 months of operation beginning September 1, 1994 through December 31, 1995. During 1995 improvements were made to Hoosier Park for the track's inaugural Thoroughbred meet. From January 1995 through October 1995, the Company opened off-track wagering facilities in Merrillville, Fort Wayne and downtown Indianapolis, Indiana. The license for the fourth facility in Jeffersonville, Indiana was surrendered in July 1995 because ownership of the tentative site was in question and resolution was not expected in the near future. The Company is continuing to evaluate sites for the location of a fourth satellite wagering facility.

Because of the seasonal nature of the Company's business, revenues and operating results for any interim quarter are not indicative of the revenues and operating results for the year and are not necessarily comparable with results for the corresponding period of the previous year. The Company normally earns a substantial portion of its net income in the second quarter of each year during which the Kentucky Derby and the Kentucky Oaks is run. The Kentucky Derby and the Kentucky Oaks is run on the first weekend in May.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The Company's primary sources of income are commissions and fees earned from pari-mutuel wagering on on-track and simulcast horse races. Other significant sources of income include admissions and seating, riverboat admission tax supplement, concession commissions (primarily for the sale of food and beverage items), and license, rights and broadcast and sponsorship fees.

In Kentucky, licenses to conduct Thoroughbred race meetings and to participate in simulcasting are approved annually by the Kentucky Racing Commission based upon applications submitted by the racetracks in Kentucky, including the Company. Based on gross figures for on-track pari-mutuel wagering and attendance, the Company is the leading Thoroughbred racetrack in Kentucky. The Company has been granted a license to conduct live racing during the period from April 26 through June 29, 1997, and from October 26 through November 29, 1997 for a total of 77 racing days in Kentucky compared to 78 racing days in 1996.

In Indiana, licenses to conduct live Standardbred and Thoroughbred race meetings and to participate in simulcasting are approved annually by the Indiana Horse Racing Commission based upon applications submitted by the Company. Currently, the Company is the only facility in Indiana licensed to conduct live Standardbred or Thoroughbred race meetings and to participate in simulcasting. In Indiana the Company has been granted a license to conduct live racing in 1997 for a total of 143 racing days, including 85 days of Standardbred racing from April 24 through August 24, 1997, and 58 days of Thoroughbred racing from September 12 through November 29, 1997. In 1996, the Company conducted live racing for a total of 132 racing days, including 80 days of Standardbred racing and 52 days of Thoroughbred racing.

With the advent of whole card simulcasting, the Company conducts interstate simulcasting year-round on multiple racing programs each day from around the nation. For 1997, the Company has been granted a license to operate simulcast receiving locations in Kentucky and Indiana for any and all possible dates from January 1 through December 31 and intends to receive simulcasting on all days it is economically feasible, which is the reason for the increase of five days in Kentucky. The number of receiving days in both Kentucky and Indiana has remained relatively the same during 1997 compared to 1996 increasing only one location day. Hoosier Park may ultimately be supported by a fourth whole card simulcasting facility. An increase in the number of days or facilities would be expected to enhance operating results.

Because the business of the Company is seasonal, the number of persons employed will vary throughout the year. Approximately 600 individuals are employed on a permanent year-round basis. During the live race meetings, as many as 2,600 persons are employed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

In 1996, there were three riverboats in operation along the Ohio River. During the three months ended March 31, 1996, two of these riverboats were operating, one in Indiana and one at Metropolis, Illinois. By 1998, as many as five Indiana riverboats may be operating along the Ohio River, with one of the nation's largest complexes proposed to be located 10 miles from Louisville in Harrison County, Indiana. Direct competition with three newly opened riverboats has negatively impacted wagering at racetracks in western and northern Kentucky in 1996. Decreases in intertrack wagering, and to some extent on-track wagering, during Churchill Downs' 1996 Fall Meet were the result of riverboat competition in these markets. The Company believes that competition from Indiana riverboat gaming facilities will have a negative impact on the Company's operations, which could be material.

In addition, licenses allowing up to five riverboat casinos on Lake Michigan near the Company's Merrillville, Indiana, Sports Spectrum facility have been granted by the Indiana Gaming Commission. Three riverboats opened on Lake Michigan in June 1996 with two more projected to open in 1997. The Potawatomi Indian Tribe has expressed an interest in establishing land-based casino operations in southwestern Michigan and northeastern Indiana, while the Miami Indian Tribe has expressed an interest in establishing a land-based casino near the Company's Merrillville Sports Spectrum. The Company's wagering activities at the Merrillville facility have been materially adversely impacted by the opening of the three riverboats. The Company continues to anticipate that such operations will have a negative impact upon the Company's wagering activities. The extent of the impact is unknown at this time due, in part, to the uncertain geographic distances between the Company's operations and the number of potential casino sites.

Studies project that direct competition with these boats could result in as much as a 30% decline in on-track wagering at Churchill Downs and a 20% decline in the Louisville, Kentucky Sports Spectrum business. In response, the Company's Board of Directors passed a resolution at its June 13, 1996 meeting instructing the Company's management to aggressively pursue alternative forms of gaming at its racetrack facilities in Louisville. The integration of alternative gaming products at the racetrack is one of four core business strategies developed by the Company to grow its live racing program. Management has been positioning the Company to compete in this changing environment for the past several years by strengthening its flagship operations, increasing its share of the interstate simulcast market, and geographically expanding its racing operations into Indiana.

The Company is pursuing legislative initiatives in both Kentucky and Indiana which would allow alternative gaming operations at its racetrack facilities. Alternative gaming in the form of video lottery and slot machines would enable Churchill Downs and Hoosier Park to effectively compete with Indiana riverboat casinos, and provide new revenue for capital investment and purse money.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The 1997 regular session of the Indiana General Assembly expired on April 29, 1997 without the passage of House Bill 1135 or a biennial state budget. This bill would have materially reduced Hoosier Park's share of a riverboat admission tax. In May, 1997 the Indiana General Assembly will convene in special session to consider a budget bill, which may include provisions similar to those included in House Bill 1135.

The Company owned two live racing facilities and four simulcast wagering facilities during the three month period ended March 31, 1997. There was no live racing conducted during the three month periods ended March 31, 1997 and 1996. The chart below summarizes the results of these operations.

	KENTUCKY			INDIANA		
	Three Months Ended March 31 1997	Three Months Ended March 31 1996	Increase (DECREASE)	Three Months Ended March 31 1997	Three Months Ended March 31 1996	Increase (DECREASE)
INTERTRACK/SIMULCAST-RECEIVING*						
Number of Simulcast Facilities	1	1	-	4	4	-
Number of Receiving Days	72	67	5	296	300	(4)
Attendance	144,130	152,310	-5%	**	**	**
Handle	$41,160,854	$40,332,802	2%	$32,189,879	$35,242,965	-7%
Average Daily Attendance	2,002	2,273	-12%	**	**	**
Average Daily Handle	$571,679	$601,982	-5%	$108,750	$117,477	-5%
Per capita handle	$285.58	$264.81	8%	**	**	**

* The Company's Indiana operations include four separate simulcast wagering facilities.

** Attendance figures are not kept for the off-track wagering facilities in Indiana.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

COMPARISON OF THREE MONTHS ENDED MARCH 31, 1997 TO 1996

REVENUES

Net revenue during the three months ended March 31, 1997 increased approximately $1.9 million (17%). Indiana operations contributed or $1,772,000 (92%) to the total increase as a result of an increase in riverboat admissions revenue of approximately $2.1 million due to an increase of five riverboats in operation along the Ohio River and on Lake Michigan compared to the first quarter of 1996. The net increase in riverboat admissions revenue after required purse and marketing expenses of approximately $1.3 million is approximately $.8 million.

Admission, seat, concession and program revenues showed a decline during the three months ended March 31, 1997 primarily as a result of a decrease in attendance as compared to 1996.

Following is a summary of Revenues:

NET REVENUE SUMMARY

	Three Months Ended March 31, 1997	% to Total Revenue	Three Months Ended March 31, 1996	% to Total Revenue	1997 vs 1996 $ Change	1997 vs 1996 % Change
Pari-Mutuel Revenue Simulcast Receiving	$9,964,289	75%	$ 9,977,295	88%	$ (13,006)	-
Admission & Seat Revenue	259,375	2%	344,704	3%	(85,329)	-25%
License, Rights, Broadcast & Sponsorship Revenue	50,733	1%	48,982	0%	1,751	4%
Concession Commission	159,686	1%	201,849	2%	(42,163)	-21%
Program Revenue	485,262	4%	540,851	5%	(55,589)	-10%
Riverboat Admissions Revenue	2,181,925	16%	75,000	1%	2,106,925	2,809%
Other	177,594	1%	160,812	1%	16,782	10%
	$13,278,864	100%	$11,349,493	100%	$1,929,371	17%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

OPERATING EXPENSES

Operating expenses increased $1,761,000 (14%) during the quarter ended March 31, 1997. The negative gross margin which is typical for the first quarter of the year improved by approximately $200,000 and in percentage terms by 3% to -8.6% in 1997 compared to -11.6% for the same period in 1996.

Indiana operations contributed $1,082,000 (61%) of the total increase and Kentucky operations contributed $679,000 (39%). Riverboat purse expenses in Indiana showed a corresponding increase of $1.2 million which represents 40% of the riverboat admission tax that is restricted for additional purse expenses. In Kentucky and Indiana purse expense varies directly with pari-mutuel revenues and is calculated as a percentage of the related revenue and may change from year to year pursuant to contract or statute.

Wages and Contract Labor increased $407,000 for the period. This is primarily due to increases in Mutuel payroll related to a new pari-mutuel union contract beginning January 1, 1997. In addition, a corporate restructuring to focus resources and support the Company's core strategic initiatives resulted in several new positions in Kentucky. Indiana showed no significant change.

Advertising, Marketing and Publicity increased primarily due to riverboat admission tax revenue of which 10% is earmarked specifically for racetrack promotions in Indiana. This resulted in an increase of $130,000 in Indiana.

Totalisator Expense, Simulcast Host Fee Expense and Audio/Video and Signal Distribution expenses showed increases in Kentucky of $61,000, $141,000 and $125,000 respectively. This increase is attributed primarily to the greater number signals offered during the first quarter and increased simulcast revenues. In Indiana, these categories showed no significant change with the exception of Simulcast Host Fees which showed a decline of $149,000 primarily due to fewer simulcast receiving days.

Program expenses show declines in both Kentucky and Indiana totaling $44,000. This is attributed to the decrease in attendance in Kentucky and four fewer receiving days in Indiana.

Maintenance expenses increased by $76,000, almost all of which was incurred in Kentucky for renovations for the spring meet beginning in March.

Decreases in the Derby Expansion Area are related to the timing of expenses paid in the first quarter of 1997 when compared to 1996.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Following is a summary of Operating Expenses:

OPERATING EXPENSE SUMMARY

	Three Months Ended March 31, 1997	% to Total Expenses	Three Months Ended March 31, 1996	% to Total Expense	1997 vs 1996 $ Change	1997 vs 1996 % Change
Purses:						
Simulcast-Receiving	$3,214,623	22%	$3,257,138	26%	$ (42,515)	-1%
Riverboat	1,220,257	9%	-	-	1,220,257	100%
	$4,434,880	31%	$3,257,138	26%	$1,177,742	36%
Wages and Contract Labor	3,030,477	21%	2,623,255	21%	407,222	16%
Advertising, Marketing & Publicity	658,092	5%	466,758	4%	191,334	41%
Racing Relations & Services	73,383	1%	94,836	1%	(21,453)	-23%
Totalisator Expense	356,390	2%	287,946	2%	68,444	24%
Simulcast Host Fee	2,077,515	14%	2,086,009	16%	(8,494)	-0%
Audio/Video & Signal Distribution Expense	333,301	2%	178,384	1%	154,917	87%
Program Expense	338,967	2%	382,473	3%	(43,506)	-11%
Depreciation & Amortization	1,143,522	8%	1,147,680	9%	(4,158)	-0%
Insurance, Taxes & License Fees	524,526	4%	541,702	4%	(17,176)	-3%
Maintenance	387,854	3%	311,172	2%	76,682	25%
Utilities	524,666	4%	594,161	5%	(69,495)	-12%
Derby Expansion Area	16,180	0%	199,431	2%	(183,251)	-92%
Facility/Land Rent	187,041	1%	190,753	2%	(3,712)	-2%
Other Meeting Expense	337,210	2%	301,340	2%	35,870	12%
	$14,424,004	100%	$12,663,038	100%	$1,760,966	14%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Selling, general and administrative expenses decreased by $173,000 during the three month period ended March 31, 1997, primarily as the result of reclassifications made to operating expenses during the three months ended March 31, 1997.

Interest expense decreased $16,000 as positive cash flow from operations allowed the Company to pay down its line of credit in May 1996. This decrease was partially offset by interest expense incurred in conjunction with a 10% minority interest in Hoosier Park's debt.

SIGNIFICANT CHANGES IN THE BALANCE SHEET DECEMBER 31, 1996 TO MARCH 31, 1997

The cash balances at March 31, 1997 were approximately $1.1 million lower than December 31, 1996 due primarily to the payment of dividends, management bonuses and the cost of improvements in plant and equipment in the first quarter, offset partially by the collection of advance ticket sales for the 1997 Kentucky Derby and Oaks.

Accounts receivable at March 31, 1997 was approximately $1.3 million lower than at December 31, 1996 primarily due to the collection of 1996 Fall meet simulcasting receivables, purse supplements due from the Commonwealth of Kentucky and collection of advance ticket sales for the 1997 Kentucky Derby and Oaks.

Other current assets increased $501,000 primarily as a result of the prepayment of costs relating to the Kentucky Derby and the Kentucky Oaks races.

Plant and equipment increased approximately $1 million as a result of routine capital spending throughout the Company.

Accounts payable increased $2,683,000 at March 31, 1997 primarily due to the settlement liability related to whole card simulcasting and the increase in purses payable related to the overall increase in simulcast wagering and riverboat admissions revenue.

Accrued expenses decreased $2,253,000 at March 31, 1997 primarily as a result of payments of expenses incurred during the Fall 1996 live race meet.

Dividends payable decreased by $2,375,000 at March 31, 1997 due to the payment of dividends (declared in 1996) in the first quarter.

Income taxes payable decreased by $2,511,000 at March 31, 1997 due to the payment of estimated taxes in the first quarter in 1997.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Deferred revenue is higher at March 31 due to advance billings of season box and membership revenue for Kentucky's live race meets and the Derby Expansion Area relating to the Kentucky Derby and Kentucky Oaks races.

SIGNIFICANT CHANGES IN THE BALANCE SHEET MARCH 31, 1996 TO MARCH 31, 1997

The increase in accounts receivable of approximately $3 million at March 31, 1997 is primarily due to the increase in Riverboat Admissions tax revenue which resulted primarily from an increase in the number of riverboats in operation along the Ohio River and on Lake Michigan.

Other current assets increased $505,000 primarily as a result of the timing of expenses related to the Kentucky Derby and the Kentucky Oaks races.

Other assets decreased $864,000 primarily as a result of amortization of preopening and organizational costs in Indiana.

Plant and equipment increased by approximately $2.9 million due to routine capital spending throughout the Company offset by approximately $4 million in depreciation expense.

Accounts payable and accrued expenses increased by $1.7 million primarily due to the settlement liability related to whole card simulcasting and the purses payable related to the overall increase in simulcast wagering and riverboat admissions revenue.

LIQUIDITY AND CAPITAL RESOURCES

The working capital deficiency for the three months ended March 31, 1997 decreased by approximately $5.5 million compared to March 31, 1996 as shown below:

	March 31	
	1997	1996
Working capital deficiency	$(12,306,370)	$(17,815,758)
Working capital ratio	.51 to 1	.36 to 1

The decrease in the deficiency is primarily based upon an increase in accounts receivable of $3 million and a decrease in the current portion of long-term debt of $5 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The working capital deficiency is primarily a result of the nature and seasonality of the Company's business. Cash flows provided by operations were $2,506,000 for the three months ended March 31, 1997 and $5,034,000 for the three months ended March 31, 1996. The decrease of $2,528,000 in cash flow from operations for the three months ended March 31, 1997 compared to 1996 is primarily the result of timing of income tax payments and the overall decrease in accrued expenses during the first quarter of 1997. Management believes cash flows from operations during 1997 and funds available under the Company's unsecured line of credit will be substantially in excess of the Company's disbursements for the year.

The Company has a $20,000,000 unsecured line-of-credit available with $20 million available at March 31, 1997 to meet working capital and other short-term requirements. Management believes that the Company has the ability to obtain additional long-term financing should the need arise.

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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

A. See exhibit index

B. During the quarter ending March 31, 1997, no Form 8-K's were filed by the Company.

SIGNATURES

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

CHURCHILL DOWNS INCORPORATED

May 13, 1997	/S/THOMAS H. MEEKER ----------------------- Thomas H. Meeker President
May 13, 1997	/S/ROBERT L. DECKER ----------------------- Robert L. Decker Senior Vice President, Finance (Chief Financial Officer)
May 13, 1997	/S/VICKI L. BAUMGARDNER ----------------------- Vicki L. Baumgardner, Treasurer (Principal Accounting Officer)

EXHIBIT INDEX

NUMBERS	DESCRIPTION	BY REFERENCE TO
(10)(l)	Employment Agreement between Churchill Downs Incorporated and Robert L. Decker	Pages 21-24

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and entered into as of March 1st, 1997 (the "Employment Agreement"), between CHURCHILL DOWNS INCORPORATED, a Kentucky corporation ("Company") and ROBERT L. DECKER ("Decker").

1. EMPLOYMENT. The Company hereby employs Decker, and Decker hereby accepts employment, in the capacity of Senior Vice President, Finance and Development, and Chief Financial Officer of the Company. Decker shall exert his best efforts and devote his full time and attention to the business and affairs of the Company. Decker shall have all powers and responsibilities as provided in the Company's current bylaws attendant to the position of Chief Financial Officer and/or as delegated to him by the Company's President and Chief Executive Officer (the "CEO"). Decker shall be responsible for managing and supervising those departments of the Company assigned to him by the CEO from time to time and for executing the Company's business policies.

2. COMPENSATION AND PERQUISITES.

A. SALARY. As partial compensation for the services rendered by Decker hereunder, the Company shall pay to Decker a base salary of $170,000 a year, payable in accordance with the Company's payroll procedures. Salary adjustments, if any, shall be made, in the discretion of the Board of Directors, at any time but will normally occur on January 1 of each year in accordance with standard company policy.

B. EXPENSES. The Company will reimburse Decker for all reasonable and necessary travel and other out-of-pocket expenses incurred by him in the performance of his duties. The Company will pay Decker's reasonable travel and entertainment expenses and other reasonable expenses incurred on behalf of the Company's business. The Company also will pay for such expenses for Decker's wife when she travels with him on the Company's business. Decker shall present to the Company from time to time an itemized account of such expenses in such form as may be required by the Company.

C. AUTOMOBILE. The Company will provide Decker with an automobile and will pay for maintenance, repairs, insurance and all costs incident thereto.

D. DUES. The Company will pay for Decker's dues (excluding any initiation fee) for any one country club and for a mutually acceptable number of professional or business clubs and associations to which he may belong.

E. MOVING EXPENSES. The Company will pay to Decker reasonable moving expenses which includes but is not limited to, transportation costs, dislocation allowance, temporary housing, sales expenses relating to home, living allowances and the gross up of such expenses to cover tax liability (not to exceed $97,000) incurred by him in connection with his relocation to Louisville, Kentucky. Decker shall present to the Company an itemized account of such expenses. The full reimbursement of moving expenses shall be deemed to have been earned at the end of one year's employment (February 28, 1998). In the event that Decker voluntarily leaves the Company's employment prior to such date, Decker shall repay to the Company a pro rata portion of the moving expenses, calculated by multiplying the number of months remaining in the twelve-month period times the sum derived by dividing the total moving expenses by twelve. The Company shall be entitled to off-set this amount against any amounts owed by the Company to Decker.

3. EMPLOYEE BENEFITS.

A. EMPLOYEE STOCK PURCHASE PLAN. Decker shall be entitled to participate in the Churchill Downs Incorporated (1995) Employee Stock Purchase Plan, subject to and on a basis consistent with the terms, conditions and overall administration of such plan.

B. EMPLOYEE STOCK OPTION PLAN. Decker shall be entitled to participate in the Churchill Downs Incorporated (1993) Stock Option Plan, subject to and on a basis consistent with the terms, conditions and overall administration of such plan. Decker shall receive an initial stock option grant of 10,000 shares of the Company's Common Stock, as of March 1, 1997, and shall execute the Company's standard stock option agreement.

C. LIFE INSURANCE. The Company shall provide to Decker life insurance, major medical and health insurance and disability insurance on the same basis as generally provided for other full-time employees of the Company.

D. INCENTIVE COMPENSATION PLAN. Decker shall be entitled to participate in the Churchill Downs Incorporated (1997) Incentive Compensation Plan, subject to and on a basis consistent with the terms, conditions and overall administration of such plan. Under the terms of such plan, Decker's Target Award (as defined in such plan) shall be set at 35% of base compensation. Decker's award for 1997 shall be calculated as if Decker was employed for the full 1997 calendar year.

E. SECTION 401(K) PROFIT SHARING PLAN. Decker shall be entitled to participate in the Churchill Downs Incorporated's Section 401(k) Profit Sharing Plan, subject to and on a basis consistent with the terms, conditions and overall administration of such plan.

4. VACATION. The Company shall give Decker twenty (20) vacation days with pay during each 12 month period during the term of this Agreement, for a total of approximately thirty-four (34) paid time off days. The time for using such vacation days shall be determined by mutual agreement between the CEO and Decker.

5. TERMINATION.

(A) BY COMPANY. The Company shall pay to Decker one year's base compensation (excluding bonus) in the event that Decker is terminated by the Company without just cause. It is stipulated that any payments made in accordance with the foregoing shall be paid to and received by Decker as liquidated damages for the unlawful termination of his employment and not as a penalty and Decker shall be entitled to receive no further sums under this Employment Agreement or as a result of his employment with the Company except such as have accrued as of the date of such termination or as otherwise specifically provided in this Employment Agreement. In consideration of the receipt of such payment, Decker specifically releases and discharges any and all claims and causes of action of any kind or nature whatsoever, whether known or unknown and whether specifically mentioned or not, which may exist or might be claimed to exist at or prior to the date of termination of employment, as well as any future injuries, losses or damages not now known or anticipated but which may later develop or become discovered (including the effects or consequences thereof), and which are attributable to the claims. This waiver includes any claims which might exist as of this date under the Age Discrimination in Employment Act ("ADEA"). However, Decker is not waiving any such ADEA claims which might arise after the date of execution of this Employment Agreement.

"Just cause" shall mean [i] the willful and continued failure by Decker to substantially perform his duties hereunder (other than any such failure resulting from incapacity due to physical or mental illness), after demand for substantial performance is delivered by the Company that specifically identifies the manner in which the Company believes Decker has not substantially performed his duties, or [ii] the willful engaging by Decker in misconduct which is materially injurious to the Company, monetarily or otherwise, or [iii] the willful violation by Decker of the provisions of this Agreement. "Just cause" shall not mean differences relating to business philosophy and/or strategic direction. For purposes of this paragraph, no act, or failure to act, on Decker's part, shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that such action or omission was in the best interest of the Company. Should Decker's employment be terminated for just cause, the Company shall be obligated to pay Decker's then base salary only through the end of the month during which such termination occurs, plus such other sums as are payable under this Employment Agreement and which shall have accrued through the end of such month.

(B) TERMINATION BY DECKER. Decker may at any time resign from his position after giving the Company not less than sixty (60) days prior written notice of the effective date of his resignation. Any such resignation shall not be deemed to be a material breach by Decker of this Agreement and Decker shall not be entitled to receive the severance pay contemplated by Paragraph 6(A) above. It is further agreed that upon such resignation, except for obligations of either party to the other which have accrued through the date of Decker's resignation as otherwise specifically provided in this Employment Agreement, Decker and the Company shall become and remain fully and finally released from all further and future obligations of performance under this Agreement.

6. NON-DISCLOSURE. Decker agrees that he shall not, at any time during

or following his employment with the Company, disclose or use, except in the course of such employment, in the pursuit of the business of the Company, any confidential information or proprietary data of the Company.

7. NOTICES. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be sufficiently given if and when mailed in the continental United States by registered or certified mail or personally delivered to the party entitled thereto at the address stated below or to such changed address as the addressee may have given by a similar notice:

To the Company:	Churchill Downs Incorporated 700 Central Avenue Louisville, Kentucky 40208
To Decker:	Robert L. Decker 1748 Casselberry Road Louisville, Kentucky 40205

8. AMENDMENT OR MODIFICATION; WAIVER. No provision of this Employment Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the CEO and shall be agreed to in writing, signed by Decker and by the CEO. Except as otherwise specifically provided in this Employment Agreement, no waiver by either party hereto of any breach by the other party

thereto of any condition or provision of this Employment Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same or at any prior or subsequent time.

9. SEVERABILITY. In the event that any provision or portion of this Employment Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions and portions of this Employment Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

10. APPLICABLE LAW. This Employment Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the parties have executed this Agreement the date and year first above written.

CHURCHILL DOWNS INCORPORATED

By: /S/ THOMAS H. MEEKER

Thomas H. Meeker, President and
Chief Executive Officer

By: /S/ ROBERT L. DECKER

Robert L. Decker

5
1
U.S. Dollars

3-MOS
DEC-31-1997
JAN-01-1997
MAR-31-1997
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($0.51)