SPEEDWAY MOTORSPORTS INC

FORM 10-Q
(Quarterly Report)

Filed 8/12/1999 For Period Ending 6/30/1999

Address	US HIGHWAY 29 NORTH PO BOX 600
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Industry	Recreational Activities
Sector	Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 1999

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 1-13582

SPEEDWAY MOTORSPORTS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	51-0363307
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

U.S. HIGHWAY 29 NORTH, CONCORD, NORTH CAROLINA 28026
(Address of principal executive offices) (Zip Code)

(704) 455-3239
(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

As of August 12, 1999, there were 41,597,482 shares of common stock outstanding.

INDEX TO FORM 10-Q

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

(Unaudited)

	June 30, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 35,750	$ 35,399
Restricted cash	605	258
Accounts and notes receivable	26,742	28,924
Prepaid income taxes	--	10,356
Inventories	12,002	10,447
Speedway condominiums held for sale	5,533	4,930
Prepaid expenses	3,993	2,026
Total Current Assets	84,625	92,340
PROPERTY AND EQUIPMENT, NET	771,397	730,686
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	57,979	56,903
OTHER ASSETS:		
Marketable equity securities	2,013	1,439
Notes receivable	12,610	11,420
Other assets	14,207	12,089
Total Other Assets	28,830	24,948
TOTAL	$942,831	$904,877

See notes to consolidated financial statements.

SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

(Unaudited)

	June 30, 1999	December 31, 1998
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 557	$ 539
Accounts payable	12,659	6,592
Deferred race event income, net	50,892	84,713
Accrued income taxes	14,429	--
Accrued interest	7,261	5,108
Accrued expenses and other liabilities	11,940	9,664
	97,738	106,616
Revolving credit facility and acquisition loan	--	254,050
Total Current Liabilities	97,738	360,666
LONG-TERM DEBT	458,786	199,335
PAYABLE TO AFFILIATES	3,992	4,134
DEFERRED INCOME, NET	15,751	16,252
DEFERRED INCOME TAXES	35,329	35,208
OTHER LIABILITIES	3,083	2,162
Total Liabilities	614,679	617,757
COMMITMENTS (Notes 4 and 9)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.10 par value, shares authorized - 3,000,000, no shares issued	--	--
Common stock, $.01 par value, shares authorized - 200,000,000, issued and outstanding - 41,568,000 in 1999 and 41,502,000 in 1998	416	415
Additional paid-in capital	158,644	157,216
Retained earnings	169,317	129,897
Accumulated other comprehensive loss - unrealized loss on marketable equity securities	(225)	(408)
Total Stockholders' Equity	328,152	287,120
TOTAL	$942,831	$904,877

See notes to consolidated financial statements.

SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share amounts)

(Unaudited)

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998
REVENUES:		
Admissions	$ 63,051	$ 55,708
Event related revenue	69,377	57,314
Other operating revenue	7,626	4,717
Total Revenues	140,054	117,739
OPERATING EXPENSES:		
Direct expense of events	46,558	40,810
Other direct operating expense	5,683	3,038
General and administrative	11,518	8,771
Depreciation and amortization	7,140	4,981
Total Operating Expenses	70,899	57,600
OPERATING INCOME	69,155	60,139
Interest expense, net	(6,325)	(2,864)
Acquisition loan cost amortization	(1,135)	--
Other income, net	121	393
INCOME BEFORE INCOME TAXES	61,816	57,668
Income tax provision	24,404	23,054
NET INCOME	$ 37,412	$ 34,614
PER SHARE DATA:		
Basic earnings per share	$ 0.90	$ 0.83
Weighted average shares outstanding	41,549	41,487
Diluted earnings per share	$ 0.84	$ 0.79
Weighted average shares outstanding	44,993	44,657

See notes to consolidated financial statements.

SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share amounts)

(Unaudited)

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
REVENUES:		
Admissions	$ 82,877	$ 61,396
Event related revenue	97,333	65,783
Other operating revenue	12,948	8,520
Total Revenues	193,158	135,699
OPERATING EXPENSES:		
Direct expense of events	66,327	46,763
Other direct operating expense	9,210	5,260
General and administrative	22,318	16,945
Depreciation and amortization	14,259	9,739
Total Operating Expenses	112,114	78,707
OPERATING INCOME	81,044	56,992
Interest expense, net	(12,652)	(5,612)
Acquisition loan cost amortization	(3,398)	--
Other income, net	295	1,437
INCOME BEFORE INCOME TAXES	65,289	52,817
Income tax provision	25,869	21,126
NET INCOME	$ 39,420	$ 31,691
PER SHARE DATA:		
Basic earnings per share	$ 0.95	$ 0.76
Weighted average shares outstanding	41,528	41,474
Diluted earnings per share	$ 0.90	$ 0.73
Weighted average shares outstanding	44,932	44,635

See notes to consolidated financial statements.

SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stock-holders' Equity
BALANCE - JANUARY 1, 1999	41,502	$415	$157,216	$129,897	$(408)	$287,120
Net income..............................	--	--	--	39,420	--	39,420
Exercise of stock options	50	1	1,018	--	--	1,019
Issuances of stock under employee stock purchase plan	16	--	410	--	--	410
Net unrealized gain on marketable equity securities	--	--	--	--	183	183
BALANCE - JUNE 30, 1999..	41,568	$416	$158,644	$169,317	$(225)	$328,152

See notes to consolidated financial statements.

SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 39,420	$ 31,691
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,259	9,739
Gain on sale of marketable equity securities and investments	(25)	(150)
Amortization of acquisition loan costs	3,398	--
Amortization of deferred income	(748)	(432)
Changes in operating assets and liabilities:		
Restricted cash	(347)	1,549
Accounts receivable	(34)	(3,991)
Prepaid and accrued income taxes	24,785	19,681
Inventories	(1,663)	(1,196)
Condominiums held for sale	(603)	15,054
Accounts payable	6,067	(10,659)
Deferred race event income	(33,821)	(8,088)
Accrued expenses and other liabilities	4,429	2,012
Deferred income	247	2,099
Other assets and liabilities	(613)	(3,534)
Net cash provided by operating activities	54,751	53,775
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(124,315)	(18,413)
Issuance of long-term debt	128,750	35,000
Payments of debt issuance costs	(6,235)	--
Issuance of stock under employee stock purchase plan	410	136
Exercise of common stock options	1,019	389
Net cash provided (used) by financing activities	(371)	17,112
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(54,069)	(59,635)
Purchases of marketable equity securities and other investments	(716)	(100)
Proceeds from sales of marketable equity securities and other investments	532	692
Increase in notes and other receivables	(1,936)	(7,883)
Repayment of notes and other receivables	2,160	--
Net cash used by investing activities	(54,029)	(66,926)
NET INCREASE IN CASH AND CASH EQUIVALENTS	351	3,961
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	35,399	28,148
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 35,750	$ 32,109

See notes to consolidated financial statements.

The following Notes to Unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations contain estimates and forward-looking statements as indicated by use of such terms as "estimates", "anticipates", "believes", "approximates", "expects", "intends", "hopes", or "projected", and variations of such words and similar expressions. Such statements reflect management's current views, are based on certain assumptions and are subject to risks and uncertainties. No assurance can be given that actual results or events will not differ materially from those projected, estimated, assumed or anticipated in any such forward-looking statements. Important factors that could cause actual results to differ, in addition to the other factors noted with such forward-looking statements, include: general economic conditions in the Company's markets, including inflation, recession, interest rates and other economic factors; casualty to or other disruption of the Company's facilities and equipment; disruption of the Company's relationship with NASCAR; and other factors that generally affect the business of sports and recreational companies.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

The consolidated financial statements include the accounts of Speedway Motorsports, Inc. (SMI) and its wholly-owned subsidiaries, Atlanta Motor Speedway, Inc. (AMS), Bristol Motor Speedway, Inc. (BMS), Charlotte Motor Speedway, Inc. and subsidiaries (LMSC), Las Vegas Motor Speedway LLC (LVMS), SPR Acquisition Corp. d/b/a Sears Point Raceway (SPR), Texas Motor Speedway, Inc. (TMS), Speedway Systems LLC d/b/a Finish Line Events and subsidiaries (FLE), Oil-Chem Research Corp. and subsidiary (ORC), SoldUSA, Inc., Speedway Funding Corp. and Sonoma Funding Corp. (collectively, the Company).

See Note 1 to the December 31, 1998 Consolidated Financial Statements for further description of the Company's business operations, properties and scheduled events.

LVMS ACQUISITION (see Note 11) - On December 1, 1998, the Company acquired certain tangible and intangible assets, including the real and personal property and operations of LVMS, an industrial park and certain adjacent unimproved land for approximately $215.0 million, consisting principally of net cash outlay of $210.4 million and assumed associated deferred revenue. The acquisition was financed with borrowings under the Company's revolving credit facility and acquisition loan (see Note 5).

NAMING RIGHTS AGREEMENT - In February 1999, the Company entered into a ten year naming rights agreement whereby Charlotte Motor Speedway has been renamed Lowe's Motor Speedway (at Charlotte) for gross fees aggregating approximately $35,000,000 over the agreement term. The agreement specifies, among other things, that essentially all promotional signage, souvenirs, marketing and other associated materials, formerly bearing Charlotte Motor Speedway insignia, be renamed Lowe's Motor Speedway (at Charlotte). Fee revenues, net of associated expenses, are being recognized ratably over the ten year agreement term principally as associated NASCAR and other significant racing events are conducted each year in the second and fourth quarters.

OTHER - In October 1996, the Company signed a joint management and development agreement with Quad-Cities International Raceway Park. The Company will serve in an advisory capacity for the development of a multi-use facility, which is expected to include a speedway located in northwest Illinois. The agreement grants the Company the option to purchase up to 40% equity ownership in the facility. The option has not been exercised.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the fiscal year ended December 31, 1998 included in its 1998 Annual Report on Form 10-K.

In management's opinion, these unaudited consolidated financial statements contain all adjustments necessary for their fair presentation at interim periods. All such adjustments are of a normal recurring nature.

The results of operations for interim periods are not necessarily indicative of operating results that may be expected for the entire year due to the seasonal aspect of event revenues.

REVENUE RECOGNITION - The Company recognizes revenues and operating expenses for all events in the calendar quarter in which conducted except for major NASCAR racing events which occur on the last weekend of a calendar quarter. When major NASCAR racing events occur on the last weekend of a calendar quarter, the race event revenues and operating expenses are recognized in the current or immediately succeeding calendar quarter that corresponds to the calendar quarter of the prior year in which the same major NASCAR racing event was conducted. The Company has adopted this accounting policy to help ensure comparability and consistency between quarterly financial statements of successive years.

A major NASCAR sanctioned racing event occurred at BMS on the weekends of April 9-11, 1999 and March 27-29, 1998. A major NASCAR sanctioned racing event occurred at TMS on the weekends of March 26-28, 1999 and April 3-5, 1998. Also, a major NASCAR sanctioned racing event occurred at SPR on the weekends of June 26-27, 1999 and June 27-28, 1998. Accordingly, the revenues and direct expenses of these race events are recognized in the second quarter of both calendar years, and the reporting periods are comparable.

The Busch Grand National series race at AMS, originally scheduled to be held March 7, 1998, was rescheduled to November 7, 1998 due to poor weather conditions. Certain advance revenues and direct expenses related to the rescheduled Busch race were deferred as of March 31, 1998. Rescheduling did not materially impact revenues and operating expenses as reported for the six months ended June 30, 1998.

SPEEDWAY CONDOMINIUMS HELD FOR SALE - The Company has constructed 46 condominiums at AMS and 76 condominiums at TMS, of which 42 and 67, respectively, have been sold or contracted for sale as of June 30, 1999. Speedway condominiums held for sale represent 4 condominiums at AMS and 9 condominiums at TMS which are substantially complete and are being marketed.

MARKETABLE EQUITY SECURITIES - The Company's marketable equity securities are classified as "available for sale" and are not bought and held principally for the purpose of selling them in the near term. Valuation allowances for unrealized losses of $225,000 and $408,000, net of $151,000 and $272,000 in tax benefits, are reflected as a charge to stockholders' equity to reduce the carrying amount of long-term marketable equity securities to market value as of June 30, 1999 and December 31, 1998, respectively.

DEFERRED FINANCING COSTS AND ACQUISITION LOAN COST AMORTIZATION - Deferred financing costs are included in other noncurrent assets and are amortized over the term of the related debt.

Acquisition loan cost amortization results from financing costs incurred in obtaining an amended credit facility and acquisition loan to fund the Company's acquisition of LVMS in December 1998 (see Note 5). Associated deferred financing costs of $4,150,000 were amortized over the loan term which matured May 28, 1999.

DEFERRED INCOME - Deferred income as of June 30, 1999 and December 31, 1998 consisted of the following (in thousands):

	June 30, 1999	December 31, 1998
TMS Preferred Seat License fee deposits, net.............	$12,138	$12,624
Deferred gain on TMS condominium sales...................	2,957	2,817
Deferred LMSC Speedway Club membership income and other..	656	811
Total..	$15,751	$16,252

Fees received under Preferred Seat License (PSL) agreements were deferred prior to TMS hosting its first Winston Cup race on April 6, 1997. The Company began amortizing net PSL fee revenues into income over the estimated useful life of TMS's facility upon its opening. After May 31, 1999, license agreements are transferrable once each year subject to certain terms and conditions. PSL fee deposits are reported net of expenses of $1,052,000 at June 30, 1999 and December 31, 1998. Amortization income recognized in the three months ended June 30, 1999 and 1998 was $533,000 and $238,000, and in the six months ended June 30, 1999 and 1998 was $595,000 and $364,000.

Certain condominium sales contracts, aggregating approximately $17,600,000 as of June 30, 1999, provide buyers the right to require the Company to repurchase real estate within three years from the purchase date. Gain recognition has been deferred until the buyer's right expires. Management believes the likelihood of buyers exercising such rights, in amounts that at any one time or in the aggregate would be significant, is remote.

RECLASSIFICATIONS - Certain prior year accounts were reclassified to conform with current year presentation.

3. INVENTORIES

Inventories as of June 30, 1999 and December 31, 1998 consist of the following components (in thousands):

	June 30, 1999	December 31, 1998
Souvenirs and apparel..................................	$ 6,571	$ 5,023

Finished vehicles, parts and accessories................	3,918	4,409
Oil additives, food and other...........................	1,513	1,015
Total..	$12,002	$10,447

4. PROPERTY AND EQUIPMENT

CONSTRUCTION IN PROGRESS - As of June 30, 1999, the Company had various construction projects underway to increase and improve grandstand seating capacity, luxury suites, facilities for fan amenities, and make various other site improvements at each of its speedways. For example, BMS is reconstructing and expanding its dragstrip with permanent grandstand seating, luxury suites, and extensive fan amenities and facilities. Construction was substantially completed before the hosting of BMS's inaugural NHRA-sanctioned Winston Showdown in July 1999.

As of June 30, 1999, construction of LVMS's 1.4 million square foot industrial park was nearing completion and rental operations of completed building space commenced in the first half of 1999. Also, construction of an office and entertainment complex overlooking TMS, similar to The Smith Tower and Speedway Club at LMSC, was nearing completion. TMS derives rental, catering, dining and dues revenues from the dining-entertainment and health-fitness club complex, The Texas Motor Speedway Club, which opened March 26, 1999.

5. LONG-TERM DEBT

ACQUISITION LOAN - On November 23, 1998, the Company's former credit facility was amended and restated in connection with the Company's December 1998 acquisition of LVMS. The amended credit facility and acquisition loan (the Acquisition Loan) increased the Company's overall borrowing limit from $175,000,000 to $270,000,000 to fund the LVMS acquisition. The Acquisition Loan was retired and repaid on May 28, 1999 concurrently with the issuance of senior subordinated notes as described below. At December 31, 1998, the Company had $254,050,000 in outstanding borrowings under the Acquisition Loan. Interest was based, at the Company's option, upon (i) LIBOR plus 1.125% or (ii) the greater of NationsBank's prime rate or the Federal funds rate plus .5%.

While the retirement and repayment did not result in the use of significant working capital, the outstanding borrowings of $254,050,000 have been classified as a current liability in the accompanying December 31, 1998 balance sheet in accordance with generally accepted accounting principles.

BANK CREDIT FACILITY REPLACEMENT - On May 28, 1999, the Company obtained a long-term, secured, senior revolving credit facility with a syndicate of banks led by NationsBank, N.A. as an agent and lender (the 1999 Credit Facility). The 1999 Credit Facility has an overall borrowing limit of $250,000,000, with a sub-limit of $10,000,000 for standby letters of credit, matures in May 2004, and is secured by a pledge of the capital stock of all material Company subsidiaries and of Company interests in limited liability partnerships and corporations. Also, the Company agreed not to pledge its assets to any third party. The 1999 Credit Facility was used to fully repay and retire then outstanding borrowings under the Acquisition Loan after reduction for the application of proceeds from the 1999 Senior Notes offering, and for working capital and general corporate purposes. See Note 5 to the December 31, 1998 Consolidated Financial Statements for discussion of the terms and conditions of the former credit facility.

At June 30, 1999, the Company had $130,000,000 in outstanding borrowings under the 1999 Credit Facility. Interest is based, at the Company's option, upon
(i) LIBOR plus .5% to 1.125% or (ii) the greater of NationsBank's prime rate or the Federal Funds rate plus .5%. The margin applicable to LIBOR borrowings will be adjusted periodically based upon certain ratios of funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA). In addition, among other items, the Company is required to meet certain financial covenants, including specified levels of net worth and ratios of (i) debt to EBITDA and
(ii) earnings before interest and taxes (EBIT) to interest expense. The 1999 Credit Facility also contains certain limitations on cash expenditures to acquire additional motor speedways without the consent of the lenders, and limit the Company's consolidated capital expenditures to amounts not to exceed $125 million annually and $500 million in the aggregate over the loan term. The Company also has agreed to certain other limitations or prohibitions concerning the incurrence of other indebtedness, transactions with affiliates, guaranties, asset sales, investments, dividends, distributions and redemptions.

SENIOR SUBORDINATED NOTES - On May 11, 1999, the Company completed a private placement of 8 1/2% senior subordinated notes (the 1999 Senior Notes) in the aggregate principal amount of $125,000,000. The Company filed a registration statement to register these notes in June 1999. Net proceeds, after issuance at 103% of face value, commissions and discounts, approximated $125,737,000 and were used to repay a portion of the outstanding borrowings under the Acquisition Loan. In August 1997, the Company issued 8 1/2% senior subordinated notes in the aggregate principal amount of $125,000,000. The 1999 Senior Notes and those issued in 1997 (the Senior Notes) are substantially identical and are governed by the same Indenture. The Senior Notes are unsecured, mature in August 2007, and are redeemable at the Company's option after August 15, 2002. Interest payments are due semi-annually on February 15 and August 15. The Senior Notes are subordinated to all present and future senior secured indebtedness of the Company. Redemption prices in fiscal year periods ending August 15 are 104.25% in 2002, 102.83% in 2003, 101.42% in 2004 and 100% in 2005 and thereafter.

The Indenture governing the Senior Notes contains certain specified restrictive and required financial covenants. The Company has agreed not to pledge its assets to any third party except under certain limited circumstances. The Company also has agreed to certain other limitations or prohibitions concerning the incurrence of other indebtedness, capital stock, guaranties, asset sales, investments, cash dividends to shareholders, distributions and redemptions. The Indenture and 1999 Credit Facility agreements contain cross-default provisions.

CONVERTIBLE SUBORDINATED DEBENTURES - In October 1996, the Company issued 5 3/4% convertible subordinated debentures in the aggregate principal amount of $74,000,000. The debentures are unsecured, mature on September 30, 2003, are convertible into common stock at the holder's option at $31.11 per share until maturity and are redeemable at the Company's option after September 29, 2000. In conversion, 2,378,565 shares of common stock are issuable (see Note 6). Semi-annual interest payments are due on March 31 and September 30.

INTEREST EXPENSE - Interest expense, net for the three months ended June 30, 1999 and 1998 includes interest expense of $6,969,000 and $3,419,000, and interest income of $644,000 and $555,000. The Company capitalized interest costs of $1,466,000 and $742,000 during the three months ended June 30, 1999 and 1998.

Interest expense, net for the six months ended June 30, 1999 and 1998 includes interest expense of $14,006,000 and $6,827,000, and interest income of $1,354,000 and $1,215,000. The Company capitalized interest costs of $2,409,000 and $1,647,000 during the six months ended June 30, 1999 and 1998. The weighted-average interest rate on borrowings under bank revolving credit facilities during the three and six months ended June 30, 1999 was 6.2% and 6.3%, and the three and six months ended June 30, 1998 was 6.3%.

6. PER SHARE DATA

Diluted earnings per share assumes conversion of the convertible debentures into common stock and elimination of associated interest expense, net of taxes, on such debt (see Note 5). The following schedule reconciles basic and diluted earnings per share(dollars and shares in thousands):

THREE MONTHS ENDED:	Net Income	Weighted Average Shares	Earnings Per Share
June 30, 1999:			
Basic earnings per share..................	$37,412	41,549	$0.90
Dilution adjustments:			
Common stock equivalents - stock options.	--	1,065	
5 3/4% Convertible debentures	524	2,379	
Diluted earnings per share................	$37,936	44,993	$0.84
June 30, 1998:			
Basic earnings per share..................	$34,614	41,487	$0.83
Dilution adjustments:			
Common stock equivalents - stock options.	--	791	
5 3/4% Convertible debentures	516	2,379	
Diluted earnings per share................	$35,130	44,657	$0.79
SIX MONTHS ENDED:			
June 30, 1999:			
Basic earnings per share..................	$39,420	41,528	$0.95
Dilution adjustments:			
Common stock equivalents - stock options.	--	1,025	
5 3/4% Convertible debentures	1,087	2,379	
Diluted earnings per share................	$40,507	44,932	$0.90
June 30, 1998:			
Basic earnings per share..................	$31,691	41,474	$0.76
Dilution adjustments:			
Common stock equivalents - stock options.	--	782	
5 3/4% Convertible debentures	1,028	2,379	
Diluted earnings per share................	$32,719	44,635	$0.73

7. RELATED PARTY TRANSACTIONS

Notes receivable at June 30, 1999 and December 31, 1998 include a note receivable of $823,000 and $798,000, respectively, due from a partnership in which the Company's Chairman and Chief Executive Officer is a partner. The note bears interest at 1% over prime, is collateralized by certain partnership land and is payable on demand. Because the Company does not anticipate repayment of the note before June 30, 2000, the balance has been classified as a noncurrent asset in the accompanying consolidated balance sheets.

Notes receivable also include a note receivable from the Company's Chairman and Chief Executive Officer for $1,568,000 at June 30, 1999 and $842,000 at December 31, 1998. The principal balance of the note represents premiums paid by the Company under a split-dollar life insurance trust arrangement on behalf of the Chairman, in excess of cash surrender value. The note bears interest at 1% over prime. Because the Company does not anticipate repayment of the note before June 30, 2000, the balance has been classified as a noncurrent asset in the accompanying consolidated balance sheets.

From time to time, the Company paid certain expenses and made cash advances for various corporate purposes on behalf of Sonic Financial Corp. (Sonic Financial), an affiliate of the Company through common ownership. The Company had a net receivable from Sonic Financial for $303,000 at June 30, 1999 and $1,040,000 at December 31, 1998. The amounts are classified as short-term based on expected repayment dates.

Amounts payable to affiliates at June 30, 1999 and December 31, 1998 includes $2,592,000 for acquisition and other expenses paid on behalf of AMS by Sonic Financial prior to 1996. Of this amount, approximately $1,800,000 bears interest at 3.83% per annum. The remainder of the amount bears interest at 1% over prime. The entire amount is classified as long-term based on expected repayment dates. Amounts payable to affiliates at June 30, 1999 and December 31, 1998 also include $1,400,000 and $1,542,000 owed to a former LVMS shareholder and executive officer, who is now a LVMS officer and employee, in equal monthly payments through December 2003 at 6.4% imputed interest.

8. STOCK OPTION PLANS

1994 STOCK OPTION PLAN - In 1999, the Company granted options to non-executive officer employees to purchase an aggregate of 285,000 shares at an exercise price per share of $41.13 at award date under the 1994 Stock Option Plan.

FORMULA STOCK OPTION PLAN - In 1999, the Company granted options to three outside directors to purchase an aggregate of 55,000 shares at an exercise price per share of $27.88 at award date under the Formula Stock Option Plan.

9. CONTINGENCIES

LMSC cancelled its May 1, 1999 IRL event after three spectators were killed and eight others injured when debris from an on-track accident at LMSC entered a grandstand during the race. The Company continues to investigate this incident. The Company is offering refunds to paid ticket holders for the IRL event through July 31, 1999, and has recovered certain associated race purse and sanction fees. On May 28, 1999, a wrongful death lawsuit was filed against the Company, IRL, and certain others by Laurie Ann Mobley Helton, as administratrix of the Estate of Dexter Barry Mobley, Sr. The lawsuit seeks unspecified compensatory and punitive damages arising from the incident that resulted in fatal injury to Dexter Mobley, Sr. SMI has not yet filed an answer to the lawsuit but intends to defend itself against the lawsuit's allegations. It is possible additional lawsuits may be filed against the Company, although none have been filed to date. The Company is presently unable to determine whether this incident will result in additional claims by injured parties or their representatives or other liabilities that may have a material adverse effect on the Company.

10. SUMMARIZED PARENT COMPANY ONLY FINANCIAL INFORMATION

The following table presents summarized parent company only financial information as of and for the three months ended June 30, 1999 and 1998 (in thousands):

	June 30	
	1999	1998
Current assets	$19,096	$23,272
Noncurrent assets, including investment in and advances to subsidiaries, net	817,980	523,062
Total Assets	837,076	546,334
Current liabilities	30,219	31,516
Noncurrent liabilities	478,705	238,512
Total Liabilities	508,924	270,028
Total Stockholders' Equity	$328,152	$276,306

	Three Months Ended June 30:	
	1999	1998
Total revenues	$869	$577
Total expenses	(2,734)	(1,385)
Loss from continuing operations	(1,865)	(808)
Loss before equity in subsidiaries	(1,119)	(485)
Net income	$37,412	$34,614

11. LAS VEGAS MOTOR SPEEDWAY ACQUISITION

As further described in Note 1, the Company acquired Las Vegas Motor Speedway on December 1, 1998. The LVMS acquisition was accounted for using the purchase method in accordance with APB No. 16. The results of operations after the acquisition date are included in the Company's consolidated statements of income. The purchase price has been allocated to assets and liabilities acquired at their estimated fair market values at acquisition date. The Company obtained an independent appraisal of the LVMS property and equipment acquired, the fair values of which have been used in the accompanying financial statements. In the near future, the Company plans to obtain an independent appraisal of the fair value of other LVMS net assets acquired, including identifiable intangibles, if any. Accordingly, the purchase price allocation is preliminary. However, based on current information, Company management does not expect the final allocation of the purchase price to materially differ from that used in the accompanying consolidated balance sheets.

The following unaudited pro forma financial information presents a summary of consolidated results of operations as if the LVMS acquisition had occurred as of January 1, 1998, after giving effect to certain adjustments, including amortization of goodwill, interest expense on acquisition debt and related income tax effects. The pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition been made on that date, nor are they necessarily indicative of results which may occur in the future.

	Pro forma (in thousands, except per share amounts)	
	Three Months Ended June 30, 1998	Six Months Ended June 30, 1998
Total revenues	$119,307	$162,205
Net income	31,372	33,610
Basic earnings per share	$0.76	$0.81
Diluted earnings per share	$0.71	$0.76

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

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements including the Notes thereto.

OVERVIEW

The Company derives revenues principally from the sale of tickets to automobile races and other events held at its speedway facilities, from the sale of food, beverage and souvenirs during such events, from the sale of sponsorships to companies that desire to advertise or sell their products or services at such events, and from the licensing of television, cable network and radio rights to broadcast such events. The Company derives additional revenue from The Speedway Club at LMSC and the Texas Speedway Club, dining and entertainment facilities located at the respective speedways, Legends Car operations, from Oil-Chem, which produces environmentally friendly motor oil additives, and from Wild Man Industries (WMI), a wholly-owned subsidiary of FLE, that is a screen printing and embroidery manufacturer and distributor of wholesale and retail apparel.

The Company classifies its revenues as admissions, event-related revenues and other operating revenue. "Admissions" includes ticket sales for all of the Company's events. "Event related revenue" includes food, beverage and souvenir sales, luxury suite rentals, sponsorship fees and broadcast right fees. "Other operating revenue" includes the Speedway Club at LMSC, the Texas Speedway Club, Legends Car, industrial park rental, WMI and Oil-Chem revenues. The Company's revenue items produce different operating margins. Sponsorships, broadcast rights, ticket sales and luxury suite rentals produce higher margins than concessions and souvenir sales, as well as Legends Car sales.

The Company classifies its expenses to include direct expense of events and other direct operating expense, among other things. "Direct expense of events" principally consists of race purses, sanctioning fees, cost of food, beverage and souvenir sales, compensation of certain employees and advertising. "Other direct operating expense" includes the cost of the Speedway Club at LMSC, the Texas Speedway Club, Legends Car sales, and industrial park rentals, WMI and Oil-Chem revenues.

The Company sponsors and promotes outdoor motorsports events. Weather conditions affect sales of tickets, concessions and souvenirs, among other things at these events. Although the Company sells tickets well in advance of its events, poor weather conditions can have an effect on the Company's results of operations.

Significant growth in the Company's revenues will depend in part on consistent investment in facilities. The Company has several capital projects underway at each of its speedways.

The Company does not believe that its financial performance has been materially affected by inflation. The Company has been able to mitigate the effects of inflation by increasing prices.

SEASONALITY AND QUARTERLY RESULTS

In 1998, the Company derived a substantial portion of its total revenues from admissions and event related revenue attributable to 15 major NASCAR-sanctioned races, four IRL races, three NASCAR Craftsman Truck Series races and one National Hot Rod Association Nationals racing event. In 1999, the Company currently will host 17 major NASCAR-sanctioned races, five IRL races, four NASCAR Craftsman Truck Series and two major National Hot Rod Association racing events. As a result, the Company's business has been, and is expected to remain, highly seasonal.

In 1997 and 1998, the Company's second and fourth quarters accounted for 78% and 74%, respectively, of its total annual revenues and 100% and 97%, respectively, of its total annual operating income. The Company sometimes produces minimal operating income or losses during its third quarter when it hosts only one major NASCAR race weekend. In 1999, the Company's operating results for the first and third quarters will be significantly impacted by the additional scheduled racing events at LVMS. The concentration of racing events in the second quarter, and the growth in the Company's operations with attendant increases in overhead expenses, will tend to increase operating losses or minimize operating income in future first and third quarters.

Also, race dates at the Company's various facilities may be changed from time to time, lessening the comparability of the financial results of quarters between years and increasing or decreasing the seasonal nature of the Company's business.

The results of operations for the three and six months ended June 30, 1999 and 1998 are not indicative of the results that may be expected for the entire year because of the seasonality discussed above.

Set forth below is certain comparative summary information with respect to the Company's scheduled major NASCAR-sanctioned racing events for 1998 and 1999:

NUMBER OF SCHEDULED MAJOR NASCAR-SANCTIONED EVENTS

	1999	1998
1st Quarter.......................	4	1(*)
2nd Quarter.......................	8	8
3rd Quarter.......................	2	2
4th Quarter.......................	3	4(*)
Total...........................	17	15

(*) Reflects rescheduling of the Busch Grand National series race at AMS from March to November 1998 due to poor weather conditions.

RESULTS OF OPERATIONS

The NASCAR sanctioned Busch Grand National series race at AMS, originally scheduled to be held March 7, 1998, was rescheduled to November 7, 1998 due to poor weather conditions. Rescheduling did not materially impact revenues and operating expenses as reported for the six months ended June 30, 1998.

THREE MONTHS ENDED JUNE 30, 1999 COMPARED TO THREE MONTHS ENDED JUNE 30, 1998

TOTAL REVENUES. Total revenues for the three months ended June 30, 1999 increased by $22.3 million, or 19.0%, to $140.1 million, over such revenues for the same period in 1998. This improvement was due to increases in all revenue items, particularly admissions and event related revenue.

ADMISSIONS. Admissions for the three months ended June 30, 1999 increased by $7.3 million, or 13.2%, over admissions for the same period in 1998. This increase was due primarily to growth in NASCAR-sanctioned racing events held at BMS, LMSC, SPR and TMS during the current quarter. The growth in admissions reflects the continued increases in attendance and in ticket prices, and additions to permanent seating capacity.

EVENT RELATED REVENUE. Event related revenue for the three months ended June 30, 1999 increased by $12.1 million, or 21.0%, over such revenue for the same period in 1998. This increase was due to increases in sponsorship fees and broadcast rights, and to the growth in attendance, including related increases in concessions and souvenir sales.

OTHER OPERATING REVENUE. Other operating revenue for the three months ended June 30, 1999 increased by $2.9 million, or 61.7%, over such revenue for the same period in 1998. This increase was primarily attributable to revenues derived from the Texas Speedway Club which opened March 26, 1999, WMI and to an increase in Oil-Chem revenues.

DIRECT EXPENSE OF EVENTS. Direct expense of events for the three months ended June 30, 1999 increased by $5.7 million, or 14.1%, over such expense for the same period in 1998. This increase was due to higher race purses and sanctioning fees required for NASCAR-sanctioned racing events held during the current quarter, and to increased operating costs associated with the growth in attendance, including related increases in concessions and souvenir sales.

OTHER DIRECT OPERATING EXPENSE. Other direct operating expense for the three months ended June 30, 1999 increased by $2.6 million, or 87.1%, over such expense for the same period in 1998. The increase includes expenses associated with other operating revenues derived from the Texas Speedway Club, WMI and with the increase in Oil-Chem revenues.

GENERAL AND ADMINISTRATIVE. General and administrative expense for the three months ended June 30, 1999 increased by $2.7 million, or 31.3%, over such expense for the same period in 1998. The increase was primarily attributable to costs associated with the Company's newly acquired LVMS. The increase also was due to increases in operating costs associated with the growth and expansion at the Company's other speedways.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense for the three months ended June 30, 1999 increased by $2.2 million, or 43.3%, over such expense for the same period in 1998. This increase was primarily due to property and equipment and intangible assets related to the LVMS acquisition. The increase also was due to additions to property and equipment at the Company's other speedways.

OPERATING INCOME. Operating income for the three months ended June 30, 1999 increased by $9.0 million, or 15.0%, over such income for the same period in 1998. This increase was due to the factors discussed above.

INTEREST EXPENSE, NET. Interest expense, net for the three months ended June 30, 1999 was $6.3 million compared to $2.9 million for the same period in 1998. This increase was due primarily to higher average borrowings outstanding during the current quarter as compared to the same period in 1998. The increase reflects additional borrowings to fund the LVMS acquisition.

ACQUISITION LOAN COST AMORTIZATION. Acquisition loan cost amortization of $1.1 million for the three months ended June 30, 1999 represents financing costs incurred in obtaining the Acquisition Loan to fund the LVMS acquisition. Associated deferred financing costs of $4.1 million were amortized over the loan term which matured May 28, 1999.

OTHER INCOME. Other income for the three months ended June 30, 1999 decreased by $272,000 over such income for the same period in 1998. This decrease results primarily from gains on sales of three TMS condominiums in the three months ended June 30, 1998. No gains on sales of TMS condominiums were recognized in the three months ended June 30, 1999.

INCOME TAX PROVISION. The Company's effective income tax rate for the three months ended June 30, 1999 and 1998 was 40%.

NET INCOME. Net income for the three months ended June 30, 1999 increased by $2.8 million, or 8.1%, over such income for the same period in 1998. This increase was due to the factors discussed above.

SIX MONTHS ENDED JUNE 30, 1999 COMPARED TO SIX MONTHS ENDED JUNE 30, 1998

TOTAL REVENUES. Total revenues for the six months ended June 30, 1999 increased by $57.5 million, or 42.3%, to $193.2 million, over such revenues for the same period in 1998. This improvement was due to increases in all revenue items, particularly admissions and event related revenue.

ADMISSIONS. Admissions for the six months ended June 30, 1999 increased by $21.5 million, or 35.0%, over admissions for the same period in 1998. This increase was primarily due to hosting new NASCAR-sanctioned racing events at LVMS, which was acquired in December 1998. The increase also was due to growth in NASCAR-sanctioned racing events held during the current period. The growth in admissions reflects the continued increases in attendance and in ticket prices, and additions to permanent seating capacity.

EVENT RELATED REVENUE. Event related revenue for the six months ended June 30, 1999 increased by $31.6 million, or 48.0%, over such revenue for the same period in 1998. This increase was due to hosting NASCAR-sanctioned racing events at the Company's newly acquired LVMS. The increase also was due to increases in sponsorship fees and broadcast rights, and to growth in attendance, including related increases in concessions and souvenir sales.

OTHER OPERATING REVENUE. Other operating revenue for the six months ended June 30, 1999 increased by $4.4 million, or 52.0%, over such revenue for the same period in 1998. This increase was primarily attributable to revenues derived from the Texas Speedway Club opened March 26, 1999, WMI and to an increase in Oil-Chem revenues.

DIRECT EXPENSE OF EVENTS. Direct expense of events for the six months ended June 30, 1999 increased by $19.6 million, or 41.8%, over such expense for the same period in 1998. This increase was due primarily to hosting NASCAR-sanctioned racing events at the Company's newly acquired LVMS. The increase also was due to higher race purses and sanctioning fees required for NASCAR-sanctioned racing events held during the current period, and to increased operating costs associated with the growth in attendance, including related increases in concessions and souvenir sales.

OTHER DIRECT OPERATING EXPENSE. Other direct operating expense for the six months ended June 30, 1999 increased by $3.9 million, or 75.1%, over such expense for the same period in 1998. The increase includes expenses associated with other operating revenues derived from the Texas Speedway Club, WMI and with the increase in Oil-Chem revenues.

GENERAL AND ADMINISTRATIVE. General and administrative expense for the six months ended June 30, 1999 increased by $5.4 million, or 31.7%, over such expense for the same period in 1998. The increase was primarily attributable to costs associated with the Company's newly acquired LVMS. The increase also was due to increases in operating costs associated with the growth and expansion at the Company's other speedways.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense for the six months ended June 30, 1999 increased by $4.5 million, or 46.4%, over such expense for the same period in 1998. This increase was primarily due to property and equipment and intangible assets related to the LVMS acquisition. The increase also was due to additions to property and equipment at the Company's other speedways.

OPERATING INCOME. Operating income for the six months ended June 30, 1999 increased by $24.1 million, or 42.2%, over such income for the same period in 1998. This increase was due to the factors discussed above.

INTEREST EXPENSE, NET. Interest expense, net for the six months ended June 30, 1999 was $12.7 million compared to $5.6 million for the same period in 1998. This increase was due primarily to higher average borrowings outstanding during the six months ended June 30, 1999 as compared to the same period in 1998. The increase reflects additional borrowings to fund the LVMS acquisition.

ACQUISITION LOAN COST AMORTIZATION. Acquisition loan cost amortization of $3.4

million for the six months ended June 30, 1999 represents financing costs incurred in obtaining the Acquisition Loan to fund the LVMS acquisition. Associated deferred financing costs of $4.1 million were amortized over the loan term which matured May 28, 1999.

OTHER INCOME. Other income for the six months ended June 30, 1999 decreased by $1.1 million over such income for the same period in 1998. This decrease results primarily from gains on sales of eleven TMS condominiums in the six months ended June 30, 1998. No gains on sales of TMS condominiums were recognized in the six months ended June 30, 1999.

INCOME TAX PROVISION. The Company's effective income tax rate for the six months ended June 30, 1999 and 1998 was 40%.

NET INCOME. Net income for the six months ended June 30, 1999 increased by $7.7 million, or 24.4%, over such income for the same period in 1998. This increase was due to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically met its working capital and capital expenditure requirements through a combination of cash flow from operations, bank borrowings and other debt and equity offerings. The Company expended significant amounts of cash in the first quarter of 1999 for improvements and expansion at its speedway facilities. Significant changes in the Company's financial condition and liquidity during the six months ended June 30, 1999 resulted primarily from: (1) net cash generated by operations amounting to $54.8 million and (2) capital expenditures amounting to $54.1 million. As of June 30, 1999, the Company had $130.0 million in outstanding borrowings under the 1999 Credit Facility.

SENIOR SUBORDINATED NOTES - On May 11, 1999, the Company completed a private placement of 8 1/2% senior subordinated notes in the aggregate principal amount of $125,000,000. The 1999 Senior Notes are unsecured, mature in August 2007, and are redeemable at the Company's option after August 15, 2002 at varying redemption prices. Interest payments are due semi-annually on February 15 and August 15 commencing August 15, 1999. The Company filed a registration statement to register these notes in June 1999. Net proceeds, after issuance at 103% of face value, commissions and discounts, were approximately $125,737,000 which were used to repay a portion of the outstanding borrowings under the Acquisition Loan. The Indenture governing the 1999 Senior Notes contains certain specified restrictive and required financial covenants.

BANK CREDIT FACILITY REPLACEMENT - On May 28, 1999, the Company obtained a long-term, secured, senior revolving credit facility with a syndicate of banks led by NationsBank, N.A. as an agent and lender (the 1999 Credit Facility). The 1999 Credit Facility has an overall borrowing limit of $250,000,000, with a sub-limit of $10,000,000 for standby letters of credit, matures in May 2004, and is secured by a pledge of the capital stock of all material Company subsidiaries and of Company interests in limited liability partnerships and corporations. Also, the Company agreed not to pledge its assets to any third party. The 1999 Credit Facility was used to fully repay and retire then outstanding borrowings under the Acquisition Loan after reduction for the application of proceeds from the 1999 Senior Notes, and for working capital and general corporate purposes.

Interest is based, at the Company's option, upon (i) LIBOR plus .5% to 1.125% or (ii) the greater of NationsBank's prime rate or the Federal fund rate plus .5%. The margin applicable to LIBOR borrowings will be adjusted periodically based upon certain ratios of funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA). In addition, among other items, the 1999 Credit Facility requires the Company to meet certain financial covenants and contain certain limitations on cash expenditures to acquire additional motor speedways without the consent of the lenders.

Management anticipates that cash from operations, and funds available through the 1999 Senior Notes and 1999 Credit Facility, will be sufficient to meet the Company's operating needs through 1999, including planned capital expenditures at its speedway facilities. Based upon anticipated future growth and financing requirements, management expects that the Company will, from time to time, engage in additional financing of a character and in amounts to be determined. While the Company expects to continue to generate positive cash flows from its existing speedway operations, and has generally experienced improvement in its financial condition, liquidity and credit availability, such resources, as well as possibly others, could be needed to fund the Company's continued growth, including the continued expansion and improvement of its speedway facilities.

CAPITAL EXPENDITURES

Significant growth in the Company's revenues depends, in large part, on consistent investment in facilities. Therefore, the Company expects to continue to make substantial capital improvements in its facilities to meet increasing demand and to increase revenues. Currently, a number of significant capital projects are underway.

In 1999, AMS plans to continue improving and expanding its on-site roads and available parking, as well as reconfiguring traffic patterns and entrances, to ease congestion and improve traffic flow. BMS is reconstructing and expanding its dragstrip with permanent grandstand seating, luxury suites, and extensive fan amenities and facilities. Construction of the Bristol Dragway was substantially completed in July 1999. LMSC added approximately 10,000 permanent seats and further expanded concessions, restroom and other fan amenities facilities, and made other site improvements. In 1999, LVMS plans to add approximately 15,000 permanent seats, expand concessions, restroom and other fan amenities facilities, and make other site improvements. In 1999 or 2000, pending governmental approvals, the Company expects to begin major renovations at SPR, including its on-going reconfiguration into a "stadium-style" road racing course, the addition of up to 45,000 permanent seats, and improving and expanding concessions, restroom and other fan amenities facilities. Construction of the Texas Motor Speedway Club was substantially completed with its opening in March 1999. In 1999, after adding approximately 25,000 permanent seats, exclusive of SPR, the Company's total permanent seating capacity will exceed 690,000 and the total number of luxury suites will be approximately 659.

The estimated aggregate cost of capital expenditures in 1999 will approximate $75 million. Numerous factors, many of which are beyond the Company's control, may influence the ultimate costs and timing of various capital improvements at the Company's facilities, including undetected soil or land conditions, additional land acquisition costs, increases in the cost of construction materials and labor, unforeseen changes in the design, litigation, accidents or natural disasters affecting the construction site and national or regional economic changes. In addition, the actual cost could vary materially from the Company's estimates if the Company's assumptions about the quality of materials or workmanship required or the cost of financing such construction were to change. Construction is also subject to state and local permitting processes, which if changed, could materially affect the ultimate cost.

In addition to expansion and improvements of its existing speedway facilities and business operations, the Company is continually evaluating new opportunities that will add value for the Company's stockholders, including the acquisition and construction of new speedway facilities, the expansion and development of its existing Legends Cars and Oil-Chem products and markets and the expansion into complementary businesses.

DIVIDENDS

The Company does not anticipate paying any cash dividends on its common stock in the foreseeable future. The Company intends to retain its earnings to provide funds for operations, capital expenditures and expansion. Any decision concerning the payment of dividends on the common stock will depend upon the results of operations, financial condition and capital expenditure plans of the Company, as well as such factors as permissibility under the 1999 Credit Facility and the 1999 Senior Notes, and as the Board of Directors, in its sole discretion, may consider relevant. The 1999 Credit Facility and the Senior Notes presently preclude the payment of any dividends by the Company.

YEAR 2000 COMPLIANCE

The ability of automated systems to recognize the date change from December 31, 1999 to January 1, 2000 is commonly referred to as the Year 2000 matter. The Company has assessed the potential impact of the Year 2000 matter on its operations based on current and foreseeable computer and other automated system applications, including those of its significant third party vendors, suppliers and customers. The nature of the Company's business does not require significant reliance on automated systems applications except for its ticketing systems, which are believed to be compliant. For critical systems, contingency plans may include utilizing alternative processing methods and manual processes, among others.

Should Year 2000 problems arise, management believes interruption to Company operations would be limited principally to delays in capital projects during the first two months of 2000. Also, management is not aware of any significant potential Year 2000 problems or risks involving third parties based on the nature of the Company's relationships with third parties such as NASCAR and other sanctioning bodies, network and cable television companies, major sponsors, and financial services companies. Management believes that any potential adverse consequences or risk of financial loss from Year 2000 issues are substantially mitigated because the Company's first significant racing event, as presently scheduled, does not occur until March 2000. Although Year 2000 problems could cause temporary minor inconveniences, the Company and third parties likely would have over two months to resolve any significant Year 2000 matters that might arise.

While no assurances can be given, the Company's assessment has determined that the potential consequences of Year 2000 problems, if any, would not materially adversely impact its business, or cause the Company to incur potential liabilities to third parties if its systems were not Year 2000 compliant. The costs associated with modifying its computer software and other automated systems for Year 2000 matters has not been, and is not expected to be, significant. The aggregate incremental costs associated with the Company's Year 2000 compliance are expected to be less than $100,000. In addition, management is not aware of any Year 2000 issues which would materially adversely affect the Company's financial condition, liquidity or future results of operations.

MAY 1999 IRL RACE EVENT CANCELLED AFTER ACCIDENT

LMSC cancelled its May 1, 1999 IRL event after three spectators were killed and eight others injured when debris from an on-track accident at LMSC entered a grandstand during the race. The Company continues to investigate this incident. The Company is offering refunds to paid ticket holders for the IRL event through July 31, 1999, and has recovered certain associated race purse and sanction fees. On May 28, 1999, a wrongful death lawsuit was filed against the Company, IRL, and certain others by Laurie Ann Mobley Helton, as administratrix of the Estate of Dexter Barry Mobley, Sr. The lawsuit seeks unspecified compensatory and punitive damages arising from the incident that resulted in fatal injury to Dexter Mobley, Sr. SMI has not yet filed an answer to the lawsuit but intends to defend itself against the lawsuit's allegations. It is possible additional lawsuits may be filed against the Company, although none have been filed to date. The Company is presently unable to determine whether this incident will result in additional claims by injured parties or their representatives or other liabilities that may have a material adverse effect on the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of and during the six months ended June 30, 1999, borrowings under bank revolving credit facilities decreased $124.1 million to $130.0 million, and senior subordinated 8 1/2% fixed interest rate debt increased $128.8 million to $253.4 million. See Note 5 to the accompanying June 30, 1999 financial statements for additional information on the terms and conditions of the Company's debt obligations. There have been no other significant changes in the Company's interest rate risk or equity price risk as of and during the six months ended June 30, 1999.

PART II - OTHER INFORMATION

ITEM 2. CHANGE IN SECURITIES AND USE OF PROCEEDS

On July 16, 1999, the Company completed an offer to exchange $250.0 million in aggregate principal amount of its publicly-registered 8 1/2% Senior Subordinated Notes, Series D (the Series D Notes) for its outstanding $125.0 million in aggregate principal of publicly-registered 8 1/2% Senior Subordinated Notes, Series B (the Series B Notes)and its outstanding $125.0 million in aggregate principal of unregistered 8 1/2% Senior Subordinated Notes, Series C (the Series C Notes). Holders of $124.9 million of Series B Notes and all holders of Series C Notes have tendered their notes for exchange to Series D Notes.

The Series C Notes and D Notes are governed by an Indenture dated May 11, 1999 (the 1999 Indenture). The terms of the 1999 Indenture are substantially identical to the Series B Notes Indenture dated August 4, 1997 (the 1997 Indenture). In exchange of Series B Notes for Series D Notes, prior Series B Notes are now governed by the 1999 Indenture.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Stockholders held on May 5, 1999, William R. Brooks and Mark M. Gambill were elected directors by the Company's stockholders. Directors whose terms of office continued after the meeting were O. Bruton Smith, H.A. Wheeler, William P. Benton, and Edwin R. Clark. In addition to election of two directors, the stockholders ratified the selection of Deloitte & Touche LLP as the principal auditors of the Company.

	Votes For	Votes Against	Votes Abstained	Unvoted
Election of William R. Brooks....	39,224,169	0	39,910	2,247,544
Election of Mark M. Gambill......	39,223,269	0	40,810	2,247,544
Ratification of Deloitte & Touche LLP as principal auditors.......	39,245,160	6,773	12,146	2,247,544

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

*3.1 Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 33-87740) of the Company (the "Form S-1")).

*3.2 Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Form S-1).

*3.3 Amendment to Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-3 (File No. 333-13431) of the Company (the "November 1996 Form S-3")).

*3.4 Amendment to Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.4 to the Registration Statement of Form S-4 (File No. 333-35091) of the Company (the "September 1997 Form S-4")).

*4.1 Form of Stock Certificate (incorporated by reference to Exhibit

4.1 of the Form S-1).

*4.2 Indenture dated as of September 1, 1996 between the Company and First Union National Bank of North Carolina, as Trustee (the "First Union Indenture") (incorporated by reference to Exhibit 4.1 to the November 1996 Form S-3).

*4.3 Form of 5 3/4% Convertible Subordinated Debenture due 2003 (included in the First Union Indenture).

*4.4 Indenture dated as of August 4, 1997 between the Company and First Trust National Association, as Trustee (the "First Trust Indenture") (incorporated by reference to Exhibit 4.1 to the September 1997 Form S-4).

*4.5 Form of 8 1/2% Senior Subordinated Notes due 2007 (included in the First Trust Indenture).

*4.6 First Supplemental Indenture to the First Trust Indenture, dated as of April 1, 1999 (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-3 (File No. 333-80021) of the Company (the "June 1999 Form S-4").

*4.7 Second Supplemental Indenture to the First Trust Indenture, dated as of June 1, 1999 (incorporated by reference to Exhibit 4.7 to the June 1999 Form S-4).

*4.8 Indenture dated as of May 11, 1999 between the Company, the Guarantors named therein and US Bank Trust National Association, as Trustee (the "US Bank Trust Indenture") (incorporated by reference to Exhibit 4.8 to the June 1999 Form S-4).

*4.9 Form of 8 1/2% Senior Subordinated Notes Due 2007 (included in the US Bank Trust Indenture).

*4.10 First Supplemental Indenture to the US Bank Trust Indenture, dated as of June 1, 1999 (incorporated by reference to Exhibit 4.10 to the June 1999 Form S-4).

*10.1 Naming Rights Agreement dated as of February 9, 1999 by and between Speedway Motorsports, Inc., Charlotte Motor Speedway, Inc., Lowe's Home Centers, Inc., Lowe's HIW, Inc., and Sterling Advertising Ltd.

*10.2 Registration Rights Agreement dated as of May 11, 1999 among the Company, NationsBank Montgomery Securities LLC, First Union Capital Markets Corp. and JC Bradford & Co., LLC (incorporated by reference to Exhibit 10.34 to the June 1999 Form S-4).

*10.3 Purchase Agreement dated as of May 4, 1999 among the Company, NationsBank Montgomery Securities LLC, First Union Capital Markets Corp. and JC Bradford & Co., LLC (incorporated by reference to Exhibit 10.35 to the June 1999 Form S-4).

*10.4 Credit Agreement dated as of May 28, 1999 (the "Credit Agreement") among the Company and Speedway Funding Corp., as borrowers, certain subsidiaries of the Company, as guarantors, and the lenders named therein, including NationsBank, N.A., as agent for the lenders and a lender (incorporated by reference to Exhibit 10.36 to the June 1999 Form S-4).

*10.5 Pledge Agreement dated as of May 28, 1999 among the Company and the subsidiaries of the Company that are guarantors under the Credit Agreement, as pledgors, and, NationsBank, N.A., as agent for the lenders under the Credit Agreement (incorporated by reference to Exhibit 10.37 to the June 1999 Form S-4).

27.0 Financial data schedule for the six month period ended June 30, 1999.
* Previously filed

(b) On April 30, 1999, the Company filed a report on Form 8-K dated April 29, 1999, pursuant to Item 5 of such form, announcing the Company's proposed private placement of approximately $75 million, with the option to increase to $125 million, of Senior Subordinated Notes due 2007.

On June 3, 1999, the Company filed a report of Form 8-K dated June 2, 1999, pursuant to Item 5 of such form, announcing that the Company had closed on a $250 million Senior Secured Revolving Credit Facility with a group of financial institutions led by Bank of America.

SIGNATURES

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

SPEEDWAY MOTORSPORTS, INC.
(REGISTRANT)

Date: August 12, 1999 *By: /s/ O. Bruton Smith*
O. Bruton Smith

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Date: August 12, 1999 *By: /s/ William R. Brooks*
William R. Brooks

VICE PRESIDENT, CHIEF FINANCIAL OFFICER, TREASURER AND DIRECTOR
(PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)

INDEX TO EXHIBITS TO
QUARTERLY REPORT ON FORM 10-Q FOR
SPEEDWAY MOTORSPORTS, INC.
FOR THE QUARTER ENDED JUNE 30, 1999

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
27.0	Financial data schedule for the six month period ended June 30, 1999.

ARTICLE 5

This schedule contains summary financial information extracted from the financial statements of Speedway Motorsports, Inc. for the six months ended June 30, 1999 and is qualified in its entirety by reference to such financial statements.

CIK: 0000934648

NAME: SPEEDWAY MOTORSPORTS, INC.

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD END	JUN 30 1999
CASH	36,355
SECURITIES	2,013
RECEIVABLES	39,352
ALLOWANCES	343
INVENTORY	12,002
CURRENT ASSETS	84,625
PP&E	771,397
DEPRECIATION	94,457
TOTAL ASSETS	942,831
CURRENT LIABILITIES	97,738
BONDS	458,786
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	416
OTHER SE	327,736
TOTAL LIABILITY AND EQUITY	942,831
SALES	12,948
TOTAL REVENUES	193,158
CGS	9,210
TOTAL COSTS	112,114
OTHER EXPENSES	3,103
LOSS PROVISION	0
INTEREST EXPENSE	12,652
INCOME PRETAX	65,289
INCOME TAX	25,869
INCOME CONTINUING	39,420
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	39,420
EPS BASIC	0.95
EPS DILUTED	0.90

End of Filing