

# SPEEDWAY MOTORSPORTS INC

## FORM S-4

(Securities Registration: Business Combination)

Filed 9/8/1997

Address	US HIGHWAY 29 NORTH PO BOX 600 CONCORD, North Carolina 28026
Telephone	704-455-3239
CIK	0000934648
Industry	Recreational Activities
Sector	Services
Fiscal Year	12/31

# SECURITIES AND EXCHANGE COMMISSION

## WASHINGTON, D.C. 20549

### FORM S-4

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

## SPEEDWAY MOTORSPORTS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of of Incorporation or Organization)	7948 (Primary Standard Industrial Classification Code Number)	51-0363307 (I.R.S. Employer Identification Number)
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U.S. Highway 29 North  
P.O. Box 600  
Concord, North Carolina 28026-0600  
Telephone (704) 455-3239

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices) Mr. O. Bruton Smith Chairman and Chief Executive Officer Speedway Motorsports, Inc. U.S. Highway 29 North P.O. Box 600 Concord, North Carolina 28026-0600 Telephone (704) 455-3239 (Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service) Copies to:

Gary C. Ivey, Esq.  
Parker, Poe, Adams & Bernstein L.L.P.  
2500 Charlotte Plaza  
Charlotte, North Carolina 28244

Telephone (704) 372-9000 Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

#### CALCULATION OF REGISTRATION FEE [CAPTION]

Title of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)
8 1/2% Senior Subordinated Notes Due 2007.....	\$125,000,000	100.375%	\$125,468,750
Title of Each Class Of Securities To Be Registered	Amount Of Registration Fee		
8 1/2% Senior Subordinated Notes Due 2007.....	\$38,021		

(1) Estimated solely for the purpose of calculating the registration fee, pursuant to Rule 457(f) of Regulation C under the Securities Act of 1933. The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

**SPEEDWAY MOTORSPORTS, INC.**  
Cross Reference Sheet

Furnished Pursuant to Item 501(b) of Registration S-K

Form S-4 Item Number and Heading	Location in Prospectus
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus.....	Outside Front Cover Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front Cover Page of Prospectus and Outside Back Cover Page of Prospectus; Available Information
3. Risk Factors, Ratio of Earnings to Fixed Charges, and Other Information.....	Forepart of Registration Statement; Prospectus Summary; Risk Factors; Selected Financial Data
4. Terms of the Transaction.....	Prospectus Summary; Risk Factors; The Exchange Offer; Description of Certain Indebtedness; Description of Notes; Certain Federal Income Tax Considerations
5. Pro Forma Financial Information.....	Not Applicable
6. Material Contracts with the Company Being Acquired.....	Not Applicable
7. Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters.....	Not Applicable
8. Interests of Named Experts and Counsel.....	Not Applicable
9. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable
10. Information with Request to S-3 Registrants.....	Not Applicable
11. Incorporation of Certain Information by Reference.....	Not Applicable
12. Information with Respect to S-2 or S-3 Registrants.....	Not Applicable
13. Incorporation of Certain Information by Reference.....	Not Applicable
14. Information with Respect to Registrants Other than S-3 or S-2 Registrants.....	Selected Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Legal Matters; Business; National Association for Stock Car Auto Racing, Inc. (NASCAR); Consolidated Financial Statements
15. Information with Respect to S-3 Companies.....	Not Applicable
16. Information with Respect to S-2 or S-3 Companies.....	Not Applicable
17. Information with Respect to Companies Other than S-3 or S-2 Companies.....	Not Applicable
18. Information if Proxies, Consents or Authorizations are to be Solicited.....	Not Applicable
19. Information if Proxies, Consents or Authorizations are not to be Solicited or in an Exchange Offer.....	Certain Transactions; Management

Offer to Exchange  
All Outstanding

**8 1/2% Senior Subordinated Notes Due 2007**  
(\$125,000,000 Principal Amount Outstanding)

for

8 1/2% Senior Subordinated Notes Due 2007 This Exchange Offer (as defined below) and all withdrawal rights hereunder will expire at 5:00 p.m., New York City time, on , 1997 (as such date may be extended from time to time, the "Expiration Date"). Speedway Motorsports, Inc., a Delaware corporation (the "Company"), hereby offers (the "Exchange Offer"), upon the terms and subject to the conditions set forth in this Prospectus and the accompanying letter of transmittal (the "Letter of Transmittal"), to exchange \$1,000 in principal amount of its 8 1/2% Senior Subordinated Notes Due 2007 (the "New Notes") for each \$1,000 in principal amount of its currently outstanding 8 1/2% Senior Subordinated Notes Due 2007 (the "Old Notes") (the Old Notes and the New Notes are collectively referred to herein as the "Notes"). An aggregate principal amount of \$125.0 million of Old Notes is currently outstanding. See "The Exchange Offer." Each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Notes where such Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business one year after the Expiration Date, it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution." The Company will accept for exchange any and all Old Notes that are validly tendered prior to 5:00 p.m., New York City time, on the Expiration Date. Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Offer is not conditioned upon any minimum principal amount of the Old Notes being tendered for exchange. However, the Exchange Offer is subject to the terms and provisions of the Registration Rights Agreement dated as of August 4, 1997 (the "Registration Rights Agreement"), among the Company, each of the Company's existing domestic subsidiaries (other than the Unrestricted Subsidiary (as defined herein)) and NationsBanc Capital Markets, Inc., Wheat First Butcher Singer, Montgomery Securities and J.C. Bradford & Co. (the "Initial Purchasers"). The Old Notes may be tendered only in multiples of \$1,000. See "The Exchange Offer." The Old Notes were issued in a transaction (the "Prior Offering") pursuant to which the Company issued an aggregate of \$125.0 million principal amount of the Old Notes to the Initial Purchasers on August 4, 1997 pursuant to a Purchase Agreement dated as of July 30, 1997 (the "Purchase Agreement") among the Company, the Company's existing domestic subsidiaries (other than the Unrestricted Subsidiary) and the Initial Purchasers. The Initial Purchasers subsequently resold the Old Notes in reliance on Rule 144A under the Securities Act. The Company and the Initial Purchasers also entered into the Registration Rights Agreement, pursuant to which the Company granted certain registration rights for the benefit of the holders of the Old Notes. The Exchange Offer is intended to satisfy certain of the Company's obligations under the Registration Rights Agreement with respect to the Old Notes. See "The Exchange Offer -- Purpose and Effect." The Old Notes were, and the New Notes will be, issued under the Indenture dated as of August 4, 1997 (the "Indenture") among the Company, the Company's existing domestic subsidiaries (other than the Unrestricted Subsidiary), and First Trust National Association, as trustee (in such capacity, the "Trustee"). The form and terms of the New Notes will be identical in all material respects to the form and terms of the Old Notes, except that (i) the New Notes have been registered under the Securities Act and, therefore, will not bear legends restricting the transfer thereof, (ii) holders of New Notes will not be entitled to liquidated damages equal to \$.05 per week per \$1,000 principal amount of Old Notes held by such

(cover continued on next page)

See "Risk Factors" beginning on page 11 for a discussion of certain factors that should be considered in evaluating the Exchange Offer.  
**THE NEW NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A**

**CRIMINAL OFFENSE.**

The date of Prospectus is , 1997.

holders (up to a maximum amount of \$0.30 per week per \$1,000 principal amount) otherwise payable under the terms of the Registration Rights Agreement in respect of the Old Notes held by such holders during any period in which a Registration Default (as defined herein) is continuing (the "Liquidated Damages") and (iii) holders of New Notes will not be, and upon the consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to certain rights under the Registration Rights Agreement intended for the holders of unregistered securities. The Exchange Offer shall be deemed consummated upon the occurrence of the delivery by the Company to First Trust National Association, as registrar of the Old Notes (in such capacity, the "Registrar") under the Indenture of New Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that are validly tendered by holders thereof pursuant to the Exchange Offer. See "The Exchange Offer -- Termination of Certain Rights," " -- Procedures for Tendering Old Notes" and "Description of Notes."

The Notes will bear interest at a rate equal to 8 1/2% per annum. Interest on the Notes is payable semiannually, commencing February 15, 1998, on February 15 and August 15 of each year (each an "Interest Payment Date") and shall accrue from August 4, 1997 or from the most recent Interest Payment Date with respect to the Old Notes to which interest was paid or duly provided for. The Notes will mature on August 15, 2007. See "Description of Notes." The Notes will not be redeemable by the Company at its option prior to August 15, 2002. Thereafter, the Notes will be redeemable by the Company at the redemption prices and subject to the conditions set forth in "Description of Notes -- Optional Redemption." Upon the occurrence of a Change of Control (as defined herein), the Company will be required to make an offer to repurchase all outstanding Notes at 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of purchase. There is no assurance that the Company will have adequate funds to repurchase the Notes upon a Change in Control. See "Description of Notes -- Repurchase at the Option of Holders -- Change of Control."

The Notes will be general unsecured obligations of the Company subordinated in right of payment to all existing and future Senior Indebtedness (as defined herein) of the Company, including borrowings under the 1997 Credit Facility (as defined herein). Subject to the Guarantees (as defined herein) the Notes also will be effectively subordinated to all of the indebtedness of the Company's existing subsidiaries. As of August 29, 1997, the Notes were subordinate to approximately \$20.2 million of Senior Indebtedness. Under the 1997 Credit Facility, the Company had an unfunded commitment of \$175.0 million at August 29, 1997 which, if funded, would be Senior Indebtedness. See "Description of Notes" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." The Indenture permits the Company and its subsidiaries to incur additional indebtedness, including additional Senior Indebtedness, subject to certain limitations.

Based on existing interpretations of the Securities Act by the staff of the Securities and Exchange Commission (the "Commission") set forth in "no-action" letters issued to third parties, the Company believes that New Notes issued pursuant to the Exchange Offer to any holder of Old Notes in exchange for Old Notes may be offered for resale, resold and otherwise transferred by such holder (other than (i) a broker-dealer who purchased Old Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or (ii) a person that is an affiliate of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such holder is acquiring the New Notes in the ordinary course of business and is not participating, and has no arrangement or understanding with any person to participate, in a distribution of the New Notes. Holders wishing to accept the Exchange Offer must represent to the Company, as required by the Registration Rights Agreement, that such conditions have been met. In addition, if such holder is not a broker-dealer, it must represent that it is not engaged in, and does not intend to engage in, a distribution of the New Notes. Each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See "The Exchange Offer -- Resales of the New Notes" and "Plan of Distribution." This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making or other trading activities.

As of August 29, 1997, Cede & Co. ("Cede"), as nominee for The Depository Trust Company, New York, New York ("DTC"), was the sole registered holder of the Old Notes and held the Old Notes for certain of its participants. The Company believes that no such participant is an affiliate (as such term is defined in Rule 405 of the Securities Act) of the Company. There has previously been only a limited secondary market, and no public market, for the Old Notes. The Old Notes are eligible for trading in the Private Offering, Resales and Trading through Automatic Linkages ("PORTAL") market. In addition, the Initial Purchasers have advised the Company that they currently intend to make a market in the New Notes; however, the Initial Purchasers are not obligated to do so and any market making activities may be discontinued by the Initial Purchasers at any time. Therefore, there can be no assurance that an active market for the New Notes will develop. If such a trading market develops for the New Notes, future trading prices will depend on many factors, including, among other things, prevailing interest rates, the Company's results of operations and the market for similar securities. Depending on such factors, the New Notes may trade at a discount from their principal amount. See "Risk Factors -- Absence of Public Market."

The Company will not receive any proceeds from this Exchange Offer. Pursuant to the Registration Rights Agreement, the Company will bear certain registration expenses.

**THE EXCHANGE OFFER IS NOT BEING MADE TO, NOR WILL THE COMPANY ACCEPT SURRENDERS FOR EXCHANGE FROM, HOLDERS OF OLD NOTES IN ANY JURISDICTION IN WHICH THE EXCHANGE OFFER OR THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE SECURITIES OR BLUE SKY LAWS OF SUCH JURISDICTION.**

The Old Notes were issued originally in global form (the "Global Old Note"). The Global Old Note was deposited with, or on behalf of, the DTC, as the initial depository with respect to the Old Notes (in such capacity, the "Depository"). The Global Old Note is registered in the name of Cede, as nominee of DTC, and beneficial interests in the Global Old Note are shown on, and transfers thereof are effected only through, records maintained by the Depository and its participants. The use of the Global Old Note to represent certain of the Old Notes permits the Depository's participants, and anyone holding a beneficial interest in an Old Note registered in the name of such a participant, to transfer interests in the Old Notes electronically in accordance with the Depository's established procedures without the need to transfer a physical certificate. New Notes issued in exchange for the Global Old Note also will be issued initially as a note in global form (the "Global New Note," and, together with the Global Old Note, the "Global Notes") and deposited with, or on behalf of, the Depository. After the initial issuance of the Global New Note, New Notes in certificated form will be issued in exchange for a holder's proportionate interest in the Global New Note only as set forth in the Indenture.

This prospectus incorporates documents by reference which are not presented herein or delivered herewith. These documents are available upon request from Ms. Marylaurel E. Wilks, Corporate Counsel & Director of Investor Relations, P.O. Box 600, U.S. Highway 29 North,

Concord, North Carolina 28026-0600, telephone (704) 455-3239. In order to ensure timely delivery of the documents, any request should be made at least five days before the Expiration Date.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED ("RSA"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE NEW HAMPSHIRE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO FLORIDA RESIDENTS PURSUANT TO SECTION 517.061(11)(A)(5) OF THE FLORIDA SECURITIES ACT, YOU HAVE THE RIGHT TO RESCIND YOUR SUBSCRIPTION (UNLESS YOU ARE AN INSTITUTIONAL INVESTOR DESCRIBED IN SECTION 517.061(7) OF THE FLORIDA SECURITIES ACT) BY GIVING NOTICE OF SUCH RESCISSION BY TELEPHONE, TELEGRAPH OR LETTER, WITHIN THREE DAYS AFTER YOU FIRST TENDER CONSIDERATION TO THE INITIAL PURCHASERS. IF NOTICE IS NOT RECEIVED BY SUCH TIME, THE FOREGOING RIGHT OF RESCISSION SHALL BE NULL AND VOID. INFORMATION CONTAINED IN THIS PROSPECTUS CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE STATEMENTS IN "RISK FACTORS" BEGINNING ON PAGE 11 OF THIS PROSPECTUS CONSTITUTE CAUTIONARY STATEMENTS IDENTIFYING IMPORTANT FACTORS, INCLUDING CERTAIN RISKS AND UNCERTAINTIES, WITH RESPECT TO SUCH FORWARD-LOOKING STATEMENTS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS.

THE INFORMATION CONTAINED IN THIS PROSPECTUS HAS BEEN FURNISHED BY THE COMPANY AND OTHER SOURCES BELIEVED BY THE COMPANY TO BE RELIABLE. THIS PROSPECTUS CONTAINS SUMMARIES, BELIEVED TO BE ACCURATE, OF CERTAIN TERMS OF CERTAIN DOCUMENTS BUT REFERENCE IS MADE TO THE ACTUAL DOCUMENTS, COPIES OF WHICH WILL BE MADE AVAILABLE UPON REQUEST, FOR THE COMPLETE INFORMATION CONTAINED THEREIN. ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THIS REFERENCE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PROSPECTUS AS INVESTMENT, LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX BUSINESS, FINANCIAL OR RELATED ASPECTS OF AN EXCHANGE OF OLD NOTES FOR NEW NOTES. THE COMPANY MAKES NO REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF ANY INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER UNDER APPROPRIATE LEGAL INVESTMENT OR SIMILAR LAWS.

"ATLANTA MOTOR SPEEDWAY(Register mark)", "CHARLOTTE MOTOR SPEEDWAY(Register mark)" AND THE COMPANY'S CORPORATE LOGOS ARE REGISTERED TRADEMARKS AND SERVICE MARKS OF THE COMPANY. THE COMPANY ALSO HAS TRADEMARK RIGHTS WITH RESPECT TO ITS "LEGENDS CARS(tm)" AND "600 RACING(tm)". TRADEMARK AND SERVICE MARK APPLICATIONS BY THE COMPANY ARE PENDING WITH RESPECT TO "SPEEDWAY MOTORSPORTS(tm)", "BRISTOL MOTOR SPEEDWAY(tm)", "SEARS POINT RACEWAY(tm)" AND "TEXAS MOTOR SPEEDWAY(tm)". "NASCAR(Register mark)" AND "GRAND NATIONAL(Register mark)" ARE REGISTERED TRADEMARKS AND SERVICE MARKS OF THE NATIONAL ASSOCIATION FOR STOCK CAR AUTO RACING, INC. ("NASCAR").

AVAILABLE INFORMATION The Company is subject to the informational and reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), and in accordance therewith is required to file periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Such reports, proxy statements and other information, may be inspected and copied at the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the Commission located at 7 World Trade Center, Suite 1300, New York, New York 10048 and at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. The Commission maintains an Internet Web site that contains reports, proxy and information statements and other information regarding the Company and other registrants that file electronically with the Commission. The address of such site is <http://www.sec.gov>. Copies of all or any part of such materials may be obtained from any such office upon payment of the fees prescribed by the Commission. Such information may also be inspected and copied at the offices of the New York Stock Exchange at 20 Broad Street, New

York, New York 10005. The Company's common stock, par value \$.01 per share (the "Common Stock"), is traded on the New York Stock Exchange under the symbol "TRK."

Whether or not required by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will furnish to the holders of Notes within 15 days after it is or would have been required to file such with the Commission (i) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report thereon by the Company's certified independent accountants and (ii) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports. In addition, whether or not required by the rules and regulations of the Commission, at any time after the Company files a registration statement with respect to the Exchange Offer or a Shelf Registration Statement, the Company will file a copy of all such information and reports with the Commission for public availability (unless the Commission will not accept such filing) and make such information available to securities analysts and prospective investors upon request. In addition, the Company has agreed that, for so long as any Transfer Restricted Securities (as defined in the Registration Rights Agreement) remain outstanding as Transfer Restricted Securities, it will furnish to the holders and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. See "Description of Notes -- Reports." Any such request and requests for the agreements summarized herein should be directed to:

Ms. Marylaurel E. Wilks, Corporate Counsel & Director of Investor Relations of the Company, at P.O. Box 600, U.S. Highway 29 North, Concord, North Carolina 28026-0600, telephone: (704) 455-3239.

## PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and Consolidated Financial Statements (including the notes thereto) appearing elsewhere in this Prospectus. NASCAR-related data used throughout this Prospectus were obtained or derived from industry publications or third-party sources which the Company believes to be reliable, but the accuracy thereof is not guaranteed. Unless otherwise indicated, all information contained herein assumes no exercise of options granted pursuant to the Company's stock option plans or conversions of the Company's 5 3/4% Convertible Subordinated Debentures Due 2003 (the "Debentures"). In addition to other information in this Prospectus, the factors set forth under "Risk Factors" below should be considered carefully in evaluating an investment in the Notes. hereby. Unless the context requires otherwise, references herein to the "Company" or "SMI" mean Speedway Motorsports, Inc. and its subsidiaries considered as one enterprise. As used herein, the terms "permanent seating capacity" and "permanent seats" include grandstand and suite seats and exclude infield admission, temporary seats and general admission.

### The Company

Speedway Motorsports, Inc. is a leading promoter, marketer and sponsor of motorsports activities in the United States. As the owner and operator of Atlanta Motor Speedway ("AMS"), Bristol Motor Speedway ("BMS"), Charlotte Motor Speedway ("CMS") and Texas Motor Speedway ("TMS"), and the operator of Sears Point Raceway ("SPR"), the Company has one of the largest portfolios of major speedway facilities in the motorsports industry. The Company also owns, operates and sanctions the Legends Car Racing Circuit (the "Legends Circuit"), an entry-level stock car racing series for which it manufactures and sells 5/8-scale modified cars (the "Legends Cars") and parts through its 600 Racing Inc. subsidiary ("600 Racing").

The Company will sponsor 15 major racing events in 1997 sanctioned by NASCAR, including nine races associated with the Winston Cup professional stock car racing circuit (the "Winston Cup") and six races associated with the Busch Grand National circuit. The Company also currently sponsors two Indy Racing League ("IRL") racing events, three NASCAR Craftsman Truck Series racing events and one International Race of Champions ("IROC") racing event.

Management believes that spectator demand for its largest events exceeds existing permanent seating capacity at each of AMS, BMS and CMS, which had, at December 31, 1996, permanent seating capacity of approximately 102,000, 77,000 and 110,000, respectively. As of March 31, 1997, the Company had completed the construction of approximately 150,000 permanent seats at TMS, the second largest sports facility in the United States in terms of permanent seating capacity. In 1997, the Company has contracted for and is in the process of completing approximately 22,000 additional permanent seats at AMS, and has completed approximately 39,000 additional permanent seats at BMS and approximately 25,000 additional permanent seats at CMS. SPR currently does not have permanent seating capacity but provides temporary seating and suites for approximately 18,000 spectators in addition to other general admission seating arrangements along its 2.52 mile road course.

The Company derives revenues principally from the sale of tickets to automobile races and other events held at its speedway facilities, the sale of food, beverages, and souvenirs during such events, 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. In 1996, the Company derived approximately 83% of its total revenues from events sanctioned by NASCAR. The Company has experienced substantial growth in revenues and profitability as a result of the continued improvement and expansion of and investment in its facilities, its consistent marketing and promotional efforts and the overall increase in popularity of Winston Cup, Busch Grand National and other motorsports events in the United States.

#### Industry Overview

Motorsports is the fastest growing spectator sport in the United States, and NASCAR-sanctioned stock car racing is the fastest growing industry segment. In 1996, NASCAR sanctioned 81 Winston Cup, Busch Grand National and Craftsman Truck Series races which were attended by approximately 8.1 million spectators. Attendance of such NASCAR events has increased at a compound annual growth rate of 14.1% since 1994. Based on information developed independently by The Goodyear Tire & Rubber Co. ("Goodyear"), spectator attendance at

Winston Cup and Busch Grand National events increased at compound annual growth rates of 6.8% and 13.1%, respectively, from 1994 to 1996. Races are generally heavily promoted, with a number of supporting events surrounding the main race event, for a total weekend experience.

In recent years, television coverage and corporate sponsorship have increased for NASCAR-related events. All NASCAR Winston Cup and Busch Grand National events are currently broadcast by ABC, CBS, ESPN, TBS or TNN. According to NASCAR, major national corporate sponsorships (which currently include over 70 Fortune 500 companies) of NASCAR-sanctioned events has also increased significantly. Sponsors include such companies as Coca-Cola, General Motors, Ford, Texaco, Procter & Gamble, McDonald's, and RJR Nabisco. The dramatic increase in corporate interest in the sport has been driven by the attractive advertising demographics of stock car racing fans. The most recent surveys published by NASCAR show the following fan characteristics: 38% are women; 53% work in professional, managerial or skilled jobs; 58% are married; 65% own homes; and median family income exceeds \$39,000 per annum. Additionally, brand loyalty (as measured by fans using sponsors' products) is the highest of any nationally televised sport according to a study published by Performance Research in 1996.

Fueled by popular and accessible drivers, strong fan brand loyalty, a widening geographic reach, increasing appeal to corporate sponsors and rising broadcast revenues, industry competitors are actively pursuing internal growth and industry consolidation. Speedway operations generate high operating margins and are protected by high barriers to competitive entry, including capital requirements for new speedway construction, marketing and promotional expertise and license agreements with NASCAR.

#### Business Strategy

The Company's strategy is to increase revenues and profitability through the promotion and production of racing and related events at modern facilities. The Company markets its scheduled events throughout the year both regionally and nationally via television, radio and newspaper advertising, facility tours, satellite links for media outlets, direct mail campaigns and pre-race promotional activities. The key components of the Company's strategy are (i) expansion and improvement of existing facilities, (ii) maximization of media exposure and enhancement of broadcast and sponsorship revenues, (iii) further development of the Legends Car business, (iv) increases in the daily usage of existing facilities and (v) acquisition and development of additional motorsports facilities.

(Bullet) Expansion and improvement of existing facilities -- Management believes that spectator demand for its largest events exceeds existing permanent seating capacity. The Company plans to continue its expansion by adding permanent grandstand seating and luxury suites, and making other significant renovations and improvements at several of its facilities. The following table sets forth the Company's permanent seating capacity as of December 31, 1996, and planned 1997 expansion of such capacity currently under contract:

Track	Location	Approx. Acreage	Length (miles)	At December 31, 1996		1997 Planned Additional Capacity			
				Permanent Seating	Suites	Net New Permanent	Percent Increase	Net New Suites	Percent Increase
AMS	Hampton, GA	870	1.5	102,000	83	22,000	22%	58	70%
BMS	Bristol, TN	530	0.5	77,000	24	39,000	51%	31	129%
CMS	Concord, NC	1,000	1.5	110,000	83	25,000	23%	26	31%
TMS	Fort Worth, TX	950	1.5	N/A	N/A	150,000	100%	194	100%
Total				289,000	190	236,000	82%	309	163%

TMS is substantially complete, and there is work in progress at all of the Company's other speedway facilities. SPR currently does not have permanent seating capacity but provides general admission seating and other temporary seating arrangements. Additionally, the Company continues to make capital improvements, including additional restrooms, other fan amenities and increased parking, at all of its facilities consistent with management's commitment to quality and customer satisfaction. (Bullet) Maximization of media exposure and enhancement of broadcast and sponsorship revenues -- Management believes that spectator interest in stock car racing will continue to grow, thereby increasing broadcast media and sponsors' interest in the sport. This growth has allowed the Company to expand its television coverage to include more races and to negotiate more favorable broadcast rights fees with television

networks as well as to negotiate more favorable contract terms with sponsors. The Company intends to increase media exposure of its current NASCAR events, to add television coverage to other speedway events and to further increase sponsorship revenue. (Bullet) Further development of the Legends Car business -- In 1992, the Company developed the Legends Circuit for which it manufactures and sells cars and parts used in Legends Circuit racing events and is the official sanctioning body. At retail prices starting at less than \$12,900, management believes that Legends Cars are economically affordable to a new group of racing enthusiasts who previously could not race on an organized circuit. Legends Cars are an increasingly important part of the Company's business, as revenues for this business have grown from \$5.7 million in 1994 to \$9.8 million in 1996. As an extension of the Legends Car concept, the Company recently released a new, smaller, lower-priced "Bandolero" stock car, which is expected to appeal to younger racing enthusiasts.

(Bullet) Increases in the daily usage of existing facilities -- Management constantly seeks revenue-producing uses for the Company's speedway facilities on days not committed to racing events. Such other uses include car and truck shows, supercross motorcycle racing, auto fairs, driving schools, vehicle testing and settings for television commercials, concerts, print advertisements and motion pictures. For example, in June 1997, the Company hosted two music concerts at its newly constructed TMS facility with the music promoter's reported total attendance in excess of 600,000. (Bullet) Acquisition and development of additional motorsports facilities -- The Company also considers growth by acquisition and development of motorsports facilities as appropriate opportunities arise. The Company continuously seeks to locate, acquire, develop and operate venues which the Company feels are underdeveloped or underutilized and to capitalize on markets where the pricing of sponsorship and television rights are considerably more lucrative. For example, as part of this strategy, the acquisition of SPR's operations marked the Company's entry into the Northern California market, which is also currently the 5th largest television market in the United States.

### Recent Developments

**New Speedway Events.** On July 26, 1997, CMS sponsored its first IRL racing event, which was attended by the third largest crowd ever for that series. On August 22 and 23, 1997, BMS sponsored NASCAR-sanctioned Busch Grand National and Winston Cup racing events, the "Food City 250" and the "Goody's Headache Powder 500", respectively. Weekend attendance figures totaled more than 184,000 for both the Winston Cup and the Busch Grand National races.

**NCMS.** On April 2, 1997, the Company submitted a proposal of merger to the board of directors of North Carolina Motor Speedway, Inc., which owns and operates a Winston Cup-circuit race track in Rockingham, North Carolina ("NCMS"). The Company's current merger proposal contemplates the purchase of all outstanding NCMS capital stock for an aggregate of approximately \$72.0 million (or \$32.00 per share), payable in cash or shares of Common Stock at the election of each NCMS stockholder. On May 19, 1997, an affiliate of Penske Motorsports, Inc., a promoter of motorsports events unaffiliated with the Company, announced that it had acquired from the principal shareholder of NCMS approximately 65% of the outstanding capital stock of NCMS. On July 7, 1997, the Company's merger proposal was recommended by a special committee of the NCMS board for approval by the NCMS board. On August 5, 1997, however, the NCMS board of directors rejected the Company's proposal. Subsequently, O. Bruton Smith, the Company's Chairman and Chief Executive Officer, filed a civil complaint against NCMS, the directors of NCMS and certain others in his individual capacity as a NCMS shareholder alleging, among other things, breach of director duties.

**1997 Credit Facility.** On August 4, 1997, the Company consummated a new long-term, unsecured, senior revolving credit facility (the "1997 Credit Facility") with a borrowing limit of up to \$175.0 million. The 1997 Credit Facility is with a syndicate of banks led by NationsBank, N.A. ("NationsBank") and was consummated concurrently with the Prior Offering of the Old Notes. Proceeds from the sale of the Old Notes were used, among other things, to repay and retire the 1996 Credit Facility (as defined herein), which the Company replaced with the 1997 Credit Facility. As of the date hereof, no borrowings are outstanding under the 1997 Credit Facility. For further discussion of the Company's bank credit arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Description of Certain Indebtedness."

The Prior Offering The outstanding \$125.0 million aggregate principal amount of Old Notes were sold by the Company to the Initial Purchasers on August 4, 1997, pursuant to the Purchase Agreement. The Initial Purchasers subsequently resold the Old Notes in reliance on Rule 144A under the Securities Act. The Company and the Initial Purchasers also entered into the Registration Rights Agreement pursuant to which the Company granted certain registration rights for the benefit of the holders of the Old Notes. The Exchange Offer is intended to satisfy certain of the Company's obligations under the Registration Rights Agreement with respect to the Old Notes. See "The Exchange Offer -- Purpose and Effect." The Company was incorporated on December 20, 1994 as a Delaware corporation. The Company's Common Stock is traded on the New York Stock Exchange under the symbol "TRK." The Company's principal executive office is located on U.S. Highway 29 North in Concord, North Carolina. Its preferred mailing address is Post Office Box 600, Concord, North Carolina 28026-0600, and its telephone number is (704) 455-3239.

## The Exchange Offer

The Exchange Offer.....	The Company is offering upon the terms and subject to the conditions set forth herein and in the Letter of Transmittal to exchange the New Notes for the outstanding Old Notes. As of the date of this Prospectus, \$125.0 million in aggregate principal amount of the Old Notes is outstanding. As of August 29, 1997, there was one registered holder of the Old Notes, Cede & Co., which held the Old Notes for several of its participants. See "The Exchange Offer -- Terms of the Exchange Offer."
Expiration Date.....	5:00 p.m., New York City time, on _____, 1998 as the same may be extended. See "The Exchange Offer -- Expiration Date; Extensions; Amendments."
Conditions of the Exchange Offer....	The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange. The only condition to the Exchange Offer is the declaration by the Commission of the effectiveness of the Registration Statement of which this Prospectus constitutes a part (the "Exchange Offer Registration Statement"). See "The Exchange Offer -- Conditions of the Exchange Offer."
Termination of Certain Rights.....	Pursuant to the Registration Rights Agreement and the Old Notes, holders of Old Notes (i) have rights to receive Liquidated Damages and (ii) have certain rights intended for the holders of unregistered securities. Holders of New Notes will not be and, upon consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to (i) the right to receive the Liquidated Damages or (ii) certain other rights under the Registration Rights Agreement intended for holders of unregistered securities. See "The Exchange Offer -- Termination of Certain Rights" and "Procedures for Tendering Old Notes."
Accrued Interest.....	The New Notes will bear interest at a rate equal to 8 1/2% per annum. Interest shall accrue from August 4, 1997, or from the most recent Interest Payment Date with respect to the Old Notes to which interest was paid or duly provided for. See "Description of Notes -- Principal, Maturity and Interest."
Procedures for Tendering Old Notes.....	Unless a tender of Old Notes is effected pursuant to the procedures for book-entry transfer as provided herein, each holder desiring to accept the Exchange Offer must complete and sign the Letter of Transmittal, have the signature thereon guaranteed if required by the Letter of Transmittal, and mail or deliver the Letter of Transmittal, together with the Old Notes or a Notice of Guaranteed Delivery (as defined in the Letter of Transmittal) and any other required documents (such as evidence of authority to act, if the Letter of Transmittal is signed by someone acting in a fiduciary or representative capacity), to the Exchange Agent (as defined herein) at the address set forth on the back cover page of this Prospectus prior to 5:00 p.m., New York City time, on the Expiration Date. Any Beneficial Owner (as defined herein) of the Old Notes whose Old Notes are registered in the name of a nominee, such as a broker, dealer, commercial bank or trust company and who wishes to tender Old Notes in the Exchange Offer, should instruct such entity or person to promptly tender on such Beneficial Owner's behalf. See "The Exchange Offer -- Procedures for Tendering Old Notes."
Guaranteed Delivery Procedures.....	Holders of Old Notes who wish to tender their Old Notes and (i) whose Old Notes are not immediately available or (ii) who cannot deliver their Old Notes or any other documents required by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date (or complete the

procedure for book-entry transfer on a timely basis), may tender their Old Notes according to the guaranteed delivery procedures set forth in the Letter of Transmittal. See "The Exchange Offer -- Guaranteed Delivery Procedures."

Acceptance of Old Notes and Delivery  
of New Notes.....

Upon effectiveness of the Exchange Offer Registration Statement of which this Prospectus constitutes a part and consummation of the Exchange Offer, the Company will accept any and all Old Notes that are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The New Notes issued pursuant to the Exchange Offer will be delivered promptly after acceptance of the Old Notes. See "The Exchange Offer -- Acceptance of Old Notes for Exchange; Delivery of New Notes."

Withdrawal Rights.....

Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. See "The Exchange Offer -- Withdrawal Rights."

The Exchange Agent.....

First Trust National Association is the exchange agent (in such capacity, the "Exchange Agent"). The address and telephone number of the Exchange Agent are set forth in "The Exchange Offer -- The Exchange Agent; Assistance."

Fees and Expenses.....

All expenses incident to the Company's consummation of the Exchange Offer and compliance with the Registration Rights Agreement will be borne by the Company. The Company will also pay certain transfer taxes applicable to the Exchange Offer. See "The Exchange Offer -- Fees and Expenses."

Resales of the New Notes.....

Based on existing interpretations by the staff of the Commission set forth in "no-action" letters issued to third parties, the Company believes that New Notes issued pursuant to the Exchange Offer to a holder in exchange for Old Notes may be offered for resale, resold and otherwise transferred by a holder (other than (i) a broker-dealer who purchased the Old Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or (ii) a person that is an affiliate of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Holder is acquiring the New Notes in the ordinary course of business and is not participating, and has no arrangement or understanding with any person to participate, in a distribution of the New Notes. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker as a result of market-making or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See "The Exchange Offer -- Resales of the New Notes" and "Plan of Distribution."

Effect of Not Tendering Old Notes  
for Exchange.....

Old Notes that are not tendered or that are not properly tendered will, following the expiration of the Exchange Offer, continue to be subject to the existing restrictions upon transfer thereof. The Company will have no further obligations to provide for the registration under the Securities Act of such Old Notes and such Old Notes will, following the expiration of the Exchange Offer, bear interest at the same rate as the New Notes.

Description of New Notes The form and terms of the New Notes will be identical in all material respects to the form and terms of the Old Notes, except that (i) the New Notes have been registered under the Securities Act and, therefore, will not bear legends restricting the transfer thereof, (ii) holders of the New Notes will not be entitled to Liquidated Damages and (iii) holders of the New Notes will not be, and upon consummation of the Exchange Offer, holders of the Old Notes will no longer be, entitled to certain rights under the Registration Rights Agreement intended for the holders of unregistered securities, except in limited circumstances. See "Exchange Offer -- Termination of Certain Rights." The Exchange Offer shall be deemed consummated upon the occurrence of the delivery by the Company to the Registrar under the Indenture of the New Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that are tendered by holders thereof pursuant to the Exchange Offer. See "The Exchange Offer -- Termination of Certain Rights," " -- Procedures for Tendering Old Notes" and "Description of Notes."

Securities Offered.....	\$125,000,000 aggregate principal amount of 8 1/2% Senior Subordinated Notes Due 2007 of the Company (the "New Notes").
Maturity Date.....	August 15, 2007.
Interest Payment Dates.....	February 15 and August 15, commencing February 15, 1998.
Optional Redemption.....	On or after August 15, 2002, the Company may redeem the Notes, in whole or in part, at the redemption prices set forth herein, plus accrued and unpaid interest, if any, to the date of redemption.
Mandatory Redemption.....	None.
Ranking.....	The Notes will be general unsecured obligations of the Company, subordinated in right of payment to all existing and future Senior Indebtedness, which will include borrowings under the 1997 Credit Facility. As of June 30, 1997, on a pro forma basis after giving effect to the Offering and application of the net proceeds therefrom, the Company would have had approximately \$20.1 million of outstanding Senior Indebtedness, which would rank senior in right of payment to the Notes. The Indenture pursuant to which the New Notes will be issued permits the Company and its subsidiaries to incur additional indebtedness, including additional Senior Indebtedness, subject to certain limitations. See "Description of Notes -- Subordination."
Guarantees.....	The New Notes will be, and the Old Notes are, unconditionally guaranteed (the "Guarantees"), jointly and severally, on a senior subordinated basis by each of the existing and future domestic subsidiaries of the Company (other than the Company's Unrestricted Subsidiary) and each other subsidiary of the Company that guarantees the Company's obligations under the 1997 Credit Facility (each a "Guarantor" and, collectively, the "Guarantors"). The Guarantees will be subordinated in right of payment to all existing and future Guarantor Senior Indebtedness (as defined herein) of the relevant Guarantor. As of June 30, 1997, on a pro forma basis after giving effect to the Prior Offering and the application of the net proceeds therefrom, the outstanding aggregate amount of Guarantor Senior Indebtedness would have been approximately \$20.1 million, which amount is the same indebtedness constituting outstanding Senior Indebtedness noted above. See "Description of Notes -- Subsidiary Guarantees."
Change of Control.....	Upon a Change of Control (as defined herein), the Company will be required to make an offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of repurchase.

Covenants.....	The Indenture will restrict, among other things, the Company's ability to incur additional indebtedness and issue preferred stock, incur liens to secure pari passu or subordinated indebtedness, pay dividends or make certain restricted payments, apply net proceeds from certain asset sales, enter into certain transactions with affiliates, incur indebtedness that is subordinate in right of payment to any Senior Indebtedness and senior in right of payment to the Notes, merge or consolidate with any other person, sell stock of subsidiaries or sell, assign, transfer, lease, convey or otherwise dispose of substantially all of the assets of the Company. See "Description of Notes -- Certain Covenants."
Absence of a Public Market for the New Notes.....	The New Notes are a new issue of securities with no established market. Accordingly, there can be no assurance as to the development or liquidity of any market for the New Notes. The Initial Purchasers have advised the Company that they currently intend to make a market in the New Notes. However, the Initial Purchasers are not obligated to do so, and any market making with respect to the New Notes may be discontinued at any time without notice. The Company does not intend to apply for listing of the New Notes on a securities exchange.

Risk Factors See "Risk Factors" for a discussion of certain factors that should be considered in evaluating the Exchange Offer.

Summary Financial Data(1)

	Year Ended December 31,					Six Months Ended
	1992	1993	1994	1995	1996	June 30, 1996
(in thousands, except per share, ratios and selected data)						
<b>Income Statement Data:</b>						
Total revenues.....	\$47,774	\$54,568	\$64,537	\$75,573	\$102,113	\$53,146
Total operating expenses.....	32,736	36,497	43,749	45,884	62,771	31,884
Operating income.....	15,038	18,071	20,788	29,689	39,342	21,262
Interest expense (2).....	4,527	4,520	4,282	917	693	566
Income from continuing operations.....	6,453	9,241	10,470	19,590	26,405	13,680
Net income.....	5,878	9,203	10,176	19,457	26,405	13,680
<b>Other Data:</b>						
EBITDA(3).....	\$19,915	\$24,273	\$27,307	\$39,100	\$51,348	\$27,039
Depreciation and amortization.....	4,289	4,375	4,500	4,893	7,598	3,796
Capital expenditures.....	5,294	3,696	5,009	40,718	147,741	69,102
Ratio of EBITDA to interest charges(3).....	4.4x	5.4x	6.4x	42.6x	14.6x	24.3x
Ratio of earnings to fixed charges(4).....	3.4x	4.3x	5.2x	36.1x	11.5x	19.8x
Ratio of total debt to EBITDA.....					2.3x	
Pro forma ratio of EBITDA to interest charges(5).....					12.3x	18.7x
Pro forma ratio of earnings to fixed charges(5).....					9.2x	13.9x
<b>Selected Data:</b>						
SMI major NASCAR-sanctioned events.....	8	8	8	8	12	7
Total SMI admissions(6).....	770,000	818,000	866,000	934,000	1,114,000	
Attendance at all Winston Cup events(7).....	3,700,000	4,020,000	4,896,000	5,327,000	5,588,000	
<b>1997</b>						
<b>Income Statement Data:</b>						
Total revenues.....	\$119,594					
Total operating expenses.....	69,504					
Operating income.....	50,090					
Interest expense (2).....	1,482					
Income from continuing operations.....	29,254					
Net income.....	29,254					
<b>Other Data:</b>						
EBITDA(3).....	\$58,331					
Depreciation and amortization.....	7,119					
Capital expenditures.....	104,671					
Ratio of EBITDA to interest charges(3).....	11.7x					
Ratio of earnings to fixed charges(4).....	9.7x					
Ratio of total debt to EBITDA.....						
Pro forma ratio of EBITDA to interest charges(5).....	10.8x					
Pro forma ratio of earnings to fixed charges(5).....	8.8x					
<b>Selected Data:</b>						
SMI major NASCAR-sanctioned events.....	10					
Total SMI admissions(6).....						
Attendance at all Winston Cup events(7).....						
<b>Balance Sheet Data (at end of period):</b>						
Working capital.....	\$ 3,644				\$ 13,799	\$ 35,347
Total assets.....	409,284				528,617	553,277
Total long-term debt, including current maturities(9).....	115,630				194,077	218,737
Stockholders' equity.....	204,735				234,014	234,014

(Footnotes on following page)

- (1) The year end data for 1992 to 1995 include AMS and CMS, and for 1996 include as well BMS, acquired in January 1996, and SPR, acquired in November 1996. The quarterly data for the six-month period ended June 30, 1997 include AMS, BMS, CMS, TMS and SPR, and for the six-month period ended June 30, 1996 include AMS, BMS, CMS and TMS and exclude SPR. See Note 1 to each of the Unaudited and Audited Consolidated Financial Statements.
- (2) Interest expense excludes interest income and is net of capitalized interest of \$2,834,000, \$546,000 and \$3,515,000 for the year ended December 31, 1996, and the six-month periods ended June 30, 1996 and 1997, respectively. No interest costs were capitalized from 1992 through 1995.
- (3) EBITDA represents income from continuing operations before interest expense, income taxes and depreciation and amortization. EBITDA is included herein because management believes that certain investors may find EBITDA useful for measuring a company's ability to service its debt; however, EBITDA does not represent cash flow from operations, as defined by generally accepted accounting principles, and should not be considered as a substitute for net income as an indicator of the Company's operating performance or for cash flow as a measure of liquidity. The ratio of EBITDA to interest charges is computed by dividing interest, whether expensed or capitalized, into EBITDA. This ratio should be examined in conjunction with the Audited and Unaudited Consolidated Financial Statements of the Company included elsewhere herein.
- (4) The ratio of earnings to fixed charges is computed by dividing fixed charges into income from continuing operations before income taxes plus fixed charges, adjusted to exclude interest capitalized during the period. Fixed charges consist of interest, whether expensed or capitalized, amortization of financing costs and the estimated interest component of rent expense.
- (5) Pro forma ratio of earnings to fixed charges and pro forma ratio of EBITDA to interest charges assume that all bank debt outstanding during 1996, and the six-month periods ended June 30, 1996 and 1997 was refinanced with the proceeds of the Old Notes. The effect of such refinancing is an increase in fixed charges of \$950,000, \$492,000 and \$558,000 and an increase in interest charges of \$639,000, \$336,000 and \$402,000 for 1996, and the six-month periods ended June 30, 1996 and 1997, respectively. The pro forma ratio of earnings to fixed charges and pro forma ratio of EBITDA to interest charges do not reflect any income earned from the proceeds of the Prior Offering in excess of the refinanced bank debt amounts.
- (6) "Total SMI admissions" consists of tickets issued for Winston Cup, Busch Grand National and Automobile Racing Club of America ("ARCA") races and other race-related events.
- (7) Source: Goodyear.
- (8) Adjusted to give effect to the sale of the Old Notes offered by the Company in the Prior Offering and the use of the net proceeds therefrom. See "Use of Proceeds."
- (9) As of June 30, 1997, on a pro forma basis after giving effect to the issuance of the Old Notes and application of the net proceeds therefrom, the Company would have had \$20,077,000 of outstanding Senior Indebtedness.

## RISK FACTORS

Prospective investors should carefully consider the following factors, in addition to the other information in this Prospectus and in the documents incorporated herein by reference, before deciding to accept the Exchange Offer. Significant Leverage and Debt Service. Upon consummation of the Prior Offering and the application of the net proceeds therefrom, the Company was significantly leveraged. At June 30, 1997, on a pro forma basis after giving effect to the consummation of the Prior Offering and the application of the net proceeds therefrom in the manner described in "Use of Proceeds," the Company would have had total consolidated outstanding long-term debt of approximately \$218.7 million. In addition, subject to the restrictions in the 1997 Credit Facility and the Indenture, the Company and its subsidiaries may incur additional indebtedness (including additional Senior Indebtedness) from time to time to finance acquisitions, capital expenditures or for general corporate purposes. Senior Indebtedness includes all indebtedness of the Company, whether existing on or created or incurred after the date of the issuance of the Notes, that is not made subordinate to or pari passu with the Notes by the instrument creating the indebtedness. See "Description of Notes -- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock." At the closing of the Prior Offering and after the application of the net proceeds therefrom, the Company had unused borrowing capacity of approximately \$175.0 million under the 1997 Credit Facility. See "Use of Proceeds" and "Description of Certain Indebtedness." The level of the Company's indebtedness could have important consequences to holders of the Notes, including: (i) a substantial portion of the Company's cash flow from operations must be dedicated to debt service and will not be available for other purposes; (ii) the Company's ability to obtain additional debt financing in the future for other acquisitions, working capital or capital expenditures may be limited; and (iii) the Company's level of indebtedness could limit its flexibility in reacting to changes in its industry or economic conditions generally.

The Company's ability to pay interest on the Notes and to satisfy its other debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, certain of which are beyond its control, as well as the availability of borrowings under the 1997 Credit Facility or any successor credit facilities. The Company will require substantial amounts of cash to fund scheduled payments of principal and interest on its outstanding indebtedness as well as future capital expenditures and any increased working capital requirements. If the Company is unable to meet its cash requirements out of cash flow from operations and its available borrowings, there can be no assurance that it will be able to obtain alternative financing. In the absence of such financing, the Company's ability to respond to changing business and economic conditions, to absorb adverse operating results, to fund capital expenditures or to make future acquisitions may be adversely affected. In addition, actions taken by the lending banks under the 1997 Credit Facility are not subject to approval by the holders of the Notes. If the Company does not generate sufficient increases in cash flow from operations to repay the Notes at maturity, it could attempt to refinance the Notes; however, no assurance can be given that such a refinancing would be available on terms acceptable to the Company, if at all. Any failure by the Company to satisfy its obligations with respect to the Notes at maturity (with respect to payments of principal) or prior thereto (with respect to payments of interest or required repurchases) would constitute a default under the Indenture and could cause a default under the 1997 Credit Facility and agreements governing other indebtedness, if any, of the Company. See "Description of Certain Indebtedness."

### Subordination of Notes and Guarantees.

The Old Notes are, and the New Notes will be, subordinated in right of payment to all existing and future Senior Indebtedness of the Company, including borrowings under the 1997 Credit Facility. In the event of insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of the Company or upon a default in payment with respect to any Senior Indebtedness of the Company or an event of default with respect to such indebtedness resulting in the acceleration thereof, the assets of the Company will be available to pay the amounts due on the Notes only after all Senior Indebtedness of the Company has been paid in full, and there may not be sufficient assets remaining to pay amounts due on any or all of the Notes then outstanding. Each Guarantee

will be similarly subordinated in right of payment to all existing and future Guarantor Senior Indebtedness, including such Guarantor's guaranty of the Company's indebtedness under the 1997 Credit Facility and such Guarantor's obligations under its capital leases. In addition, under certain circumstances, the Company will not be permitted to pay its obligations under the Notes in the event of a default under certain Senior Indebtedness. The aggregate principal amount of Senior Indebtedness of the Company as of August 29, 1997 was approximately \$20.2 million. Additional Senior Indebtedness may be incurred by the Company from time to time, subject to certain restrictions. See "Description of Notes -- Subordination."

#### Holding Company Structure.

The Company conducts its operations through its direct and indirect subsidiaries and has no operations of its own. The Company will be dependent on the cash flow from its subsidiaries in order to meet its debt service obligations, including its obligations under the Notes. Except as required under the Guarantees, the Company's subsidiaries have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and certain loans and advances to the Company by such subsidiaries may be subject to certain statutory or contractual restrictions, are contingent upon the earnings of such subsidiaries and are subject to various business considerations. For a description of restrictions on the ability of the Company's subsidiaries to pay dividends, see "Description of Certain Indebtedness" and "Description of Notes -- Certain Covenants." Although the Company expects to receive sufficient funds from its subsidiaries to enable it to meet its debt service obligations under the Notes, there can be no assurance that it will be able to do so.

Subject to the Guarantees, the Company's holding company structure effectively subordinates payments on the Notes to any liabilities of subsidiaries of the Company. As of August 29, 1997, the Company had approximately \$20.2 million of Senior Indebtedness. Restrictions Imposed by Terms of the Company's Indebtedness.

The Indenture restricts, among other things, the ability of the Company and its subsidiaries to incur additional indebtedness, pay dividends or make certain other restricted payments, incur liens to secure pari passu or subordinated indebtedness, sell stock of subsidiaries, apply net proceeds from certain asset sales, merge or consolidate with any other person, sell, assign, transfer, lease, convey or otherwise dispose of substantially all of the assets of the Company, enter into certain transactions with affiliates, or incur indebtedness that is subordinate in right of payment to any Senior Indebtedness and senior in right of payment to the Notes. As a result of these covenants, the ability of the Company to respond to changing business and economic conditions and to secure additional financing, if needed, may be significantly restricted, and the Company may be prevented from engaging in transactions that might otherwise be considered beneficial to the Company. See "Description of Notes" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." The 1997 Credit Facility contains more extensive and restrictive covenants and restrictions than the Indenture and requires the Company to maintain specified financial ratios and satisfy certain financial condition tests. The Company's ability to meet those financial ratios and tests can be affected by events beyond its control, and there can be no assurance that the Company will meet those tests. A breach of any of these covenants could result in a default under the 1997 Credit Facility. Upon the occurrence of an event of default under the 1997 Credit Facility, the lenders thereunder could elect to declare all amounts outstanding, including accrued interest or other obligations, to be immediately due and payable. If the Company were unable to repay these amounts, such lenders could proceed against the collateral, if any, granted to them to secure that indebtedness. If any Senior Indebtedness were to be accelerated, there can be no assurance that the assets of the Company would be sufficient to repay in full the Senior Indebtedness and the other indebtedness of the Company, including the Notes. See "Description of Certain Indebtedness -- 1997 Credit Facility."

#### Fraudulent Conveyance Statutes.

Under applicable provisions of federal bankruptcy law or comparable provisions of state fraudulent transfer law, if, among other things, the Company or any Guarantor, at the time it incurred the indebtedness evidenced by the Notes or its Guarantee, as the case may be, (i)(a) was or is insolvent or rendered insolvent by reason of such occurrence or (b) was or is engaged in a business or transaction for which the assets remaining with the Company

or such Guarantor constituted unreasonably small capital or (c) intended or intends to incur, or believed or believes that it would incur, debts beyond its ability to pay such debts as they mature, and (ii) the Company or such Guarantor received or receives less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness, the Notes and the Guarantee could be voided, or claims in respect of the Notes or the Guarantees could be subordinated to all other debts of the Company or such Guarantor, as the case may be. The voiding or subordination of any of such pledges or other security interests or of any of such indebtedness could result in an Event of Default (as defined in the Indenture) with respect to such indebtedness, which could result in acceleration thereof. In addition, the payment of interest and principal by the Company pursuant to the Notes or the payment of amounts by a Guarantor pursuant to a Guarantee could be voided and required to be returned to the person making such payment, or to a fund for the benefit of the creditors of the Company or such Guarantor, as the case may be.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, the Company or a Guarantor would be considered insolvent if (i) the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets at a fair valuation or if the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature or (ii) it could not pay its debts as they become due.

To the extent any Guarantees were voided as a fraudulent conveyance or held unenforceable for any other reason, holders of Notes would cease to have any claim in respect of such Guarantor and would be creditors solely of the Company and any Guarantor whose Guarantee was not voided or held unenforceable. In such event, the claims of the holders of Notes against the issuer of an invalid Guarantee would be subject to the prior payment of all liabilities of such Guarantor. There can be no assurance that, after providing for all prior claims, if any, there would be sufficient assets to satisfy the claims of the holders of Notes relating to any voided portions of any of the Guarantees.

On the basis of their historical financial information, recent operating history as discussed in "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other factors, each of the Company and the Guarantors believes that, after giving effect to the indebtedness incurred in connection with the Prior Offering, it

(i) is not insolvent, does not have unreasonably small capital for the businesses in which it is engaged and has not incurred debts beyond its ability to pay such debts as they mature and (ii) has sufficient assets to satisfy any probable money judgment against it in any pending action. There can be no assurance, however, as to what standard a court would apply in making such determinations.

Potential Inability to Fund a Change of Control Offer.

Upon a Change of Control, the Company is required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest to the repurchase date and Liquidated Damages (as applicable to the Old Notes prior to consummation of the Exchange Offer). However, there can be no assurance that sufficient funds will be available at the time of any Change of Control to make any required repurchases of Notes tendered. Moreover, the 1997 Credit Facility provides that certain change of control events with respect to the Company would constitute a default thereunder. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to holders of Notes. There can be no assurance that the Company will be able to obtain appropriate consents under the 1997 Credit Facility to enable it to fulfill such repurchase obligations. Notwithstanding these provisions, the Company could enter into certain transactions, including certain recapitalizations, that would not constitute a Change of Control but would increase the amount of debt outstanding at such time. See "Description of Notes -- Repurchase at the Option of Holders." Relationship with NASCAR.

The Company's success has been and will remain dependent to a significant extent upon maintaining a good working relationship with NASCAR, the sanctioning body for Winston Cup and Busch Grand National races. The Company currently holds licenses to sponsor nine Winston Cup races and six Busch Grand National races. In 1996, NASCAR-sanctioned races accounted for approximately 83% of the Company's total revenues (80% on a

pro forma basis if SPR were owned by the Company for the entire year ended December 31, 1996). Each NASCAR event license is awarded on an annual basis. Although management believes that its relationship with NASCAR is good, NASCAR is under no obligation to continue to license the Company to sponsor any event. Nonrenewal of a NASCAR event license would have a material adverse effect on the Company's financial condition and results of operations. The Company's strategy has included growth through the addition of motorsports facilities. There can be no assurance that the Company will continue to obtain NASCAR licenses to sponsor races at such facilities. See "NASCAR." Competition.

Motorsports promotion is a competitive industry. The Company competes in regional and national markets to sponsor events, especially NASCAR-sanctioned events. Certain of the Company's competitors have resources that exceed those of the Company. NASCAR is owned by Bill France, Jr. and the France family, who also control International Speedway Corporation ("ISC"). ISC presently holds licenses to sponsor nine Winston Cup races, more than any other track owner except for the Company. Bill France, Jr. also has made a substantial investment in Penske Motorsports, Inc., another track operator. The Company also competes locally with other sports and entertainment businesses, many of which have resources that exceed those of the Company. There can be no assurance that the Company will maintain or improve its position in light of such competition. See "Offering Memorandum Summary -- Recent Developments -- NCMS" and "Business -- Competition." Financial Impact of Bad Weather.

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.

Industry Sponsorships and Government Regulation.

The motorsports industry generates significant revenue each year from the promotion, sponsorship and advertising of various companies and their products. Government regulation can adversely impact the availability to motorsports of this promotion, sponsorship and advertising revenue. Advertising by the tobacco and liquor industries is generally subject to greater governmental regulation than advertising by other sponsors of the Company's events. In addition, certain of the Company's sponsorship contracts are terminable upon the implementation of adverse regulations. In August 1996, the U.S. Food and Drug Administration published final regulations that substantially restrict tobacco industry sponsorship of sporting events. Implementation of the new regulations affecting sponsorship is scheduled to occur in February 1998. The Company is aware of several pending legal challenges to the regulations by third parties which, the Company believes, are likely to extend the regulatory process. The final outcome of this regulatory process is uncertain, and the impact on the Company, if any, is unclear. In June 1997, tobacco industry representatives, health groups, state attorneys general and certain plaintiffs' lawyers reached a settlement that would, among other things, impose strict new limits on tobacco marketing and advertising, including a ban on outdoor billboards and sponsoring sporting events. The settlement must be approved by Congress and the President before it becomes effective. There can be no assurance as to when or whether any such approval will be obtained; the final outcome of this approval process and its effects on the terms of the settlement are uncertain at the date of this Prospectus. No assurance can be given that the tobacco industry will continue to sponsor sporting events, that suitable alternative sponsors could be located or that NASCAR will continue to sanction individual racing events sponsored by the tobacco industry at any of the Company's facilities. Advertising and sponsorship revenue from the tobacco industry accounted for approximately 1% of the Company's total revenues in both fiscal 1995 and 1996. In addition, the tobacco industry provides financial support to the motorsports industry through, among other things, its purchase of advertising time, sponsorship of racing teams and racing series such as NASCAR's Winston Cup series. Dependence on Key Personnel.

The Company's success depends upon the availability and performance of its senior management, particularly O. Bruton Smith, the Company's Chairman and Chief Executive Officer, and H.A. "Humpy" Wheeler, its President and Chief Operating Officer, who have managed the Company as a team for over 20 years. Their

experience within the industry, especially their working relationship with NASCAR, will continue to be of considerable importance to the Company. The loss of any of the Company's key personnel or its inability to attract and retain key employees in the future could have a material adverse effect on the Company's operations and business plans. See "NASCAR," "Business -- Growth Strategy" and "Management." Seasonality and Expected Quarterly Losses.

The Company has derived a substantial portion of its total revenues from admissions and event-related revenue attributable to NASCAR-sanctioned races held in March, April, May, August, October and November. As a result, the Company's business has been, and is expected to remain, highly seasonal. During 1995 and 1996, the Company's second and fourth quarters accounted, on average, for approximately 77% of the Company's total annual revenues and approximately 100% of its total annual operating income. During 1997, the Company expects the second quarter to represent a significantly higher percentage of annual revenues and operating income as a result of the addition of racing events at TMS and the scheduling of racing events at SPR. The Company sometimes produces an operating loss during its first quarter, when it sponsors only one Winston Cup race. The concentration of the Company's 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 in future first and third quarters. Additionally, race dates at the Company's various facilities may from time to time be changed, lessening the comparability of the financial results of quarters between years and increasing or decreasing the seasonal nature of the Company's business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview" and " -- Seasonality and Quarterly Results."

Control of the Company.

As of August 29, 1997, Mr. Smith, who is the Chairman of the Company, owned, directly and indirectly, approximately 70.2% of the outstanding shares of Common Stock. As a result, Mr. Smith will continue to control the outcome of substantially all issues submitted to the Company's stockholders, including the election of all of the Company's directors. Legal Proceedings.

As a result of an audit of AMS with respect to its tax years ended November 30, 1988 and October 31, 1990, the Internal Revenue Service (the "IRS") has asserted that AMS is liable for additional income taxes, penalties and interest. The total assessment including taxes, penalties and interest (net of tax benefit for deductibility of interest) through June 30, 1997 is approximately \$7.7 million. In November 1993, AMS filed a protest contesting the assessment. Management intends to continue contesting the allegations of a deficiency. There can be no assurance, however, that the ultimate resolution of this proceeding, which is expected in 1997, will not have a material adverse effect on the Company's results of operations or financial condition. For additional information concerning such IRS audit and certain other legal proceedings, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and Note 11 to Audited Consolidated Financial Statements.

Liability for Personal Injuries.

Motorsports can be dangerous to participants and to spectators. The Company maintains insurance policies that provide coverage within limits that are sufficient, in management's judgment, to protect the Company from material financial loss due to liability for personal injuries sustained by persons on the Company's premises in the ordinary course of the Company business. Nevertheless, there can be no assurance that such insurance will be adequate at all times and in all circumstances. The Company also may be subject to product liability claims, for which it is self-insured, with respect to the manufacture and sale of Legends Cars. The Company's financial condition and results of operations would be adversely affected to the extent claims and associated expenses exceed insurance recoveries. See " -- Legal Proceedings." Environmental Matters.

Solid waste landfilling has occurred on and around the Company's property at CMS for many years. Landfilling of general categories of municipal solid waste on the CMS property ceased in 1992. There are two landfills currently operating at CMS, however, that are permitted to receive inert debris and waste from land

clearing activities. Management believes that the Company's operations, including the landfills on its property, are in substantial compliance with all applicable federal, state and local environmental laws and regulations. Nonetheless, if damage to persons or property or contamination of the environment is determined to have been caused by the conduct of the Company's business or by pollutants, substances, contaminants or wastes used, generated or disposed of by the Company, or which may be found on the property of the Company, the Company may be held liable for such damage and may be required to pay the cost of investigation or remediation, or both, of such contamination or damage caused thereby. The amount of such liability, as to which the Company is self-insured, could be material. Changes in federal, state or local laws, regulations or requirements, or the discovery of previously unknown conditions, could require additional expenditures by the Company. For further discussion of environmental matters, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." Absence of Public Market.

The New Notes are a new issue of securities, have no established trading market and may not be widely distributed. The Company does not intend to list the New Notes on any national securities exchange or to seek the admission thereof to trading in the National Association of Securities Dealers Automation Quotation System. The Company has been advised by the Initial Purchasers that they presently intend to make a market in the New Notes. However, the Initial Purchasers are not obligated to do so and any market making activities with respect to the New Notes may be discontinued at any time without notice. In addition, such market making activity will be subject to the limitations imposed by the Exchange Act and may be limited during the Exchange Offer and at certain other times. No assurance can be given that an active public or other market will develop for the New Notes or as to the liquidity of or the trading market for the New Notes. If a trading market does not develop or is not maintained, holders of the New Notes may experience difficulty in reselling the New Notes or may be unable to sell them at all. If a market for the New Notes develops, any such market may be discontinued at any time. If a public trading market develops for the New Notes, future trading prices of the New Notes will depend on many factors including, among other things, prevailing interest rates, the Company's results of operations and the market for similar securities. Depending on prevailing interest rates, the market for similar securities and other factors, including the financial condition of the Company, the New Notes may trade at a discount from their principal amount.

## THE EXCHANGE OFFER

### Purpose and Effect

The Old Notes were sold by the Company to the Initial Purchasers on August 4, 1997, pursuant to the Purchase Agreement. The Initial Purchasers subsequently resold the Old Notes in reliance on Rule 144A under the Securities Act. The Company, each existing domestic subsidiary of the Company (other than the Unrestricted Subsidiary) and the Initial Purchasers also entered into the Registration Rights Agreement, pursuant to which the Company agreed, with respect to the Old Notes and subject to the Company's determination that the Exchange Offer is permitted under applicable law, to (i) cause to be filed, on or prior to October 3, 1997, a registration statement with the Commission under the Securities Act concerning the Exchange Offer, (ii) use its best efforts (a) to cause such registration statement to be declared effective by the Commission on or prior to December 2, 1997 and (b) to commence the Exchange Offer and to issue, on or prior to 30 business days after the date on which the registration statement is declared effective by the Commission, New Notes in exchange for all Old Notes tendered prior thereto in the Exchange Offer. This Exchange Offer is intended to satisfy the Company's exchange offer obligations under the Registration Rights Agreement.

Consequences of Failure to Exchange Old Notes Following the expiration of the Exchange Offer, holders of Old Notes not tendered, or not properly tendered, will not have any further registration rights and such Old Notes will continue to be subject to the existing restrictions on transfer thereof. Accordingly, the liquidity of the market for a holder's Old Notes could be adversely affected upon expiration of the Exchange Offer if such holder elects to not participate in the Exchange Offer.

#### Terms of the Exchange Offer

The Company hereby offers, upon the terms and subject to the conditions set forth herein and in the accompanying Letter of Transmittal, to exchange \$1,000 in principal amount of the New Notes for each \$1,000 in principal amount of the outstanding Old Notes. The Company will accept for exchange any and all Old Notes that are validly tendered on or prior to 5:00 p.m., New York City time, on the Expiration Date. Tenders of the Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange. However, the Exchange Offer is subject to the terms and provisions of the Registration Rights Agreement. See " -- Conditions of the Exchange Offer."

Old Notes may be tendered only in multiples of \$1,000. Subject to the foregoing, holders of Old Notes may tender less than the aggregate principal amount represented by the Old Notes held by them, provided that they appropriately indicate this fact on the Letter of Transmittal accompanying the tendered Old Notes (or so indicate pursuant to the procedures for book-entry transfer).

As of the date of this Prospectus, \$125.0 million in aggregate principal amount of the Old Notes is outstanding. As of August 29, 1997, there was one registered holder of the Old Notes, Cede, as nominee for DTC, which held the Old Notes for certain of its participants. Solely for reasons of administration, the Company has fixed the close of business on , 1997 as the record date (the "Record Date") for purposes of determining the persons to whom this Prospectus and the Letter of Transmittal will be mailed initially. Only a holder of the Old Notes (or such holder's legal representative or attorney-in-fact) may participate in the Exchange Offer. There will be no fixed record date for determining holders of the Old Notes entitled to participate in the Exchange Offer. The Company believes that, as of the date of this Prospectus, no such holder is an affiliate (as defined in Rule 405 under the Securities Act) of the Company.

The Company shall be deemed to have accepted validly tendered Old Notes when, as and if the Company has given oral or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering holders of Old Notes and for the purposes of receiving the New Notes from the Company.

If any tendered Old Notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth herein or otherwise, certificates for any such unaccepted Old Notes will be returned, without expense, to the tendering holder thereof as promptly as practicable after the Expiration Date.

#### Expiration Date; Extensions; Amendments

The Expiration Date shall be , 1997 at 5:00 p.m., New York City time, unless the Company, in its sole discretion, extends the Exchange Offer, in which case the Expiration Date shall be the latest date and time to which the Exchange Offer is extended.

In order to extend the Exchange Offer, the Company will notify the Exchange Agent of any extension by oral or written notice and will make a public announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

The Company reserves the right, in its sole discretion (subject to the terms and provisions of the Registration Rights Agreement), (i) to delay accepting any Old Notes, (ii) to extend the Exchange Offer, (iii) if any of the conditions set forth below under " -- Conditions of the Exchange Offer" shall not have been satisfied, to terminate the Exchange Offer, by giving oral or written notice of such delay, extension, or termination to the Exchange Agent, and (iv) to amend the terms of the Exchange Offer in any manner. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendment by means of a prospectus supplement that will be distributed to the registered holders of the Old Notes. Modification of the Exchange Offer, including, but not limited to,

(i) extension of the period during which the Exchange Offer is open and (ii) satisfaction of the conditions set forth below under " -- Conditions of the Exchange Offer", may require that at least ten business days remain in the Exchange Offer.

#### Conditions of the Exchange Offer

The Exchange Offer is not conditioned upon any minimum principal amount of the Old Notes being tendered for exchange. However, the Exchange Offer is conditioned upon the declaration by the Commission of the effectiveness of the Exchange Offer Registration Statement of which this Prospectus constitutes a part.

### Termination of Certain Rights

The Registration Rights Agreement provides that, subject to certain exceptions, in the event of a Registration Default, holders of Old Notes are entitled to receive Liquidated Damages of \$0.05 per week per \$1,000 principal amount of Old Notes held by such holders (up to a maximum of \$0.30 per week per \$1,000 principal amount of Old Notes). A "Registration Default" with respect to the Exchange Offer shall occur if: (i) the Company fails to file any of the registration statements prescribed by the Registration Rights Agreement with the Commission on or prior to October 3, 1997; (ii) such a registration statement is not declared effective by the Commission on or prior to December 2, 1997 (the "Effectiveness Target Date"), (iii) the Company fails to consummate the Exchange Offer within 30 business days after the Effectiveness Target Date with respect to the Exchange Offer Registration Statement, or (d) the Exchange Offer Registration Statement is declared effective but thereafter ceases to be effective during the period specified in the Registration Rights Agreement. Holders of New Notes will not be and, upon consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to (i) the right to receive Liquidated Damages or (ii) certain other rights under the Registration Rights Agreement intended for holders of Old Notes, except in certain limited circumstances. The Exchange Offer shall be deemed consummated upon the delivery by the Company to the Registrar under the Indenture of New Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that are tendered by holders thereof pursuant to the Exchange Offer. **Accrued Interest**

The New Notes will bear interest at a rate equal to 8 1/2% per annum, which interest shall accrue from August 4, 1997 or from the most recent Interest Payment Date with respect to the Old Notes to which interest was paid or duly provided for. See "Description of Notes -- Principal, Maturity and Interest." **Procedures for Tendering Old Notes**

The tender of a holder's Old Notes as set forth below and the acceptance thereof by the Company will constitute a binding agreement between the tendering holder and the Company upon the terms and subject to the conditions set forth in this Prospectus and in the accompanying Letter of Transmittal. Except as set forth below, a holder who wishes to tender Old Notes for exchange pursuant to the Exchange Offer must transmit such Old Notes, together with a properly completed and duly executed Letter of Transmittal, including all other documents required by such Letter of Transmittal, to the Exchange Agent at the address set forth on the back cover page of this Prospectus prior to 5:00 p.m., New York City time, on the Expiration Date. **THE METHOD OF DELIVERY OF OLD NOTES, LETTERS**

**OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDER. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT THE HOLDER USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY.** Each signature on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the Old Notes surrendered for exchange pursuant hereto are tendered (i) by a registered holder of the Old Notes who has not completed either the box entitled "Special Exchange Instructions" or the box entitled "Special Delivery Instructions" in the Letter of Transmittal, or (ii) by an Eligible Institution (as defined herein). In the event that a signature on a Letter of Transmittal or a notice of withdrawal, as the case may be, is required to be guaranteed, such guarantee must be by a firm which is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or otherwise be an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act (collectively, "Eligible Institutions"). If the Letter of Transmittal is signed by a person other than the registered holder of the Old Notes, the Old Notes surrendered for exchange must either (i) be endorsed by the registered holder, with the signature thereon guaranteed by an Eligible Institution, or (ii) be accompanied by a bond power, in satisfactory form as determined by the Company in its sole discretion, duly executed by the registered holder, with the signature thereon guaranteed by an Eligible Institution. The term "registered holder" as used herein with respect to the Old Notes means any person in whose name the Old Notes are registered on the books of the Registrar.

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of Old Notes tendered for exchange will be determined by the Company in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any and all Old Notes not properly tendered and to reject any Old Notes the Company's acceptance of which might, in the judgement of the Company or its counsel, be unlawful. The Company also reserves the absolute right to waive any defects or irregularities or conditions of the Exchange Offer as to particular Old Notes either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the Exchange Offer). The interpretation of the terms and conditions of the Exchange Offer (including the Letter of Transmittal and the instructions thereto) by the Company shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes for exchange must be cured within such period of time as the Company shall determine. The Company will use reasonable efforts to give notification of defects or irregularities with respect to tenders of Old Notes for exchange but shall not incur any liability for failure to give such notification. Tendere of the Old Notes will not be deemed to have been made until such irregularities have been cured or waived.

If any Letter of Transmittal, endorsement, bond power, power of attorney or any other document required by the Letter of Transmittal is signed by a trustee, executor, corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and, unless waived by the Company, proper evidence satisfactory to the Company, in its sole discretion, of such person's authority to so act must be submitted.

Any beneficial owner of the Old Notes (a "Beneficial Owner") whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender Old Notes in the Exchange Offer should contact such registered holder promptly and instruct such registered holder to tender on such Beneficial Owner's behalf. If such Beneficial Owner wishes to tender directly, such Beneficial Owner must, prior to completing and executing the Letter of Transmittal and tendering Old Notes, make appropriate arrangements to register ownership of the Old Notes in such Beneficial Owner's name. Beneficial Owners should be aware that the transfer of registered ownership may take considerable time.

By tendering, each registered holder will represent to the Company that, among other things (i) the New Notes to be acquired in connection with the Exchange Offer by the holder and each Beneficial Owner of the Old Notes are being acquired by the holder and each Beneficial Owner in the ordinary course of business of the holder and each Beneficial Owner, (ii) the holder and each Beneficial Owner are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the New Notes, (iii) the holder and each Beneficial Owner acknowledge and agree that any person participating in the Exchange Offer for the purpose of distributing the New Notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction of the New Notes acquired by such person and cannot rely on the position of the staff of the Commission set forth in "no-action" letters that are discussed herein under "-- Resales of the New Notes," (iv) that if the holder is a broker-dealer that acquired Old Notes as a result of market making or other trading activities, it will deliver a prospectus in connection with any resale of New Notes acquired in the Exchange Offer, (v) the holder and each Beneficial Owner understand that a secondary resale transaction described in clause (iii) above should be covered by an effective registration statement containing the selling security holder information required by Item 507 of Regulation S-K of the Securities Act, and (vi) neither the holder nor any Beneficial Owner is an "affiliate," as defined under Rule 405 of the Securities Act, of the Company except as otherwise disclosed to the Company in writing. Guaranteed Delivery Procedures

Holders who wish to tender their Old Notes and (i) whose Old Notes are not immediately available or (ii) who cannot deliver their Old Notes or any other documents required by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date, may tender their Old Notes according to the guaranteed delivery procedures set forth in the Letter of Transmittal. Pursuant to such procedures: (i) such tender must be made by or through an Eligible Institution and a Notice of Guaranteed Delivery (as defined in the Letter of Transmittal) must be signed by such holder, (ii) on or prior to the Expiration Date, the Exchange Agent must have received from the holder and the Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) setting forth the name and address of the holder, the certificate number or numbers of the tendered Old Notes, and the principal amount of tendered Old Notes, stating that the tender is

being made thereby and guaranteeing that, within four business days after the date of delivery of the Notice of Guaranteed Delivery, the tendered Old Notes, a duly executed Letter of Transmittal and any other required documents will be deposited by the Eligible Institution with the Exchange Agent, and (iii) such properly completed and executed documents required by the Letter of Transmittal and the tendered Old Notes in proper form for transfer must be received by the Exchange Agent within four business days after the Expiration Date. Any Holder who wishes to tender Old Notes pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery and Letter of Transmittal relating to such Old Notes prior to 5:00 p.m., New York City time, on the Expiration Date. Acceptance of Old Notes for Exchange; Delivery of New Notes Upon satisfaction or waiver of all the conditions to the Exchange Offer, the Company will accept any and all Old Notes that are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The New Notes issued pursuant to the Exchange Offer will be delivered promptly after acceptance of the Old Notes. For purposes of the Exchange Offer, the Company shall be deemed to have accepted validly tendered Old Notes, when, as, and if the Company has given oral or written notice thereof to the Exchange Agent.

In all cases, issuances of New Notes for Old Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of such Old Notes, a properly completed and duly executed Letter of Transmittal and all other required documents; provided, however, that the Company reserves the absolute right to waive any defects or irregularities in the tender or conditions of the Exchange Offer. If any tendered Old Notes are not accepted for any reason, such unaccepted Old Notes will be returned without expense to the tendering holder thereof as promptly as practicable after the expiration or termination of the Exchange Offer. **Withdrawal Rights**  
Tenders of the Old Notes may be withdrawn by delivery of a written notice to the Exchange Agent at its address set forth on the back cover page of this Prospectus at any time prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having deposited the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including the certificate number or numbers and principal amount of such Old Notes, as applicable), (iii) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such Old Notes were tendered (including any required signature guarantees) or be accompanied by a bond power in the name of the person withdrawing the tender, in satisfactory form as determined by the Company in its sole discretion, duly executed by the registered holder, with the signature thereon guaranteed by an Eligible Institution together with any other documents required upon transfer by the Indenture, and (iv) specify the name in which such Old Notes are to be re-registered, if different from the Depositor, pursuant to such documents of transfer. Any questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, in its sole discretion. The Old Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Old Notes which have been tendered for exchange but which are withdrawn will be returned to the holder thereof without cost to such holder as soon as practicable after withdrawal. Properly withdrawn Old Notes may be re-tendered by following one of the procedures described under "The Exchange Offer -- Procedures for Tendering Old Notes" at any time on or prior to the Expiration Date.

#### The Exchange Agent; Assistance

First Trust National Association is the Exchange Agent. All tendered Old Notes, executed Letters of Transmittal and other related documents should be directed to the Exchange Agent. Questions and requests for assistance and requests for additional copies of this Prospectus, the Letter of Transmittal and other related documents should be addressed to the Exchange Agent as follows:

**BY REGISTERED OR CERTIFIED MAIL:**

First Trust National Association  
180 East Fifth Street  
Suite 200  
St. Paul, Minnesota 55101  
Attn: Kathe Barrett

**BY HAND OR OVERNIGHT COURIER:**

First Trust National Association  
180 East Fifth Street  
Suite 200  
St. Paul, Minnesota 55101  
Attn: Kathe Barrett

**BY FACSIMILE:**

(612) 244-0711 (MN) Confirm by Telephone: (612) 244-0719 (MN) Fees and Expenses All expenses incident to the Company's consummation of the Exchange Offer and compliance with the Registration Rights Agreement will be borne by the Company including, without limitation: (i) all registration and filing fees and expenses (including fees and expenses of compliance with state securities or Blue Sky laws), (ii) printing expenses (including expenses of printing certificates for the New Notes in a form eligible for deposit with DTC and of printing Prospectuses), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, and (v) fees and disbursements of independent certified public accountants. The Company has not retained any dealer-manager in connection with the Exchange Offer and will not make any payments to brokers, dealers or others soliciting acceptance of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith. The Company will pay all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, a transfer tax is imposed for any reason other than the exchange of Old Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder. Accounting Treatment

The New Notes will be recorded at the same carrying value as the Old Notes, as reflected in the Company's accounting records on the date of the exchange. Accordingly, no gain or loss will be recognized by the Company for accounting purposes. The expenses of the Exchange Offer will be amortized over the term of the New Notes.

**Resales of the New Notes**

Based on an interpretation by the staff of the Commission set forth in "no-action" letters issued to third parties, the Company believes that the New Notes issued pursuant to the Exchange Offer to a holder in exchange for Old Notes may be offered for resale, resold and otherwise transferred by such holder (other than (i) a broker-dealer who purchased Old Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act, or (ii) a person that is an affiliate of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such holder is acquiring the New Notes in the ordinary course of business and is not participating, and has no arrangement or understanding with any person to participate, in a distribution of the New Notes. The Company has not requested or obtained an interpretive letter from the Commission staff with respect to this Exchange Offer, and the Company and the holders are not entitled to rely on interpretive advice provided by the staff to other persons, which advice was based on the facts and conditions represented in such letters. However, the Exchange Offer is being conducted in a manner intended to be consistent with the facts and conditions represented in such letters. If any holder acquires New Notes in the

Exchange Offer for the purpose of distributing or participating in a distribution of the New Notes, such holder cannot rely on the position of the staff of the Commission enunciated in Morgan Stanley & Co., Incorporated (available June 5, 1991) and Exxon Capital Holdings Corporation (available April 13, 1989), or interpreted in the Commission's letter to Shearman & Sterling (available July 2, 1993), or similar "no-action" or interpretive letters and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction, unless an exemption from registration is otherwise available. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market making or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See "Plan of Distribution." It is expected that the New Notes will be freely transferable by the holders thereof, subject to the limitations described in the immediately preceding paragraph. Sales of New Notes acquired in the Exchange Offer by holders who are "affiliates" of the Company within the meaning of the Securities Act will be subject to certain limitations on resale under Rule 144 of the Securities Act. Such persons will only be entitled to sell New Notes in compliance with the volume limitations set forth in Rule 144, and sales of New Notes by affiliates will be subject to certain Rule 144 requirements as to the manner of sale, notice and the availability of current public information regarding the Company. Any such persons must consult their own legal counsel for advice as to any restrictions that might apply to the resale of their Notes.

**USE OF PROCEEDS** There will be no cash proceeds payable to the Company from the Exchange Offer. The Company is conducting the Exchange Offer to satisfy certain of the Company's obligations under the Registration Rights Agreement executed in connection with the issuance of the Old Notes.

## CAPITALIZATION

The following table sets forth the capitalization of the Company on a historical basis as of June 30, 1997, and on a pro forma basis to give effect to the sale of the Old Notes in the Prior Offering and the application of the net proceeds therefrom as described under "Use of Proceeds." This table should be read in conjunction with the Audited and Unaudited Consolidated Financial Statements (including the notes thereto) included elsewhere in this Prospectus.

	June 30, 1997 (in thousands)	
	Actual	Pro Forma(1)
Long-term debt, including current maturities:		
Bank and other loans payable.....	\$101,300	\$ 1,300
Capital lease obligation.....	18,777	18,777
8 1/2% Senior subordinated notes.....	--	124,660
5 3/4% Convertible subordinated debentures.....	74,000	74,000
Total long-term debt.....	194,077	218,737
Stockholders' equity:		
Preferred stock, par value \$0.10 per share, 3,000,000 shares authorized, no shares issued and outstanding.....	--	--
Common stock, par value \$0.01 per share, 200,000,000 shares authorized, 41,309,000 shares issued and outstanding(2).....	413	413
Additional paid-in capital.....	155,246	155,246
Retained earnings.....	78,602	78,602
Deduct:		
Unrealized loss on marketable equity securities.....	(247)	(247)
Total stockholders' equity.....	234,014	234,014
Total capitalization.....	\$428,091	\$452,751

(1) Assumes that net proceeds of \$121,547,500 from the sale of the Old Notes were applied to pay down approximately \$100.0 million in bank debt outstanding as of June 30, 1997, with the remaining net proceeds being placed in short-term investments. See "Use of Proceeds."

(2) Excludes 1,404,000 shares of Common Stock reserved for issuance upon the exercise of options granted to date pursuant to the Company's stock option plans and excludes any Common Stock that may be issued upon conversion of the Debentures.

## SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 1996 have been derived from audited financial statements. The financial statements for the three years ended December 31, 1996 were audited by Deloitte & Touche LLP, independent auditors, and these financial statements and auditors' report are contained elsewhere in this Prospectus. The financial data for the six-month periods ended June 30, 1996 and 1997 are derived from unaudited consolidated financial statements. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, which the Company's management considers necessary for a fair presentation of the financial position and the results of operations for these periods. Operating results for the six months ended June 30, 1997 are not indicative of the results that may be expected for the entire year ending December 31, 1997. All of the data set forth below are qualified by reference to, and should be read in conjunction with, the Company's Audited and Unaudited Consolidated Financial Statements (including the notes thereto), and its "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this Prospectus.

	1992	Year Ended December 31,				Six Months Ended	
	1993	1994	1995	1996	1996	1997	
	(in thousands, except per share data)						
Income Statement Data(1):							
Revenues:							
Admissions.....	\$26,018	\$27,727	\$31,523	\$36,569	\$52,451	\$27,306	\$56,455
Event-related revenue.....	19,096	22,115	24,814	27,783	36,414	19,040	55,117
Other operating revenue.....	2,660	4,726	8,200	11,221	13,248	6,800	8,022
Total revenues.....	47,774	54,568	64,537	75,573	102,113	53,146	119,594
Operating Expenses:							
Direct expense of events.....	16,553	17,778	18,327	19,999	30,173	15,133	39,893
Other direct operating expense.....	1,844	3,715	6,110	7,611	8,005	4,333	4,850
General and administrative.....	10,050	10,629	11,812	13,381	16,995	8,622	15,792
Non-cash stock compensation(2).....	--	--	3,000	--	--	--	--
Depreciation and amortization.....	4,289	4,375	4,500	4,893	7,598	3,796	7,119
Preoperating expense of new facility(3).....	--	--	--	--	--	--	1,850
Total operating expenses.....	32,736	36,497	43,749	45,884	62,771	31,884	69,504
Operating income.....	15,038	18,071	20,788	29,689	39,342	21,262	50,090
Interest income (expense), net(4).....	(4,291)	(4,128)	(3,855)	(24)	1,316	449	(382)
Other income.....	352	1,435	1,592	3,625	2,399	966	22
Income from continuing operations before income taxes.....	11,099	15,378	18,525	33,290	43,057	22,677	49,730
Provision for income taxes.....	4,646	6,137	8,055	13,700	16,652	8,997	20,476
Income from continuing operations.....	6,453	9,241	10,470	19,590	26,405	13,680	29,254
Discontinued operations.....	(575)	(38)	(294)	--	--	--	--
Income before extraordinary item.....	5,878	9,203	10,176	19,590	26,405	13,680	29,254
Extraordinary item, net.....	--	--	--	(133)	--	--	--
Net income.....	\$ 5,878	\$ 9,203	\$10,176	\$19,457	\$26,405	\$13,680	\$29,254
Income from continuing operations applicable to Common Stock(5).....			\$ 7,464	\$19,590	\$26,405	\$13,680	\$29,254
Income per share from continuing operations applicable to Common Stock(6).....			\$ 0.25	\$ 0.53	\$ 0.64	\$ 0.34	\$ 0.69
Weighted average shares outstanding(6).....			30,400	37,275	41,301	40,490	42,093

	1992	Year Ended December 31,				Six Months Ended	
		1993	1994	1995	1996	1996	1997
(in thousands, except per share, ratios and selected data)							
<b>Other Data:</b>							
Cash flows provided by (used in):							
Operating activities.....	\$10,610	\$12,582	\$13,993	\$31,045	\$37,384	\$24,789	\$45,079
Financing activities.....	(5,310)	(3,687)	(11,423)	18,371	171,861	118,648	77,906
Investing activities.....	(6,527)	(4,770)	(3,887)	(46,330)	(197,125)	(93,966)	(112,340)
EBITDA(7).....	19,915	24,273	27,307	39,100	51,348	27,039	58,331
Depreciation and amortization.....							
Capital expenditures.....	4,289	4,375	4,500	4,893	7,598	3,796	7,119
Ratio of EBITDA to interest charges(7).....	5,294	3,696	5,009	40,718	147,741	69,102	104,671
Ratio of earnings to fixed charges(8).....	4.4x	5.4x	6.4x	42.6x	14.6x	24.3x	11.7x
Ratio of total debt to EBITDA.....	3.4x	4.3x	5.2x	36.1x	11.5x	19.8x	9.7x
Pro forma ratio of EBITDA to interest charges(9).....					2.3x		
Pro forma ratio of earnings to fixed charges(9).....					12.3x	18.7x	10.8x
<b>Selected Data:</b>							
SMI major NASCAR-sanctioned events.....	8	8	8	8	12	7	10
Total SMI admissions(10).....	770,000	818,000	866,000	934,000	1,114,000		
Attendance at all Winston Cup events(11).....	3,700,000	4,020,000	4,896,000	5,327,000	5,588,000		
<b>Balance Sheet Data (at end of period)(1):</b>							
Working capital.....							
Total assets.....	\$ (6,307)	\$ (2,039)	\$ (1,344)	\$ (1,816)	\$ 3,644	\$ 13,799	\$ 35,347
Total long-term debt, including current maturities(13).....	79,999	89,184	93,453	136,446	409,284	528,617	553,277
Stockholders' equity.....	46,081	43,564	47,261	1,806	115,630	194,077	218,737
	11,086	16,517	19,232	95,380	204,735	234,014	234,014

(1) The year-end data for 1992 to 1995 include AMS and CMS, and for 1996 include as well BMS, acquired in January 1996, and SPR, acquired in November 1996. The data for the six-month period ended June 30, 1997 include AMS, BMS, CMS, SPR and TMS, and for the six-month period ended June 30, 1996 include AMS, BMS, CMS and TMS and exclude SPR. See Note 1 to each of the Unaudited and Audited Consolidated Financial Statements.

(2) On December 21, 1994, the Company granted options to nine employees to purchase an aggregate of 800,000 shares of Common Stock at an exercise price of \$3.75 per share. As a result, the Company recorded a non-cash stock compensation charge of \$3.0 million (before taxes) in December 1994. See Note 15 to the Audited Consolidated Financial Statements.

(3) Preoperating expenses consist of non-recurring and non-event related costs to develop, organize and open the Company's new superspeedway facility, Texas Motor Speedway, which hosted its first racing event on April 6, 1997.

(4) Interest income (expense), net is net of capitalized interest of \$2,834,000, \$546,000 and \$3,515,000 for the year ended December 31, 1996, and the six month periods ended June 30, 1996 and 1997, respectively. No interest costs were capitalized from 1992 through 1995.

(5) These data represent reported income from continuing operations less accretion in 1994 in the estimated redemption value of certain warrants to purchase AMS stock. On December 16, 1994, AMS redeemed such warrants from an affiliate of NationsBank. See Note 10 to the Audited Consolidated Financial Statements.

(6) The 1994 income per share from continuing operations applicable to Common Stock has been prepared on a pro forma basis to reflect the 30.4 million common shares outstanding after giving effect to a restructuring whereby CMS and AMS became wholly-owned subsidiaries of SMI, including 400,000 common equivalent shares arising from stock options. See Note 1 to the Audited Consolidated Financial Statements.

(7) EBITDA represents income from continuing operations before interest expense, income taxes and depreciation and amortization. EBITDA is included herein because management believes that certain investors find it to be a useful tool for measuring a company's ability to service its debt; however, EBITDA does not represent cash flow from operations, as defined by generally accepted accounting principles, and should not be considered as a substitute for net income as an indicator of the Company's operating performance or for cash flow as a measure of liquidity. The ratio of EBITDA to interest charges is computed by dividing interest, whether expensed or capitalized, into EBITDA. This ratio should be

- examined in conjunction with the Audited and Unaudited Consolidated Financial Statements of the Company included elsewhere herein.
- (8) The ratio of earnings to fixed charges is computed by dividing fixed charges into income from continuing operations before income taxes plus fixed charges, adjusted to exclude interest capitalized during the period. Fixed charges consist of interest, whether expensed or capitalized, amortization of financing costs and the estimated interest component of rent expense.
- (9) Pro forma ratio of earnings to fixed charges and pro forma ratio of EBITDA to interest charges assume that all bank debt outstanding during 1996, and the six month periods ended June 30, 1996 and 1997 was refinanced with the proceeds of the Old Notes. The effect of such refinancing is an increase in fixed charges of \$950,000, \$492,000 and \$558,000 and an increase in interest charges of \$639,000, \$336,000 and \$402,000 for 1996, and the six month periods ended June 30, 1996 and 1997, respectively. The pro forma ratio of earnings to fixed charges and pro forma ratio of EBITDA to interest charges do not reflect any income earned from the proceeds of the Prior Offering in excess of the financed bank debt amounts.
- (10) "Total SMI admissions" consists of tickets issued for Winston Cup, Busch Grand National and ARCA races and other race-related events.
- (11) Source: Goodyear.
- (12) Adjusted to give effect to the sale of the Old Notes offered by the Company in the Prior Offering and the use of the net proceeds therefrom. See "Use of Proceeds."
- (13) As of June 30, 1997, on a pro forma basis after giving effect to the issuance of the Old Notes and application of the net proceeds therefrom, the Company would have had \$20,077,000 of outstanding Senior Indebtedness.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is qualified in its entirety by and should be read in conjunction with the Audited and Unaudited Consolidated Financial Statements (including the notes thereto) appearing elsewhere in this Prospectus.

### Overview

The Company derives revenues principally from the sale of tickets to automobile races and other events held at its speedway facilities, from food and beverage concession sales and souvenir sales made 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, a dining and entertainment facility at CMS, and Legends Car operations.

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 revenues" includes concession and souvenir sales, luxury suite rentals, sponsorship fees and broadcast right fees. "Other operating revenue" includes the Speedway Club and Legends Car revenues.

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 souvenir sales, compensation of certain employees and advertising and, prior to 1995, management fees to Sonic Financial Corporation ("Sonic"), a majority shareholder of the Company controlled by the Company's Chairman. "Other direct operating expense" includes the cost of the Speedway Club and Legends Car sales.

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 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.

The Company has derived a substantial portion of its total revenues from admissions and event-related revenue attributable to NASCAR-sanctioned races held in March, April, May, August, October and November. As a result, the Company's business has been, and is expected to remain, highly seasonal. During 1995 and 1996, the Company's second and fourth quarters accounted, on average, for approximately 77% of the Company's total annual revenues and approximately 100% of its total annual operating income. During 1997, the Company expects the second quarter to represent a significantly higher percentage of annual revenues and operating income as a result of the addition of racing events at TMS and the scheduling of racing events at SPR. The Company sometimes produces an operating loss during its first quarter, when it hosts only one NASCAR race weekend. The concentration of the Company's 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 in future first and third quarters. Additionally, race dates at the Company's various facilities may from time to time be changed, lessening the comparability of the financial results of quarters between years and increasing or decreasing the seasonal nature of the Company's business.

Significant growth in the Company's revenues will depend on consistent investment in facilities. In addition to several capital projects underway at AMS, BMS, CMS, and SPR, the construction of TMS was substantially completed before hosting its first major NASCAR Winston Cup race on April 6, 1997.

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.

## Results of Operations

The table below shows the relationship of income and expense items relative to total revenue for the fiscal years ended December 31, 1994, 1995 and 1996 and for the three and six months ended June 30, 1996 and 1997.

	Percentage of Total Revenue for						
	Year Ended December 31,			Three Months		Six Months	
	1994	1995	1996	Ended June 30,	1997	Ended June 30,	1997
				1996		1996	
<b>Revenues:</b>							
Admissions.....	48.8%	48.4%	51.4%	55.3%	49.2%	51.4%	47.2%
Event-related revenue.....	38.5	36.8	35.6	35.4	46.5	35.8	46.1
Other operating revenue.....	12.7	14.8	13.0	9.3	4.3	12.8	6.7
Total revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Operating Expenses:</b>							
Direct expense of events.....	28.4%	26.5%	29.6%	28.0	33.8	28.5%	33.4%
Other direct operating expense.....	9.5	10.0	7.8	6.0	2.7	8.2	4.1
General and administrative.....	18.3	17.7	16.7	11.3	8.3	16.2	13.2
Non-cash stock compensation.....	4.6	--	--	--	--	--	--
Depreciation and amortization.....	7.0	6.5	7.4	5.0	4.3	7.1	6.0
Preoperating expense of new facility....	--	--	--	--	1.8	--	1.5
Total operating expenses.....	67.8	60.7	61.5	50.3	50.9	60.0	58.1
Operating income.....	32.2	39.3	38.5	49.7	49.1	40.0	41.9
Interest income (expense), net.....	(6.0)	--	1.3	1.7	(0.8)	0.8	(0.3)
Other income (expense), net.....	2.5	4.7	2.4	2.4	(0.2)	1.8	0.0
Income tax provision.....	(12.5)	(18.1)	(16.3)	(21.2)	(19.8)	(16.9)	(17.1)
Net income.....	16.2%	25.9%	25.9%	32.6%	28.3%	25.7%	24.5%

Three Months Ended June 30, 1997 Compared To Three Months Ended June 30, 1996 Total Revenues. Total revenues for the three months ended June 30, 1997 increased by \$63.3 million, or 155.1%, to \$104.1 million, over such revenues for the same year earlier period. This improvement was due to increases in all revenue items, particularly admissions and event related revenues.

Admissions for the three months ended June 30, 1997 increased by \$28.7 million or 127.1%, over admissions for the same year earlier period. This increase was due primarily to hosting major NASCAR Winston Cup series racing events at each of the Company's new speedways, TMS and SPR, to hosting a NASCAR Craftsman Truck Series and an IRL racing event at TMS, and to growth in NASCAR sanctioned racing events held at BMS and CMS during the current quarter. The growth in admissions reflects the continued increases in attendance, additions to permanent seating capacity and, to a lesser extent, ticket prices.

Event related revenue for the three months ended June 30, 1997 increased by \$34.0 million, or 235.1%, over such revenue for the same year earlier period. The increase was due primarily to hosting major NASCAR Winston Cup series racing events at the Company's new speedways, TMS and SPR, to hosting NASCAR Craftsman Truck Series and IRL racing events at TMS, and to the growth in attendance, including related increases in concessions and souvenir sales, at BMS and CMS.

Other operating revenue for the three months ended June 30, 1997 increased by \$680,000, or 17.9%, over such revenue for the same year earlier period. This increase was primarily attributable to operating revenues derived from rental revenues of SPR, which was acquired in November 1996, and to an increase in Legends Car revenues.

**Direct Expense of Events.** Direct expense of events for the three months ended June 30, 1997 increased by \$23.8 million, or 207.9%, over such expense for the same year earlier period. This increase was due primarily to hosting major NASCAR Winston Cup series racing events at TMS and SPR, to hosting NASCAR Craftsman Truck Series and IRL racing events at TMS, to higher operating costs associated with the growth in attendance and seating capacity at BMS and CMS, and to increases in the size of race purses required for NASCAR sanctioned racing events held during the current quarter. As a percentage of admissions and event related revenues combined, direct expense of events for the three months ended June 30, 1997 was 35.3% compared to 30.9% for the same year earlier period. Such increase, which was expected, results primarily from proportionately higher operating expenses associated with TMS's inaugural race weekend, and at SPR, relative to operating margins historically achieved at the Company's other speedways.

**Other Direct Operating Expense.** Other direct operating expense for the three months ended June 30, 1997 increased by \$355,000, or 14.6%, over such expense for the same year earlier period. The increase occurred primarily due to the expenses associated with the increase in other operating revenues derived from SPR and Legends Cars.

**General and Administrative.** As a percentage of total revenues, general and administrative expense decreased from 11.2% for the three months ended June 30, 1996 to 8.4% for the three months ended June 30, 1997. This improvement reflects continuing scale efficiencies associated with revenue increases outpacing increases in general and administrative expenses. General and administrative expense for the three months ended June 30, 1997 increased by \$4.1 million, or 89.5%, over such expense for the same year earlier period. The increase was due primarily to general and administrative expenses incurred during the three months ended June 30, 1997 by SPR, acquired in November 1996, and at TMS.

**Depreciation and Amortization.** Depreciation and amortization expense for the three months ended June 30, 1997 increased by \$2.4 million or 116.5%, over such expense for the same year earlier period. This increase was due to property and equipment of TMS placed into service upon hosting of its first racing event in April 1997, to additions to property and equipment at AMS, BMS and CMS, and from the property and equipment and goodwill and other intangible assets related to the acquisition of SPR.

**Preoperating Expense Of New Facility.** Preoperating expenses for the three months ended June 30, 1997 of \$1.85 million consist of non-recurring and non-event related costs to develop, organize and open TMS.

**Operating Income.** Operating income for the three month period ended June 30, 1997 increased by \$30.9 million, or 152.0%, over such income for the same year earlier period. This increase was due to the factors discussed above.

**Interest Income (Expense), Net.** Interest expense, net for the three months ended June 30, 1997 was \$877,000, compared to interest income, net for the three months ended June 30, 1996 of \$686,000. This change was due to higher average borrowings for construction funding and lower levels of cash invested in the three months ended June 30, 1997 as compared to the same year earlier period. The change was also due to capitalizing interest costs of \$1.4 million in the three months ended June 30, 1997 compared to \$546,000 in the three months ended June 30, 1996.

**Other Income (Expense).** Other expense for the three months ended June 30, 1997 was \$179,000, compared to other income of \$971,000 for the same year earlier period. This change was due to fewer gains recognized on sales of marketable equity securities during the three months ended June 30, 1997 compared to the same year earlier period. In addition, the decrease reflects recognition of the Company's loss in equity method investee of \$105,000 in the three months ended June 30, 1997 compared to equity income of \$299,000 in the three months ended June 30, 1996. The decrease also reflects the expensing of unamortized debt issuance costs of \$242,000 in connection with replacing the bank Credit Facility.

**Income Tax Provision.** The Company's effective income tax rate for the three months ended June 30, 1997 and 1996 was 41% and 40%, respectively.

**Net Income.** Net income for the three months ended June 30, 1997 increased by \$16.2 million, or 122.0%, compared to the three months ended June 30, 1996. This increase was due to the factors discussed above.

Six Months Ended June 30, 1997 Compared To Six Months Ended June 30, 1996 Total Revenues. Total revenues for the six months ended June 30, 1997 increased by \$66.4 million, or 125.0%, to \$119.6 million, over such revenues for the same year earlier period. This improvement was due to increases in all revenue items, particularly admissions and event related revenues.

Admissions for the six months ended June 30, 1997 increased by \$29.1 million, or 106.7%, over admissions for the same year earlier period. This increase was due primarily to hosting major NASCAR Winston Cup series racing events at each of the Company's new speedways, TMS and SPR, to hosting a NASCAR Craftsman Truck Series and an IRL racing event at TMS, and to growth in NASCAR sanctioned racing events held at AMS, BMS, and CMS during the current period. The growth in admissions reflects the continued increases in attendance, additions to permanent seating capacity and, to a lesser extent, ticket prices.

Event related revenue for the six months ended June 30, 1997 increased by \$36.1 million, or 189.5%, over such revenue for the same year earlier period. The increase was due primarily to hosting major NASCAR Winston Cup series racing events at the Company's new speedways, TMS and SPR, to hosting a NASCAR Craftsman Truck Series and an IRL racing event at TMS, to the growth in attendance, including related increases in concessions and souvenir sales, and to increases in broadcast rights and sponsorship fees.

Other operating revenue for the six months ended June 30, 1997 increased by \$1.2 million, or 18.0%, over such revenue for the same year earlier period. This increase was primarily attributable to operating revenues derived from Oil-Chem Research Corp. and its subsidiary ("Oil-Chem") and to rental revenues from SPR, which were acquired in April and November 1996, respectively, and to an increase in Legends Car revenues.

Direct Expense of Events. Direct expense of events for the six months ended June 30, 1997 increased by \$24.8 million, or 163.6%, over such expense for the same year earlier period. This increase was due primarily to hosting major NASCAR Winston Cup series racing events at TMS and SPR, to hosting NASCAR Craftsman Truck Series and IRL racing events at TMS, to higher operating costs associated with the growth in attendance and seating capacity at BMS and CMS, and to increases in the size of race purses required for NASCAR sanctioned racing events held during the current period. As a percentage of admissions and event related revenues combined, direct expense of events for the six months ended June 30, 1997 was 35.8% compared to 32.7% for the same year earlier period. Such increase, which was expected, results primarily from proportionately higher operating expenses associated with TMS's inaugural race weekend, and at SPR, relative to operating margins historically achieved at the Company's other speedways.

Other Direct Operating Expense. Other direct operating expense for the six months ended June 30, 1997 increased by \$517,000, or 11.9%, over such expense for the same year earlier period. The increase occurred primarily due to the expenses associated with the increase in other operating revenues derived from SPR, Oil-Chem and Legends Cars.

General and Administrative. As a percentage of total revenues, general and administrative expense decreased from 16.2% for the six months ended June 30, 1996 to 13.2% for the six months ended June 30, 1997. This improvement reflects continuing scale efficiencies associated with revenue increases outpacing increases in general and administrative expenses. General and administrative expense for the six months ended June 30, 1997 increased by \$7.2 million, or 83.2%, over such expense for the same year earlier period. The increase was due primarily to general and administrative expenses incurred during the six months ended June 30, 1997 by Oil-Chem and SPR, acquired in April 1996 and November 1996, respectively, and at TMS.

Depreciation and Amortization. Depreciation and amortization expense for the six months ended June 30, 1997 increased by \$3.3 million, or 87.5%, over such expense for the same year earlier period. This increase was due to property and equipment of TMS placed into service upon hosting of its first racing event in April 1997, to additions to property and equipment at AMS, BMS and CMS, and from the property and equipment and goodwill and other intangible assets related to the acquisitions of BMS and SPR.

Preoperating Expense Of New Facility. Preoperating expenses for the six months ended June 30, 1997 of \$1.85 million consist of non-recurring and non-event related costs to develop, organize and open TMS.

Operating Income. Operating income for the six month period ended June 30, 1997 increased by \$28.8 million, or 135.6%, over such income for the same year earlier period. This increase was due to the factors discussed above.

Interest Income (Expense), Net. Interest expense, net for the six months ended June 30, 1997 was \$382,000, compared to interest income, net for the six months ended June 30, 1996 of \$449,000. This change was due to higher average borrowings for construction funding and lower levels of cash invested during the six months ended June 30, 1997 as compared to the same year earlier period. The change also reflects the capitalizing of \$3.5 million in interest costs incurred during the six months ended June 30, 1997 on TMS and other construction projects compared to \$546,000 for the same year earlier period.

Other Income. Other income for the six months ended June 30, 1997 decreased by \$944,000 over such income for the same year earlier period. This decrease was primarily due to fewer gains recognized on sales of marketable equity securities during the six months ended June 30, 1997 compared to the same year earlier period. In addition, the decrease reflects recognition of the Company's loss in equity method investee of \$210,000 in the six months ended June 30, 1997 compared to equity income of \$185,000 for the same year earlier period. The decrease also reflects the expensing of unamortized debt issuance costs of \$242,000 in connection with replacing the 1996 Credit Facility.

Income Tax Provision. The Company's effective income tax rate for the six months ended June 30, 1997 and 1996 was 41% and 40%, respectively.

Net Income. Net income for the six months ended June 30, 1997 increased by \$15.6 million, or 113.8%, compared to the six months ended June 30, 1996. This increase was due to the factors discussed above.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995 Total Revenues. Total revenues for 1996 increased by \$26.5 million, or 35.1%, to \$102.1 million, over such revenues for 1995. This improvement was due to increases in all revenue items, particularly admissions and event related revenues. Admissions for 1996 increased by \$15.9 million, or 43.4%, over admissions for 1995. This increase was due primarily to the acquisition of BMS in January 1996, which hosted race events in the first and third quarters of 1996, and to growth in admissions to NASCAR-sanctioned racing events. The growth in admissions reflects the continued increases in attendance, additions to permanent seating capacity and price increases. Event related revenue for 1996 increased by \$8.6 million, or 31.1%, over such revenue for 1995. This increase was due primarily to the acquisition of BMS, the growth in admissions, including related increases in concessions and souvenir sales, to increases in sponsorship and broadcast right fees, and to increased rental revenue from newly constructed VIP suites. Other operating revenue for 1996 increased by \$2.0 million, or 18.1%, over such revenue for 1995. Legends Car revenues accounted for the substantial portion of this increase.

Direct Expense of Events. Direct expense of events for 1996 increased by \$10.2 million, or 50.9%, over such expense for 1995. Such increase was due primarily to the acquisition of BMS, to increased operating costs associated with the growth in attendance and seating capacity at AMS and CMS, and to increases in the size of purses and sanctioning fees required for NASCAR-sanctioned racing events.

Other Direct Operating Expense. Other direct operating expense for 1996 increased by \$394,000, or 5.2%, over such expense for 1995. The increase was due primarily to increased revenues overall, and the change in sales mix to higher margin part sales, for Legends Cars compared to 1995.

General and Administrative. As a percentage of total revenues, general and administrative expense decreased from 17.7% for 1995 to 16.7% for 1996. This improvement reflects continuing scale efficiencies associated with revenue increases outpacing increases in general and administrative expenses. General and administrative expense for 1996 increased by \$3.6 million, or 27.0%, over such expense for 1995. This change was due primarily to general and administrative expenses incurred at BMS which was acquired in the first quarter of 1996, and to a lesser extent, an increase in the average compensation of employees.

Depreciation and Amortization. Depreciation and amortization expense for 1996 increased by \$2.7 million, or 55.3%, over such expense for 1995. This increase was due primarily to additions to property and equipment at CMS and AMS and from the property and equipment and goodwill and other intangible assets related to the acquisition of BMS.

Operating Income. Operating income for 1996 increased by \$9.7 million, or 32.5%, over such income for 1995. This increase was due to the factors discussed above.

Interest Income (Expense), Net. Interest income, net for 1996 was \$1.3 million, compared to interest expense, net for 1995 of \$24,000. This change was due to higher levels of cash invested, from the public stock offering that occurred in April 1996 and the convertible subordinated debentures offered in October 1996, as compared to 1995. The change was also due to capitalizing \$2.8 million in interest costs incurred in 1996 on TMS and other construction projects. Interest costs capitalized in 1995 were insignificant.

Other Income. Other income for 1996 decreased by \$1.2 million from such income for 1995. This change was due primarily to decreased sales of AMS condominiums and CMS land.

Provision for Income Taxes. The Company's effective income tax rate for 1996 was 39%, compared to an effective income tax rate for 1995 of 41%.

Income from Continuing Operations before Extraordinary Item. Income before extraordinary item for 1996 increased by \$9.8 million, or 29.3%, over such income for 1995, due to the factors discussed above.

Extraordinary Item, Net. Upon repaying the long-term debt, related net debt issuance costs previously amortized were written off in 1995, as an extraordinary item. There were no similar charges in 1996.

Net Income. Net Income for 1996, when compared to 1995, reflects improved earnings in the Company's historical operations, and an increase in income due to the newly acquired BMS facility which hosted two NASCAR sanctioned racing events in 1996.

Year Ended December 31, 1995 Compared To The Year Ended December 31, 1994 Total Revenues. Total revenues for 1995 increased by \$11.0 million, or 17.1%, to \$75.6 million, over such revenues for 1994. This improvement was due to increases in each of the revenue categories. Admissions for 1995 increased by \$5.0 million, or 16.0%, over admissions for 1994. This increase was due primarily to additions to permanent seating capacity, growth in attendance at NASCAR-sanctioned racing events, price increases and one additional non-NASCAR event in 1995. Event-related revenue for 1995 increased by \$3.0 million, or 12.0%, over such revenue for 1994. This increase was attributable to a significant increase in luxury suite rentals, increased souvenir and concession sales and, to a lesser extent, sponsorship revenue. Other operating revenue for 1995 increased by \$3.0 million, or 36.8%, over such revenue for 1994. Legends Car revenues accounted for the substantial portion of this increase.

Direct Expense of Events. Direct expense of events for 1995 increased by \$1.7 million, or 9.1%, over such expense for 1994. Such increase was due to increases in the size of purses and sanctioning fees required for the Company's NASCAR-sanctioned racing events and, to a lesser extent, one additional non-NASCAR event.

Other Direct Operating Expense. Other direct operating expense for 1995 increased by \$1.5 million, or 24.6%, over such expense for 1994. The increase was primarily attributable to the cost of sales associated with the increase in Legends Car revenues.

General and Administrative. As a percentage of total revenues, general and administrative expense decreased to 17.7% for 1995 from 18.3% for 1994. This improvement was due to scale efficiencies resulting from increases in revenues outpacing increases in general and administrative costs. General and administrative expense for 1995 increased by \$1.6 million, or 13.3%, over such expense for 1994. This change was due primarily to the increase in the number of employees, predominantly at 600 Racing, and in average compensation. Increases in Social Security, health insurance and other similar charges associated with increased levels and amounts of employment also occurred.

Depreciation and Amortization. Depreciation and amortization expense for 1995 increased by \$393,000, or 8.7%, over such expense for 1994. This increase was due to additions to property and equipment at AMS, CMS and 600 Racing.

Operating Income. Operating income for 1995 increased by \$8.9 million, or 42.8%, over such income for 1994. This increase was due to the factors discussed above.

Interest Expense, Net. Interest expense, net, for 1995 decreased by \$3.8 million, or 99.4%, from such expense for 1994. This decrease was due to the repayment of substantially all of the long-term debt with the proceeds of the Company's initial public offering ("IPO") and interest income on short-term investments.

Other Income. Other income for 1995 increased by \$1.8 million over such income for 1994. This increase was due to gains on sale of land and condominiums.

Provision for Income Taxes. The Company's effective income tax rate for 1995 was 41%, compared to an effective tax rate for 1994 of 43%.

Income from Continuing Operations. Income from continuing operations for 1995 increased by \$9.1 million, or 87.1% over such income for 1994, due to the factors discussed above.

Extraordinary Item, Net. Upon repaying the Company's long-term debt with proceeds from the IPO, related net debt issuance costs previously unamortized were written off as an extraordinary item. There were no similar charges for 1994.

#### Seasonality and Quarterly Results

The Company has derived a substantial portion of its 1996 total revenues from admissions and event-related revenue attributable to 12 major NASCAR-sanctioned races held in March, May, August, October and November. In 1997, the Company is hosting 15 major NASCAR-sanctioned races, including a major racing event at TMS in April and at SPR in May. As a result, although the Company's business has been highly seasonal, it is expected to remain seasonal but to a lesser degree than in prior years when the Company held NASCAR-sanctioned races only in the second and fourth quarters. In 1995 and 1996, the Company's second and fourth quarters accounted for approximately 80% and 75%, respectively, of its total annual revenues, and approximately 106% and 96%, respectively, of its total annual operating income. The Company sometimes produces minimal operating income or operating losses during its first and third quarters, when it sponsors only one Winston Cup race each quarter. Set forth below is certain summary information with respect to the Company's operations for the most recent ten quarters.

	1st Quarter	2nd Quarter	1995 3rd Quarter	4th Quarter	Total	1st Quarter	2nd Quarter	1996 3rd Quarter	4th Quarter	Total	1997 1st Quarter	2nd Quarter
	(in thousands, except NASCAR-sanctioned events)											
Total revenues.....	\$11,245	\$27,709	\$4,098	\$32,521	\$75,573	\$12,330	\$40,816	\$13,505	\$35,462	\$102,113	\$15,453	\$104,141
Operating income (loss).....	1,457	14,120	(3,147 )	17,259	29,689	963	20,299	438	17,642	39,342	(1,065 )	51,155
Net income (loss)....	278	9,242	(637 )	10,574	19,457	387	13,293	685	12,040	26,405	(263 )	29,517
Major NASCAR- sanctioned events.....	2	3	0	3	8	2	5	2	3	12	2	8

#### Liquidity and Capital Resources

The Company has historically met its working capital and capital expenditure requirements through a combination of cash flow from operations, borrowings, particularly bank loans, and other debt and equity offerings. The Company has expended significant amounts of cash in 1996 and the first half of 1997 for the construction of TMS, the acquisitions of BMS and SPR, and the improvement and expansion at AMS, BMS, and CMS. The Company's financial condition and liquidity strengthened during the year ended December 31, 1996. Cash flows during the 1996 fiscal year were positively impacted by: (i) in April 1996, the receipt of net cash proceeds of approximately \$78,354,000 from the sale of 3,000,000 shares of Common Stock in a public stock offering; (ii) in October 1996, the receipt of net cash proceeds of approximately \$72,150,000 from an offering of the Debentures; (iii) record operating results for the year ended December 31, 1996, during which net income amounted to \$26,405,000 and net cash generated by operations amounted to \$37,384,000; and (iv) an increase in net long-term borrowings under the 1996 Credit Facility by \$22,000,000 as of December 31, 1996. During the six months ended June 30, 1997, the Company generated \$45,079,000 in net cash from operations and increased its net long-term borrowings by \$78,000,000.

Company management anticipates that the net proceeds from issuance of the Old Notes, together with cash from operations and borrowings under the 1997 Credit Facility, will sustain the Company's operating needs, including planned capital expenditures at AMS, BMS, CMS, SPR and TMS through 1998 and any exercise price under the SPR real property option. Based upon the anticipated future growth and financing requirements of the Company, 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 experienced improvement in its financial condition, liquidity and credit availability, such resources, as well as possibly others, will be needed to fund the Company's continued growth, including the future expansion and improvement of AMS, BMS, CMS, SPR and TMS.

In March 1996, the Company obtained an unsecured senior revolving credit facility from a syndicate of banks led by NationsBank, as amended to date (the "1996 Credit Facility"). The 1996 Credit Facility was a long-term working capital and letter of credit facility with an overall borrowing limit of \$110.0 million. The Company repaid and retired the 1996 Credit Facility with a portion of the proceeds from the sale of the Old Notes.

On October 1, 1996, the Company completed a private placement of the Debentures in the aggregate principal amount of \$74.0 million. Net proceeds to the Company after commissions and discounts were \$72.15 million. The Debentures are unsecured, mature on September 30, 2003, are currently 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. Interest payments are due semi-annually on March 31 and September 30. The Debentures are subordinated to all present and future senior indebtedness of the Company, including the Notes and the 1997 Credit Facility. Redemption prices in fiscal year periods ending September 30 are 102.46% in 2000, 101.64% in 2001 and 100.82% in 2002. After September 30, 2002, the Debentures are redeemable at par. In conversion, 2,378,565 shares of Common Stock would be issuable. The proceeds from the sale of the Debentures were used to repay outstanding borrowings under the 1996 Credit Facility, fund construction costs of TMS and for working capital needs of the Company.

As of June 30, 1997, the Company entered into the Interim Facility, which was a short-term, unsecured, senior revolving credit facility from NationsBank with a borrowing limit of up to \$30.0 million. No borrowings under the Interim Facility were made by the Company. The Interim Facility was retired upon the consummation of the 1997 Credit Facility.

The 1997 Credit Facility is an unsecured senior revolving credit facility provided by a syndicate of banks led by NationsBank. The 1997 Credit Facility has an overall borrowing limit of \$175.0 million with a sub-limit of \$10.0 million for standby letters of credit. Amounts outstanding under the 1997 Credit Facility constitute Senior Indebtedness. The 1997 Credit Facility will mature on July 31, 2002. Draws are permitted under the 1997 Credit Facility for the following purposes: (i) financing seasonal working capital needs, (ii) financing capital expenditures, including the costs of reconfiguring AMS, purchasing the SPR real estate and additional improvements at BMS, CMS and TMS, (iii) refinancing existing debt and (iv) other corporate purposes. Although the 1997 Credit Facility is unsecured, the Company agreed not to pledge its assets to any third party. In addition, the Company made certain financial covenants, including specified levels of net worth and ratios of (i) debt to consolidated net worth plus debt, (ii) debt to EBITDA, and (iii) earnings before interest and taxes ("EBIT") to interest expense. The 1997 Credit Facility also limits the Company's ability to make certain cash expenditures in excess of certain levels to acquire additional motor speedways, without the consent of the lenders, and would limit its consolidated capital expenditures to certain levels. The 1997 Credit Facility contains certain other limitations or prohibitions concerning the incurrence of other indebtedness, prepayment of other indebtedness, guarantees, asset sales and purchases, investments, mergers, consolidations, issuance of capital stock, dividends, distributions and redemptions. The 1997 Credit Facility permits additional indebtedness, within certain parameters, including through a sale-leaseback transaction, for permanent financing of TMS. The 1997 Credit Facility closed concurrently with the Prior Offering of the Old Notes.

#### Capital Expenditures

The Company's capital expenditures totalled \$147.7 million in 1996, \$40.7 million in 1995 and \$5.0 million in 1994. Such expenditures were directed primarily toward the construction of grandstand seating and suites, the acquisition and improvement of real estate at AMS and CMS, the paving of the principal tracks at AMS and CMS, construction of the Winston Cup garage at CMS and, in 1995 and 1996, the construction of TMS.

In 1996, the Company completed 17 new suites at AMS and reconfigured AMS's main entrances and expanded on-site roads to ease congestion caused by the increases in attendance. During 1996, the Company began a major renovation and expansion of BMS and added approximately 6,000 permanent grandstand seats and relocated various mezzanine level souvenir, concessions and restroom facilities at BMS to increase spectator convenience and accessibility.

Management currently estimates that total 1997 capital expenditures will be approximately \$148.0 million, however, no assurance can be given that the actual cost will remain within this estimate. In 1997, the Company has contracted for and is in the process of completing approximately 22,000 additional permanent seats at AMS, and completed approximately 39,000 additional permanent seats at BMS and approximately 25,000 additional permanent seats at CMS, including approximately 58 suites at AMS, 31 suites at BMS and 26 suites at CMS. Also, the Company substantially completed construction of TMS in April 1997, which has approximately 150,000 permanent seats, including 194 suites. The Company expects to continue to make substantial capital improvements in its facilities to meet increasing demand and to increase revenue. Currently, a number of major capital projects are underway. The Company expects in 1997 to convert AMS to a quad-oval configuration, including changing the start-finish line location, and make certain other site improvements at BMS and CMS. At SPR, the Company expects in 1997 to complete parking, road improvements, and grading to improve spectator sight lines, and to increase and improve seating and facilities for spectators and members of the media. Numerous factors, many of which are beyond the Company's control, may influence the ultimate cost, 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 foregoing estimate 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.

On November 18, 1996, the Company acquired certain assets of SPR and executed a 14-year capital lease with the seller for all of the real property of the SPR complex. SMI has the option to purchase the real property for \$38.1 million during a six-month option period commencing November 1, 1999, subject to acceleration at the election of the seller after March 31, 1997 and through December 31, 1999. Monthly lease payments range from \$67,000 in 1997 to \$631,000 in 2010. In connection with the acquisition, the Company loaned the seller approximately \$13.4 million under a promissory note receivable to repay the sellers' then outstanding obligations on the real property. Amounts due under the note, a \$3.5 million purchase option payment, and a \$3.0 million lease security deposit are to be credited against amounts due from the Company upon exercise of the purchase option. In management's opinion, it is probable that the purchase option will be exercised as soon as it becomes exercisable.

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 expansion and development of its existing Legends Cars products and markets and the expansion into complementary businesses.

#### Legal Proceedings

As a result of an audit of AMS with respect to its tax years ended November 30, 1988 and October 31, 1990, the IRS has asserted that AMS is liable for additional income taxes, penalties and interest. The total assessment including taxes, penalties and interest (net of tax benefit for deductibility of interest) through June 30, 1997 is approximately \$7.7 million. In November 1993, AMS filed a protest contesting the assessment. Management intends to continue contesting the allegations of a deficiency. There can be no assurance, however, that the ultimate resolution of this proceeding, which is expected in 1997, will not have a material adverse effect on the Company's results of operations or financial condition.

On April 23, 1996, the Northwest Independent School District (the "Texas School District"), within whose borders TMS is located, filed a complaint against TMS, among others, in a case styled Northwest Independent School District v. City of Fort Worth, FW Sports Authority, Inc., the Governor of Texas, the Comptroller of Public Accounts of Texas, the Attorney General and Texas Motor Speedway, Inc. (the "School District Litigation"). The School District Litigation was filed in State District Court of Travis County, Texas seeking a judgement that the statutory basis for any claimed tax exemption for TMS is unconstitutional under the Texas Constitution and that TMS will be required to pay ad valorem taxes on the TMS facility. The Texas School District has the power to levy ad valorem taxes against TMS if the TMS facility is not exempt property. All defendants successfully moved for dismissal on the grounds that the School District Litigation had been improperly brought in Travis County, Texas, rather than in the county in which TMS is located, as provided in Texas statutory procedural rules for challenging claims of ad valorem tax exemptions. In June 1997, the Texas Court of Appeals, an intermediate

appellate court in Austin, Texas denied the Texas School District's appeal and sustained the dismissal by the state district court. Subsequently, the Texas School District filed an administrative protest with the Denton County, Texas Tax Appraisal District, which substantially realleges the allegations expressed originally in the School District Litigation and challenges the tax exempt status of the TMS facility. By order entered on June 19, 1997, the Denton County, Texas Tax Appraisal District confirmed the tax exempt status of the TMS properties. The Texas School District appealed that order in state district court. The Company will vigorously contest any attempt to declare the TMS facilities taxable. Management is unable to quantify with any certainty the tax effect on the Company of any outcome in this matter.

On May 23, 1997, two substantially similar complaints styled Steven K. Robinson, et al. v. Charlotte Motor Speedway, Inc., O. Bruton Smith, Bonnie Smith, Browning Ferris Industries of South Atlantic, Inc., et al. were filed in the Hamilton County, Ohio Court of Common Pleas and the U.S. District Court for the Southern District of Ohio (Western Division), both located in Cincinnati, Ohio, against CMS, among others, claiming negligence and seeking \$20.0 million in damages as well as unspecified punitive damages. The plaintiffs allege they are the survivors of an individual who was killed in 1995 from a fall while intoxicated after an event at CMS. The Company's insurer has assumed the defense of this litigation, which the Company intends to contest vigorously.

#### Environmental Matters

Solid waste landfilling has occurred on and around the Company's property at CMS for many years. Landfilling of general categories of municipal solid waste on the CMS property ceased in 1992. There are two landfills currently operating at CMS, however, that are permitted to receive inert debris and waste from land clearing activities ("LCID" landfills). Two other LCID landfills on the CMS property were closed in 1994. CMS intends to allow similar LCID landfills to be operated on the CMS property in the future. CMS also leases certain CMS property to a subsidiary of Browning-Ferris Industries, Inc. ("BFI") for use as a construction and demolition debris landfill (a "C&D" landfill), which can receive solid waste resulting solely from construction, remodeling, repair or demolition operations on pavement, buildings or other structures, but cannot receive inert debris, land-clearing debris or yard debris. In addition, the subsidiary of BFI owns and operates an active solid waste landfill adjacent to CMS. Management believes that the active solid waste landfill was constructed in such a manner as to minimize the risk of contamination to surrounding property.

Portions of the inactive solid waste landfill areas on the CMS property are subject to a groundwater monitoring program and data are submitted to the North Carolina Department of Environment, Health and Natural Resources ("DEHNR"). DEHNR has noted that data from certain groundwater sampling events have indicated levels of certain regulated compounds that exceed acceptable trigger levels and organic compounds that exceed regulatory groundwater standards. DEHNR has not acted to require any remedial action by the Company at this time with respect to this situation. It is possible that action could be required of the Company by DEHNR in the future with respect to this situation, which could require the Company to incur costs that could be material.

Management believes that the Company's operations, including the landfills and facilities on its property, are in substantial compliance with all applicable federal, state and local environmental laws and regulations. Nonetheless, if damage to persons or property or contamination of the environment is determined to have been caused by the conduct of the Company's business or by pollutants, substances, contaminants or wastes used, generated or disposed of by the Company, or which may be found on the property of the Company, the Company may be held liable for such damage and may be required to pay the cost of investigation or remediation, or both, of such contamination or damage caused thereby. The amount of such liability, as to which the Company is self-insured, could be material. Changes in federal, state or local laws, regulations or requirements, or the discovery of previously unknown conditions, could require additional expenditures by the Company.

**NATIONAL ASSOCIATION FOR STOCK CAR AUTO RACING, INC. (NASCAR)** The National Association for Stock Car Auto Racing, Inc. has been influential in the growth and development of professional stock car racing. NASCAR is owned and operated by Bill France, Jr. and other members of the France family and is the premier official sanctioning body of professional stock car racing in the United States. Its officials supervise the conduct of all races that constitute the Winston Cup and Busch Grand National stock car series. The Company derives a substantial majority of its total revenues from NASCAR-sanctioned

racing events. In 1995, eight such events were held at the Company's facilities. As a result of the BMS acquisition, the Company had 12 such races in 1996. As a result of the April 1997 Winston Cup and Busch Grand National race dates at TMS and the May 1997 Winston Cup race date at SPR, the Company will host 15 major NASCAR-sanctioned events in 1997. See "Risk Factors -- Relationship with NASCAR" and "-- Competition".

#### Overview of Stock Car Racing

Professional stock car racing developed in the southeastern United States in the 1930s. It began to mature in 1947, when Bill France, Sr. organized NASCAR in Daytona Beach, Florida. The first NASCAR-sanctioned race was held on June 19, 1949 in Charlotte. The "superspeedway era" of stock car racing began in 1959, when the France family completed construction of the Daytona International Speedway and sponsored the first "Daytona 500." A superspeedway is generally considered to be a banked, paved track longer than one mile. Superspeedways were built in the early 1960s near Atlanta (AMS), near Charlotte (CMS) and elsewhere in the Southeast. NASCAR also sanctions Winston Cup races on shorter tracks, such as BMS, which was built in 1961. The industry began to gather momentum in the mid-1960s, when major North American automobile and tire producers first offered engineering and financial support. In the late 1960s, NASCAR decided to create a more elite circuit focused on the best drivers. Accordingly, it reduced the number of races in its premier series from approximately 50 to approximately

30. In 1971, R.J. Reynolds began to sponsor NASCAR racing by developing the Winston Cup series as a marketing outlet for its products. NASCAR events, particularly Winston Cup races, enjoy a large and growing base of spectator support. According to statistics compiled by Goodyear, total attendance at all 1996 Winston Cup events was 5,588,069, reflecting a compound annual growth rate of 6.8% from 1994 to 1996. The entire Winston Cup series is broadcast to national television audiences by five networks: ABC, CBS, ESPN, TBS and TNN. Increased media coverage has led to national recognition of several "star" NASCAR drivers. The result has been not only record NASCAR race attendance, but also increasing revenues to track owners, such as the Company, for broadcast rights and sponsorship fees. Management believes that the increasing payments for broadcast rights and sponsorship fees are a result of the demographic appeal of the spectator base to advertisers. Surveys published recently by NASCAR indicate that: 38% of Winston Cup spectators are women; 53% work in professional, managerial or skilled labor jobs; 58% are married; and 65% own homes. The median annual family income of Winston Cup spectators has been estimated in NASCAR publications in excess of \$39,000. Corporate sponsors of NASCAR-sanctioned events now include most major North American automobile producers and parts manufacturers, the largest and best-known food, beverage and tobacco companies and leading firms in other manufacturing and consumer products industries. See "Risk Factors -- Industry Sponsorships and Government Regulation." Governance of Stock Car Racing NASCAR regulates its membership, including drivers and their crews, team owners and track owners, the composition of race cars and the sanctioning of races. It sanctions events by means of one-year agreements executed with track owners, each of which specifies the race date, the sanctioning fee and the purse payable by the track owner. NASCAR officials control qualifying procedures, the line-up of the cars, the start of the race, the control of cars throughout the race, the election to stop or delay a race, "pit" activity, "flagging," the positioning of cars, the assessment of lap and time penalties and the completion of the race.

#### Economics of Stock Car Racing

Sponsors. Sponsors are active in all phases of professional stock car racing. They support drivers and teams by funding certain costs of their operations. Sponsors also support track owners by funding certain costs of specific races. In return, sponsors receive advertising exposure on television and radio, through newspapers, printed brochures and advertisements and at the track on race day. Companies negotiate sponsorship arrangements with reference to a team's racing success and spectator and viewer demographic characteristics. A "major" team's primary sponsor pays annually from \$3.0 million to \$6.0 million to the team.

Team Owners. In most instances, team owners underwrite the financial risk of placing their teams in competition. They contract with drivers, hire pit crews and mechanics and syndicate sponsorship of their teams. Management estimates that the average Winston Cup team spends approximately \$100,000 to \$150,000 per event, or approximately \$3.2 million to \$4.8 million per season.

Drivers. A substantial majority of drivers contract independently with team owners while a few drivers own their own teams. Drivers receive income from contracts with team owners, sponsorship fees and prize money. Successful drivers also may receive income from personal endorsement fees and souvenir sales. The personality and racing success of a driver can be an important marketing advantage for a team owner because it can attract corporate sponsorships.

Track Owners. Track owners market and promote events at their facilities and negotiate directly with television and radio networks for coverage of such events. The revenue sources of track owners include admissions, sponsorships, advertising and broadcast fees, concessions and souvenir sales. The Winston Cup

NASCAR's premier circuit is the Winston Cup series, which currently begins with the "Daytona 500" in February and concludes with the "NAPA 500" in November. Including two "all-star" races, 34 races are licensed annually to 20 tracks operating in 16 states. The 1997 Winston Cup schedule is as follows:

Date	Race	Location
Feb. 9	"Busch Clash" (all-star race)	Daytona Beach, Fla.
Feb. 16	"Daytona 500"	Daytona Beach, Fla.
Feb. 23	"Goodwrench Service 400"	Rockingham, N.C.
Mar. 2	"Pontiac Excitement 400"	Richmond, Va.
Mar. 9	"PrimeStar 500"	Hampton, Ga. (AMS)
Mar. 23	"TranSouth Financial 400"	Darlington, S.C.
Apr. 6	"Interstate Batteries 500"	Forth Worth, Tx. (TMS)
Apr. 13	"Food City 500"	Bristol, Tn. (BMS)
Apr. 20	"Goody's Headache Powder 500"	Martinsville, Va.
Apr. 27	"Winston Select 500"	Talledega, Ala.
May 4	"Save Mart Supermarkets 300"	Sonoma, Ca. (SPR)
May 17	"The Winston" (all-star race)	Concord, N.C. (CMS)
May 25	"Coca-Cola 600"	Concord, N.C. (CMS)
June 1	"Miller 500"	Dover, Del.
June 8	"Pocono 500"	Long Pond, Pa.
June 15	"Miller 400"	Brooklyn, Mich.
June 22	"California 500"	Fontana, Ca.
July 5	"Pepsi 400"	Daytona Beach, Fla.
July 13	"Jiffy Lube 300"	Loudon, N.H.
July 20	"Pennsylvania 500"	Long Pond, Pa.
Aug. 2	"Brickyard 400"	Indianapolis, Ind.
Aug. 10	"The Bud at the Glen"	Watkins Glen, N.Y.
Aug. 17	"ITW DeVilbiss 400"	Brooklyn, Mich.
Aug. 23	"Goody's Headache Powder 500"	Bristol, Tn. (BMS)
Aug. 31	"Mountain Dew Southern 500"	Darlington, S.C.
Sept. 6	"Winston Cup 400"	Richmond, Va.
Sept. 14	"New Hampshire 300"	Loudon, N.H.
Sept. 21	"MBNA 400"	Dover, Del.
Sept. 28	"Hanes 500"	Martinsville, Va.
Oct. 5	"UAW-GM Quality 500"	Concord, N.C. (CMS)
Oct. 12	"Sears DieHard 500"	Talledega, Ala.
Oct. 26	"AC Delco 400"	Rockingham, N.C.
Nov. 2	"Dura-Lube 500"	Phoenix, Ariz.
Nov. 16	"NAPA 500"	Hampton, Ga. (AMS)

As the table indicates, no track currently sponsors more than two Winston Cup series events. The Company holds licenses for two such events at each of AMS, BMS and CMS, and one such event at each of SPR and TMS.

CMS also holds the license for the all-star race held in May, "The Winston." Every Winston Cup event in 1997 has been or is scheduled to be televised on ABC, CBS, ESPN, TBS or TNN.

#### The Busch Grand National Series

The second-tier NASCAR circuit is the Busch Grand National series, which in 1997 is scheduled to include 31 races held at 24 tracks in 17 states. Many track owners who hold Winston Cup licenses also hold Busch Grand National events on the day preceding a Winston Cup event. Accordingly, Winston Cup drivers will occasionally compete in Busch Grand National races, which can boost overall attendance. The Company is licensed for six such events in 1997: the "Stihl Outdoor Power Tools 300" at AMS on March 8, the "Moore's Snack Food 250" at BMS on April 12, the "Coca Cola 300" at TMS on April 5, the "CARQUEST Auto Parts 300" at CMS on May 24, the "Food City 250" at BMS on August 22 and the "All Pro Auto Parts Bumper to Bumper 300" at CMS on October 4, all of which were or are scheduled to be televised. Each of the Busch Grand National events at the Company's tracks will be conducted on the day before a Winston Cup event. Other Motorsports

Other motorsports include NASCAR-sanctioned Craftsman Truck racing, stock car racing not sanctioned by NASCAR, "Indy car" racing, "Formula One" racing and sports car racing.

**Craftsman Truck Racing.** In 1995, a new NASCAR-sanctioned Craftsman Truck circuit was introduced to the public. According to statistics compiled by Goodyear, Craftsman Truck events attracted 811,050 spectators to 24 events in 1996. In 1997, 26 Craftsman Truck series events will be held at 25 tracks in 19 states. The Company held one Craftsman Truck race at BMS on June 21, 1997, the "Coca-Cola Truck 200" and another at TMS on June 6, 1997, the "Pronto Auto Parts 400" and will hold another at SPR on October 5, 1997, the "Kragan/Exide 150".

**Stock Car Racing.** NASCAR sanctions nearly all of the major stock car racing events. Another, less-well-known association is the American Race Car Association, which sanctions a stock car racing circuit that ranks in prestige just below the Busch Grand National circuit. The Company currently sponsors two ARCA races annually at each of AMS and CMS.

**Indy Car Racing.** "Indy cars" take their name from the Indianapolis Motor Speedway, of Indianapolis, Indiana, which holds the "Indianapolis 500" on the last Sunday before Memorial Day every year. Indy car racing is sanctioned by two associations, the Championship Auto Racing Team ("CART"); and the IRL. The Company currently sponsors one IRL event at each of TMS and CMS.

**Formula One and Sports Car Racing.** Formula One car races are held on road courses in Europe, Australia and Japan and are sanctioned by the Federation Internationale de l'Automobile ("FIA"). The Company has never sponsored a Formula One race and has no plans to do so. Sports car racing is sanctioned in the United States by the Sports Car Club of America ("SCCA") and by Professional SportsCar Racing ("PSR"), formerly the International Motor Sports Association, which sponsor races held on road courses throughout the country. The Company occasionally leases its tracks for sports car racing events.

## BUSINESS

Speedway Motorsports, Inc. is a leading promoter, marketer and sponsor of motorsports activities in the United States. As the owner and operator of Atlanta, Bristol, Charlotte and Texas Motor Speedways, and the operator of Sears Point Raceway, the Company has one of the largest portfolios of speedway facilities in the motorsports industry. The Company also owns, operates and sanctions the Legends Circuit, for which it manufactures and sells 5/8-scale modified cars and parts, through its 600 Racing subsidiary.

The Company will sponsor 15 major racing events in 1997 sanctioned by NASCAR, including nine races associated with the Winston Cup and six races associated with the Busch Grand National circuit. The Company also currently sponsors two IRL racing events, three NASCAR Craftsman Truck Series racing events and one IROC racing event.

Management believes that spectator demand for its largest events exceeds existing permanent seating capacity at each of AMS, BMS, and CMS, which had, at December 31, 1996, permanent seating capacity of approximately 102,000, 77,000 and 110,000, respectively. As of March 31, 1997, the Company had completed the construction of approximately 150,000 permanent seats at TMS, which is the second largest sports facility in the United States in terms of permanent seating capacity. In 1997, the Company has contracted for and is in the process of completing approximately 22,000 additional permanent seats at AMS, and has completed approximately 39,000 additional permanent seats at BMS and approximately 25,000 additional permanent seats at CMS. The Company substantially completed construction of TMS in Fort Worth, Texas in time for its first major NASCAR Busch Grand National and Winston Cup races at TMS, the "Coca Cola 300" and the "Interstate Batteries 500", on April 5 and 6, 1997, respectively, and its first Craftsman Truck and IRL races in June 1997. SPR currently does not have permanent seating capacity but provides temporary seating and suites for approximately 18,000 spectators in addition to other general admission seating arrangements along its 2.52 mile road course.

The Company derives revenues principally from the sale of tickets to automobile races and other events held at its speedway facilities, from food and beverage concession sales made 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. In 1996, the Company derived approximately 83% of its total revenues from events sanctioned by NASCAR. The Company has experienced substantial growth in revenues and profitability as a result of its continued improvement and expansion of and investment in its facilities, its consistent marketing and promotional efforts and the overall increase in popularity of Winston Cup, Busch Grand National and other motorsports events in the United States. Based on information developed independently by Goodyear, spectator attendance at Winston Cup and Busch Grand National events increased at compound annual growth rates of 6.8% and 13.1%, respectively, from 1994 to 1996.

In recent years, television coverage and corporate sponsorship have increased for NASCAR-related events. All NASCAR Winston Cup and Busch Grand National events currently are broadcast by ABC, CBS, ESPN, TBS or TNN. The Company has entered into television rights contracts for all its major sanctioned events. According to NASCAR, major national corporate sponsorship (which currently includes over 70 Fortune 500 companies) of NASCAR-sanctioned events also has increased significantly. Sponsors include such companies as Coca-Cola, General Motors, Ford, Texaco, Procter & Gamble, McDonald's and RJR Nabisco. The Company intends to increase the exposure of its current NASCAR events, add television coverage to other speedway events, increase sponsorship revenue, and schedule additional racing and other events at each of its speedway facilities.

### Operating Strategy

The Company's operating strategy is to increase profitability through the promotion and production of racing and related events at modern facilities, which serve to enhance customer loyalty. The key elements of this strategy are as follows:

**Commitment to Quality and Customer Satisfaction.** Upon assuming control of CMS in 1975, management embarked upon a series of capital improvements, including the construction of additional permanent grandstand seating, new luxury suites, trackside dining and entertainment facilities and a condominium complex overlooking the track. In 1992, CMS became the first and only superspeedway in North America to offer nighttime racing. Following the purchase of AMS in 1990, the Company began to implement a similar strategy there by constructing additional grandstand seating, luxury suites and condominiums. In addition, the Company is constructing new

food concessions, restroom and other fan amenities facilities at AMS, BMS, CMS, SPR and TMS to increase spectator comfort and enjoyment as well as reconfiguring traffic patterns, entrances, and expanded on-site roads to ease congestion caused by the increases in attendance. For example, at BMS, the Company in 1997 will relocate various souvenir, concessions and restroom facilities to the mezzanine level to increase spectator convenience and accessibility. Also, at SPR, the Company plans to expand and improve spectator seating and viewing areas in 1997. Finally, TMS was designed to maximize spectator comfort and enjoyment, and further design improvements are expected at TMS as management acquires operating experience with this new facility.

**Innovative Marketing and Event Promotion.** Management believes that it is important to market the Company's scheduled events throughout the year, both regionally and nationally. The Company markets its events by offering tours of its facilities, providing satellite links for media outlets, conducting direct mail campaigns and staging pre-race promotional activities such as live music, skydivers and daredevil stunts. The Company's marketing program also includes the solicitation of prospective event sponsors. Sponsorship provisions for a typical NASCAR-sanctioned event include luxury suite rentals, block ticket sales and Company-catered hospitality, as well as souvenir race program and track signage advertising. As an example of its marketing innovations, in 1996, the Company began offering Preferred Seat Licenses ("PSL") entitling licensees to purchase annual TMS season-ticket packages for sanctioned racing events.

**Utilization of Media.** The Company negotiates directly with network and cable television companies for live coverage of its NASCAR-sanctioned races. In November 1996, SPR signed a five-year television rights agreement with ESPN covering its May NASCAR Winston Cup races through the NASCAR season for 2001. In August 1996, TMS signed a four-year television rights agreement with CBS Sports for the April races at TMS. In May 1996, AMS signed a four-year television rights agreement with ESPN for NASCAR seasons for 1997 through 2000. Also in May 1996, BMS entered into a seven-year television rights agreement with ESPN covering the April and August NASCAR Winston Cup and related races through the NASCAR season for 2002. In December 1995, CMS signed a three-year television rights agreement with Turner Sports, Inc. ("TSI"), with a TSI renewal right for the fourth year. The TSI agreement covers the May and October NASCAR and ARCA races at CMS to be broadcast on TBS. In August 1997, CMS entered into a five-year television rights agreement with TNN for "The Winston" race and associated events to be held through 2002.

The Company also broadcasts its AMS, BMS, CMS and TMS Winston Cup Series races over its proprietary Performance Racing Network ("PRN"), which is syndicated to more than 300 stations. PRN also sponsors a weekly racing-oriented program throughout the NASCAR season, which is syndicated to more than 100 stations. Management also seeks to increase the visibility of its racing events and facilities through local and regional media interaction. For example, each January the Company sponsors a four-day media tour of CMS to promote the upcoming Winston Cup season. In 1997, this event featured Winston Cup drivers and attracted media personnel representing television networks and stations from throughout the United States. In addition, in early 1997, a similar media tour was staged at TMS which also featured Winston Cup drivers and was attended by numerous media personnel from throughout the United States. Growth Strategy Management believes that the Company can achieve its growth objectives by increasing attendance and revenues at existing facilities and by expanding its promotional and marketing expertise to take advantage of opportunities in attractive new markets. It intends to continue implementing this growth strategy through the following means.

**Expansion and improvement of existing facilities:** Management believes that spectator demand for its largest events exceeds existing permanent seating capacity. The Company plans to continue its expansion by adding permanent grandstand seating and luxury suites, and making other significant renovations and improvements at AMS, BMS, CMS and SPR in 1997, as further described in "Business -- Motorsports Facilities" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Capital Expenditures." TMS, which was substantially complete at the time of its April 1997 NASCAR events, has approximately 150,000 permanent seats, including 194 suites. In 1997, the Company began the construction of 76 condominiums at TMS. In 1997, after adding more than approximately 236,000 permanent seats, including the opening of TMS, permanent seating capacity at all of the Company's speedways will exceed 500,000. Management believes

that the expansion and improvements of AMS, BMS, CMS and SPR will generate additional admissions and event-related revenues. Maximization of media exposure and enhancement of broadcast and sponsorship revenues: NASCAR-sanctioned stock car racing is experiencing significant growth in television viewership and spectator attendance. This growth has allowed the Company to expand its television coverage to include more races and to negotiate more favorable broadcast rights fees with television networks as well as to negotiate more favorable contract terms with sponsors. Management believes that spectator interest in stock car racing will continue to grow, thereby increasing broadcast media and sponsors' interest in the sport. The Company intends to increase media exposure of its current NASCAR events, to add television coverage to other speedway events and to further increase sponsorship revenue. For example, as part of this strategy, the acquisition of SPR's operations marked the Company's entry into the Northern California television market, which is currently the 5th largest television market in the United States.

Further development of the Legends Car business: In 1992, the Company developed the Legends Circuit for which it manufactures and sells cars and parts used in Legends Circuit racing events and is the official sanctioning body. At retail prices starting at less than \$12,900, management believes that Legends Cars are economically affordable to a new group of racing enthusiasts who previously could not race on an organized circuit. Legends Cars are an increasingly important part of the Company's business. In 1994, 1995 and 1996, Legends Cars revenues were \$5,744,000, \$8,464,000 and \$9,825,000, respectively. As an extension of the Legends Car concept, the Company recently released a new, smaller, lower priced "Bandolero" stock car, which is expected to appeal to younger racing enthusiasts.

Increases in the daily usage of existing facilities: Management constantly seeks revenue-producing uses for the Company's speedway facilities on days not committed to racing events. Such other uses include car and truck shows, supercross motorcycle racing, auto fairs, driving schools, vehicle testing and settings for television commercials, concerts, print advertisements and motion pictures. For example, in June 1997, the Company hosted two music concerts at its newly constructed TMS facility with the music promoter's reported total attendance in excess of 600,000. In 1994, 1995 and 1996, non-race-day track rental revenues were \$1,162,000, \$1,285,000 and \$1,730,000, respectively.

Acquisition and development of additional motorsports facilities: The Company also considers growth by acquisition and development of motorsports facilities as appropriate opportunities arise. The Company acquired BMS in Bristol, Tennessee in January 1996 and the operations of SPR in Sonoma, California in November 1996. In 1997, the Company substantially completed construction at TMS in Fort Worth, Texas. The Company continuously seeks to locate, acquire, develop and operate venues which the Company feels are underdeveloped or underutilized and to capitalize on markets where the pricing of sponsorships and television rights are considerably more lucrative. Operations The Company's operations consist principally of racing and related events. The Company also sells Legends Cars and sanctions the Legends Circuit. Its other activities are ancillary to its core business of racing.

#### Racing and Related Events

NASCAR-sanctioned races are held annually at each of the Company's speedways. The following are summaries of racing events scheduled in 1997 at each of the Company's speedways. Management is actively pursuing the scheduling of additional motorsports racing and other events. AMS. In 1997, AMS is scheduled to hold two Winston Cup races and one Busch Grand National race, as well as several other races and events. Its NASCAR-sanctioned racing schedule is as follows:

Date	Event	Circuit
March 8	"Stihl Outdoor Power Tools 300"	Busch Grand National
March 9	"PrimeStar 500"	Winston Cup
November 16	"NAPA 500"	Winston Cup

In 1997, AMS is also scheduled to sponsor two ARCA races.

BMS. In 1997, BMS is scheduled to hold two Winston Cup races and two Busch Grand National races, as well as several other races and events. Its NASCAR-sanctioned racing schedule is as follows:

Date	Event	Circuit
April 12	"Moore's Snack Food 250"	Busch Grand National
April 13	"Food City 500"	Winston Cup
August 22	"Food City 250"	Busch Grand National
August 23	"Goody's Headache Powder 500"	Winston Cup

In 1997, BMS is also scheduled to sponsor a NASCAR Craftsman Truck Series event.

CMS. In 1997, CMS is scheduled to hold three Winston Cup races and two Busch Grand National races, as well as several other races and events. Its NASCAR-sanctioned racing schedule is as follows:

Date	Event	Circuit
May 17	"The Winston"	Winston Cup (all-star race)
May 24	"CARQUEST Auto Parts 300"	Busch Grand National
May 25	"Coca-Cola 600"	Winston Cup
October 4	"All Pro Auto Parts Bumper to Bumper 300"	Busch Grand National
October 5	"UAW-GM Quality 500"	Winston Cup

In 1997, CMS is also scheduled to sponsor an IROC event, an IRL event and two ARCA races.

SPR. In 1997, SPR is scheduled to hold one Winston Cup race, as well as several other races and events. Its NASCAR-sanctioned racing schedule is as follows:

Date	Event	Circuit
May 4	"Save Mart Supermarkets 300"	Winston Cup

In 1997, SPR is also scheduled to sponsor a NASCAR Craftsman Truck Series event, a NHRA event, an AMA event and a PSR event.

TMS. In 1997, TMS is scheduled to hold one Winston Cup race and one Busch Grand National race, as well as several other races and events. Its NASCAR-sanctioned racing schedule is as follows:

Date	Event	Circuit
April 5	"Coca-Cola 300"	Busch Grand National
April 6	"Interstate Batteries 500"	Winston Cup

In 1997, the Company is also scheduled to sponsor a NASCAR Craftsman Truck Series event and an IRL event at TMS.

The following table shows selected revenues of the Company for the years ended December 31, 1994, 1995 and 1996 and the six months ended June 30, 1997. All numbers for 1994 and 1995 exclude information for BMS and SPR.

	1994	Year Ended December 31,		Six Months Ended June 30,
		1995	1996	1997
	(in thousands)			
Admissions.....	\$31,523	\$36,569	\$ 52,451	\$ 56,455
Sponsorship revenue.....	4,916	5,758	6,989	9,782
Broadcast revenue.....	2,791	3,228	5,299	12,666
Other.....	25,307	30,018	37,374	40,691
Total.....	\$64,537	\$75,573	\$102,113	\$119,594

Admissions. Grandstand ticket prices at the Company's NASCAR-sanctioned events in 1997 range from \$15.00 to \$108.00. In general, as NASCAR increases sanctioning fees and purses, the Company raises ticket prices.

Sponsorship Revenue. The Company's revenue from corporate sponsorships is paid in accordance with negotiated contracts. The identities of sponsors and the terms of sponsorship change from time to time. The Company currently has sponsorship contracts with such major manufacturing and consumer products companies

as Coca-Cola, Miller Brewing Company, Anheuser-Busch, NAPA, PrimeStar, Interstate Batteries, Chevrolet and Ford. Some contracts allow the sponsor to name a particular racing event, as in the "Coca-Cola 600" and the "UAW-GM Quality 500." Other consideration ranges from "Official Car" designation (as with Ford at AMS, BMS and SPR, and Chevrolet at CMS and TMS) to exclusive advertising and promotional rights in the sponsor's product category (as with Anheuser-Busch at AMS, BMS and TMS and Miller at CMS). None of the Company's event sponsors accounted for as much as 5% of total revenues in 1996.

**Broadcast Revenue.** The Company has negotiated contracts with television networks and stations for the broadcast coverage of all of its NASCAR-sanctioned events. The Company has contracts with ABC, CBS, ESPN, TBS and TNN covering events at AMS, BMS, CMS, SPR and TMS. CMS events are carried over Company-owned PRN to over 300 radio stations. In 1997, the Company plans to carry events at all its other speedways over PRN. The Company derives revenue from the sale of commercial time on PRN. None of the Company's broadcast contracts accounted for as much as 5% of total revenues in 1996.

**Other Revenue.** The Company derives other revenue from the sale of souvenirs and concessions, from fees paid for catering "hospitality" receptions and private parties and from parking. In addition, once completed, its facilities at AMS, BMS, CMS, SPR and TMS will include a total of approximately 510 luxury suites available for leasing to corporate sponsors or others at current 1997 annual rates ranging from \$18,000 to \$100,000. CMS has also constructed 40 open-air boxes, each containing 32 seats, which are currently available for renting by corporate sponsors or others at annual rates of up to \$27,600. The Company's tracks and related facilities often are leased to others for use in stock car driving lessons; for testing, research and development of race cars and racing products; for use as a setting for commercials and motion pictures; and for other outdoor events.

**Quad-Cities International Raceway Park.** 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 includes a speedway in northwest Illinois. The agreement also grants the Company the option to purchase up to 40% equity ownership in the facility. The option has not been exercised.

#### **Legends Cars and The Legends Circuit**

Introduced by the Company in 1992, Legends Cars are 5/8-scale versions of the modified cars driven by legendary early NASCAR racers. Designed primarily to race on "short" tracks of 3/8-mile or less, they are currently available in seven body styles modelled after classic sedans and coupes. Legends Circuit races, at CMS and elsewhere, are sanctioned by a Company subsidiary, 600 Racing. More than 1,000 sanctioned races were held nationwide in 1996. Since 1995, Legends Cars have been manufactured by 600 Racing at a leased 92,000 square foot facility located approximately two miles from CMS. Prior to 1995, Legends Cars were manufactured by an unaffiliated company.

Management believes that the Legends Car is one of only a few complete race cars manufactured in the United States for a retail price of less than \$12,900. At these retail prices, management believes that Legends Cars are economically affordable to a new group of racing enthusiasts who otherwise could not race on an organized circuit. A small percentage of these cars are purchased for "show" rather than racing. Legends Cars are not designed for general road use. Cars and parts are currently marketed and sold through approximately 41 distributors doing business in approximately 33 states, Canada, England, Australia and the United Arab Emirates. The Company's Legends Car business has experienced substantial growth since its inception in 1992. It generated \$8.4 million in revenue in 1995 and \$9.8 million in 1996, and \$1.1 million in operating income in 1995 and \$2.1 million in 1996.

The Company, through its 600 Racing subsidiary, also recently released a new "Bandolero" line of smaller, lower-priced, entry level stock cars, which is expected to appeal to younger racing enthusiasts.

#### **Other Activities**

The Company also owns Smith Tower, a seven-story, 135,000 square foot building adjoining the main grandstand and overlooking the principal track at CMS. Smith Tower houses the Speedway Club, the corporate offices of CMS and office space leased to others. The Speedway Club is an exclusive dining and entertainment facility located on the fifth and sixth floors of Smith Tower. Open year-round, it is a focal point of the Company's

efforts to improve the amenities and enhance the comfort of its facilities for the benefit of spectators. The Company is planning to construct a similar office tower adjoining the main grandstand and overlooking the track at TMS. This TMS tower is to house the Texas Motor Speedway Club and corporate offices. The Company is currently conducting a membership drive for the Texas Motor Speedway Club, which is to be a dining-entertainment and health-fitness club. Construction of the TMS tower is expected to be completed by 1999.

The Company has built 46 trackside condominiums at AMS of which 36 were sold at June 30, 1997. Also, the Company is building 76 condominiums at TMS above turn two of the speedway, 70 of which were contracted for sale as of June 30, 1997. It built and sold 40 trackside condominiums at CMS in the 1980's and another 12 units at CMS from 1991 to 1994. Some are used by team owners and drivers, which is believed to enhance their commercial appeal. Competition

The Company is the leading motorsports promoter in the local markets served by AMS, BMS, CMS, SPR and TMS and competes regionally and nationally with other track owners to sponsor events, especially NASCAR-sanctioned events. The Company also must compete for spectator interest with all forms of professional and amateur spring, summer and fall sports conducted in and near Atlanta, Bristol, Charlotte, Fort Worth, and Sonoma. The Company also competes for attendance with a wide range of other entertainment and recreational activities available in the Southeast, Southwest and Northern California regions. See "Risk Factors -- Competition."

#### Motorsports Facilities

Atlanta Motor Speedway. AMS is located on 870 acres of Company-owned land in Hampton, Georgia, approximately 30 miles south of downtown Atlanta. Built in 1960, today it is a modern, attractive facility. The Company is currently engaged in construction projects at AMS to add approximately 22,000 permanent seats, including 58 new suites, and convert AMS to a 1.5 mile, banked asphalt, quad-oval configuration including changing the start-finish line location. The Company expects to complete this construction in time for AMS to sponsor the "NAPA 500" on November 16, 1997. In 1996, the Company completed 17 new suites at AMS, reconfigured AMS's main entrances and expanded on-site roads to ease congestion caused by the increases in attendance.

Bristol Motor Speedway. In January 1996, the Company acquired 100% of the capital stock of BMS. BMS is located on approximately 530 acres in Bristol, Tennessee and is a one-half mile, lighted, 36-degree banked concrete oval with 77,000 permanent seats, including 24 suites, as of December 31, 1996. BMS also owns and operates a one-quarter mile lighted dragstrip. BMS currently sponsors four major NASCAR-sanctioned racing events annually comprised of two Winston Cup and two Busch Grand National events. BMS is one of the most popular facilities in the Winston Cup circuit among race fans due to its 36 degree banked turns and lighted nighttime races. Management believes that spectator demand for its Winston Cup events at BMS exceeds existing permanent seating capacity. In 1996, at BMS, the Company added approximately 6,000 permanent grandstand seats and relocated various souvenir, concessions and restroom facilities to the mezzanine level at BMS to increase spectator convenience and accessibility. In 1997, at BMS, the Company has constructed 55 new suites for a net increase of 31, has added approximately 39,000 permanent grandstand seats, and has contracted to make other site improvements, bringing the total number of its permanent seats to approximately 116,000.

Charlotte Motor Speedway. CMS is located in Concord, North Carolina, approximately 12 miles northeast of uptown Charlotte. On Winston Cup race days it uses more than 1,000 acres of land, some of which is leased from others. CMS was among the first few superspeedways built and today is a modern, attractive facility. The principal track is a 1.5-mile banked asphalt quad-oval facility in excellent condition, having been repaved in 1994, and was the first superspeedway in North America lighted for nighttime racing. CMS also has three lighted "short" tracks (a 1/5-mile asphalt oval, a 1/4-mile asphalt oval and a 1/5-mile dirt oval), as well as a 2.25-mile asphalt road course. The Company has consistently improved and increased spectator seating arrangements at CMS. In 1997, at CMS, the Company has added approximately 25,000 permanent seats, including 26 new suites, and has contracted to make other site improvements.

Sears Point Raceway. SPR, located on approximately 800 acres in Sonoma, California with temporary seating capacity of approximately 18,000, consists of a 2.52-mile, twelve-turn road course, a one-quarter mile dragstrip, and a 157,000 square foot industrial park. The real property associated with the SPR facilities is currently leased by the Company under a long-term lease which includes a purchase option. See Note 7 to the Audited Consolidated Financial Statements for information on the terms and conditions of the SPR acquisition and lease. SPR currently sponsors a major NASCAR-sanctioned Winston Cup racing event annually. Additional annual events include a NASCAR-sanctioned Craftsman Truck Series, a National Hot Rod Association ("NHRA") Winston Drag Racing Series, as well as American Motorcycle Association and SCCA, racing events. The racetrack is also rented throughout the year by various organizations, including the SCCA, major automobile manufacturers, and other car clubs. In 1997, at SPR, the Company expects to complete parking, road improvements and grading to improve spectator site lines, and to increase and improve seating and facilities for spectator and media amenities.

Texas Motor Speedway. TMS is a 1.5-mile, lighted, banked, asphalt quad-oval superspeedway with a permanent seating capacity of approximately 150,000, including 194 suites, and 76 planned condominiums. TMS, the second-largest sports facility in the United States in terms of permanent seating capacity, hosted its first major NASCAR Winston Cup race on April 6, 1997 preceded by a Busch Grand National race. In June 1997, TMS also sponsored a NASCAR Craftsman Truck Series event, an IRL event and two music concerts. Management is actively pursuing the scheduling of additional motorsports racing and other events at TMS. The Company expects TMS to attract spectators from throughout the South Central United States. The TMS facilities are subject to a lease transaction with the Fort Worth Sports Authority as of December 31, 1996. See Note 5 to the Audited Consolidated Financial Statements for information on the terms and conditions of the lease transaction.

## MANAGEMENT

The directors, executive officers and certain other senior officers of the Company are as follows:

Name	Age	Principal Position(s) with the Company
O. Bruton Smith.....	70	Chief Executive Officer and Chairman*
H.A. "Humpy" Wheeler....	57	President, Chief Operating Officer and Director of SMI; President and General Manager of CMS*
William R. Brooks.....	47	Vice President, Treasurer, Chief Financial Officer and Director*
Edwin R. Clark.....	42	Executive Vice President and Director of SMI; President and General Manager of AMS*
William P. Benton.....	73	Director
Mark M. Gambill.....	46	Director
William E. Gossage.....	36	Vice President and General Manager of TMS
M. Jeffrey Byrd.....	46	Vice President and General Manager of BMS
Steven Page.....	42	President and General Manager of SPR

\* Executive officer. O. Bruton Smith has been Chief Executive Officer and a director of CMS since 1975. He was a founder of CMS in 1959 and was an executive officer and director of CMS until 1961, when it entered reorganization proceedings under the bankruptcy laws. Mr. Smith became Chief Executive Officer, President and a director of AMS upon acquiring it in 1990. He became Chief Executive Officer and Chairman of SMI upon its organization in December 1994, became the Chairman and President of BMS upon its acquisition in January 1996, of SPR upon its acquisition in November 1996, and of TMS upon its founding in 1995. Mr. Smith also owns and operates Sonic and Sonic Automotive, Inc. ("Sonic Automotive"), among other private businesses. H.A. "Humpy" Wheeler was hired in 1975 and has been a director and General Manager of CMS since 1976. Mr. Wheeler was named President of CMS in 1980, and became a director of AMS upon its acquisition in 1990. He became President, Chief Operating Officer and a director of SMI upon its organization in December 1994. Mr. Wheeler has been a Vice President and a director of BMS and SPR since their acquisition in 1996 and a Vice President and director of TMS since its founding in 1995. William R. Brooks joined Sonic from Price Waterhouse in 1983. Promoted from Tax Manager to Controller in 1985, he was promoted again, to Chief Financial Officer, in 1989. Mr. Brooks has been Vice President of CMS for more than five years and has been Vice President and a director of AMS, BMS and SPR since their acquisition, and of TMS since its founding. He became Vice President, Treasurer, Chief Financial Officer and a director of SMI upon its organization in December 1994 and has been the President and a director of Speedway Funding Corp., the Company's financing subsidiary ("SFC"), since 1995. Mr. Brooks also has served as a director of Sonic Automotive since its organization in early 1997. Edwin R. Clark became Vice President and General Manager of AMS in 1992 and was promoted to President and General Manager of AMS in 1995. Prior to that appointment, he was CMS' Vice President of Events from 1981 to 1992. Mr. Clark became Executive Vice President of SMI upon its organization in December 1994 and became a director of SMI in 1995. William P. Benton became a director of SMI in 1995. Since January 6, 1997, Mr. Benton has been the Executive Director of Ogilvy & Mather, a world-wide advertising agency. He is also a consultant to the chairmen and the chief executive officers of TI Group plc and Allied Holdings Inc. Prior to his appointment at Ogilvy & Mather, Mr. Benton served as Vice Chairman of Wells, Rich, Greene/BDDP Inc. Mr. Benton retired from Ford Motor Company as its Vice President of Marketing Worldwide in 1984 after a 37-year career with that company. Mark M. Gambill became a director of SMI in 1995. Mr. Gambill has been employed continuously since 1972 by Wheat, First Securities, Inc., an investment banking firm headquartered in Richmond, Virginia. In 1996, he was named President of Wheat, First Securities, Inc. Previously, Mr. Gambill acted as head of the Wheat, First

Securities, Inc. Capital Markets division, including Corporate and Public Finance, Taxable Fixed Income, Municipal Sales and Trading, Equity Sales, Trading and Research. Mr. Gambill also has served on the Board of Directors of Wheat, First Securities, Inc. since 1983.

William E. Gossage became Vice President and General Manager of TMS in August 1995. Before that appointment, he was Vice President of Public Relations at CMS from 1989 to 1995. Mr. Gossage previously worked with Miller Brewing Company in its motorsports public relations program and served in various public relations and managerial capacities at two other NASCAR-sanctioned tracks.

M. Jeffrey Byrd was hired effective March 1, 1996 as Vice President and General Manager of BMS. Prior to working at BMS, Mr. Byrd had been continuously employed by RJR Nabisco for 23 years in various sports marketing positions, most recently as Vice President of business development for its Sports Marketing Enterprises affiliate.

Steven Page was hired effective November 18, 1996 as President and General Manager of SPR. Prior to being hired by SMI, Mr. Page had been continuously employed by Brenda Raceway Corporation, who owned and operated SPR before its acquisition by the Company, for several years as President.

Directors are generally elected to serve in staggered terms of three years and until their successors shall have been elected and qualified. The terms of Messrs. Wheeler and Clark expire in 2000; the terms of Messrs. Smith and Benton expire in 1998; and the terms of Messrs. Brooks and Gambill expire in 1999. Officers are elected by the Board of Directors to hold office until the first meeting of the Board of Directors following the next annual meeting of stockholders and until their successors are elected and qualified.

Messrs. Benton and Gambill serve as members of the Audit Committee of the Board of Directors. Messrs. Benton, Gambill and Smith serve as members of the Compensation Committee.

Information regarding executive compensation is incorporated by this reference from the Company's Annual Report on Form 10-K (Commission File Number 1-13582) for the year ended December 31, 1996 appearing under the caption "Executive Compensation."

Information regarding security ownership of certain beneficial owners and management is incorporated by this reference from the Company's Annual Report on Form 10-K (Commission File Number 1-13582) for the year ended December 31, 1996 appearing under the caption "Security Ownership of Certain Beneficial Owners and Management."

## CERTAIN TRANSACTIONS

CMS holds a note from a partnership in which the Company's Chairman is a partner. The outstanding balance due thereunder was \$722,000 at June 30, 1997. The note due from such partnership is collateralized by certain land owned by the partnership and is payable on demand. Sonic, a majority shareholder of the Company controlled by the Company's Chairman, has made several loans and cash advances to AMS in the last three years. Such loans and advances stood at approximately \$2.6 million at June 30, 1997. Of such amount, approximately \$1.8 million bears interest at 3.83% per annum. The remainder of the amount bears interest at a rate of prime plus 1%.

Prior to the completion of SMI's IPO, CMS joined with Sonic in filing consolidated federal income tax returns for several years. It did so for the period of 1995 ending with the restructuring consummated prior to the completion of the IPO. Under applicable federal tax law, each corporation included in Sonic's consolidated return is jointly and severally liable for any resultant tax. Under a tax allocation agreement dated January 27, 1995, however, CMS agreed to pay Sonic, in the event that additional federal income tax is determined to be due, an amount equal to CMS's separate federal income tax liability computed for all periods in which CMS and Sonic have been members of Sonic's consolidated group. Also pursuant to such agreement, Sonic agreed to indemnify CMS for any additional amount determined to be due from Sonic's consolidated group in excess of the federal income tax liability of CMS for such periods. The tax allocation agreement establishes procedures with respect to tax adjustments, tax claims, tax refunds, tax credits and other tax attributes relating to periods ending prior to the time that CMS left Sonic's consolidated group. Pursuant to such agreement, amounts payable by CMS for tax adjustments, if any, shall in no event exceed the sum of \$1.8 million plus the amount of any tax adjustments for which CMS may receive future tax benefits.

At June 30, 1997, the Company had a note receivable from the Company's Chairman for approximately \$1.7 million. 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. The Company pays the annual (or shorter period) premiums on split-dollar life insurance policies for the benefit of Mr. Smith.

For information relating to the Company's Chairman and NCMS, see "Prospectus Summary -- Recent Developments -- NCMS." Messrs. Benton, Gambill and Smith served on the Company's Compensation Committee during 1996. Mr. Smith serves as the Chief Executive Officer of the Company. Mark M. Gambill is the President of Wheat, First Securities, Inc., the investment banking firm which acted as a lead underwriter in the Company's IPO in February 1995, was a lead underwriter in the Company's additional equity offering completed in March 1996, and the Company's offering of the Debentures in October 1996 and was one of the Initial Purchasers.

No executive officer of SMI serves or served on the compensation committee of another entity during 1996 and no executive officer of SMI serves or served as a director of another entity who has or had an executive officer serving on the Board of Directors of SMI.

## DESCRIPTION OF NOTES

EXCEPT AS OTHERWISE INDICATED BELOW, THE FOLLOWING SUMMARY APPLIES TO BOTH THE OLD NOTES AND THE NEW NOTES. AS USED HEREIN, THE TERM "NOTES" SHALL MEAN THE OLD NOTES AND THE NEW NOTES, UNLESS OTHERWISE INDICATED.

The form and terms of the New Notes are substantially identical to the form and terms of the Old Notes, except that (i) the New Notes will have been registered under the Securities Act and, therefore, will not bear legends restricting the transfer thereof (ii) holders of the New Notes will not be entitled to Liquidated Damages, which terminate upon consummation of the Exchange Offer, and (iii) holders of the New Notes will not be, and upon consummation of the Exchange Offer, holders of the Old Notes will no longer be, entitled to certain rights under the Registration Rights Agreement intended for the holders of unregistered securities, except in certain limited circumstances. The New Notes will be issued solely in exchange for an equal principal amount of Old Notes. As of the date hereof, \$125.0 million aggregate principal amount of Old Notes is outstanding. See "The Exchange Offer." General

The Old Notes were, and the New Notes will be, issued pursuant to the Indenture among the Company, the Guarantors and First Trust National Association, as Trustee, in a private transaction that is not subject to the registration requirements of the Securities Act. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "Trust Indenture Act"). The Notes are subject to all such terms, and holders of Notes are referred to the Indenture and the Trust Indenture Act for a statement thereof. The following summary of certain provisions of the Indenture does not purport to be complete and is qualified in its entirety by reference to the Indenture, including the definitions therein of certain terms used below. A copy of the Indenture is available as set forth under " -- Additional Information." The definitions of certain terms used in the following summary are set forth below under " -- Certain Definitions."

Principal, Maturity and Interest

The Notes are limited in aggregate principal amount to \$125.07 million and will mature on August 15, 2007. Interest on the Notes will accrue at the rate of 8 1/2% per annum and will be payable semi-annually in arrears on February 15 and August 15, commencing on February 15, 1998, to holders of record on the immediately preceding January 31 and July 31. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal, premium, if any, interest and Liquidated Damages, if any, on the Notes will be payable at the office or agency of the Company maintained for such purpose within the City and State of New York or, at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the holders of Notes at their respective addresses set forth in the register of holders of Notes; provided, that all payments with respect to Notes the holders of which have given wire transfer instructions to the Company will be required to be made by wire transfer of immediately available funds to the accounts specified by the holders thereof. Until otherwise designated by the Company, the Company's office or agency in New York will be the office of the Trustee maintained for such purpose. The Old Notes were, and the New Notes will be, issued only in fully registered form, without coupons, and in denominations of \$1,000 and integral multiples thereof.

The Indenture provides for the issuance, subject to the restrictions contained in the 1997 Credit Facility and described below under " -- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock," of up to \$75.0 million aggregate principal amount of additional Notes having identical terms and conditions to the Notes (the "Additional Notes"). Any Additional Notes will be part of the same issue as the Notes and will vote on all matters with the Notes. For purposes of this "Description of Notes," references to the Notes do not include Additional Notes. No offering of any such Additional Notes is being or shall in any manner be deemed to be made by this Prospectus. In addition, there can be no assurance as to when or whether the Company will issue any such Additional Notes or as to the aggregate principal amount of such Additional Notes.

### Subsidiary Guarantees

The Company's payment obligations under the Notes are jointly and severally guaranteed by each of the existing and future domestic Subsidiaries of the Company (other than the Company's Unrestricted Subsidiary)

and each other subsidiary of the Company that guarantees the Company's obligations under the 1997 Credit Facility. The Guarantee of each such Guarantor is subordinated to the prior payment in full of all Guarantor Senior Indebtedness of such Guarantor, which includes the guarantees of the Company's obligations under the 1997 Credit Facility issued by the Guarantors. The obligations of each Guarantor under its Guarantee is limited so as not to constitute a fraudulent conveyance under applicable law. See "Risk Factors -- Fraudulent Conveyance Statutes." The Indenture provides that no Guarantor may consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person whether or not affiliated with such Guarantor unless (i) subject to the provisions of the following paragraph, the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) assumes all the obligations of such Guarantor under the Notes and the Indenture pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee, and (ii) immediately after giving effect to such transaction, no Default or Event of Default would exist.

The Indenture provides that (i) upon the release by all holders of Senior Indebtedness and Guarantor Senior Indebtedness of all guarantees issued by a Guarantor relating to such Senior Indebtedness and Guarantor Senior Indebtedness and all Liens on the property and assets of such Guarantor relating to Senior Indebtedness and Guarantor Senior Indebtedness or (ii) in the event of a sale or other disposition of all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all of the Capital Stock of any Guarantor, then such Guarantor (in the event of clause (i) above or a sale or other disposition, by way of such a merger, consolidation or otherwise, of all of the Capital Stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all of the assets of such Guarantor) will be released and relieved of any obligations under its Guarantee; provided, that the Net Proceeds of any such sale or other disposition described in clause (ii) above are applied in accordance with the applicable provisions of the Indenture. See " -- Repurchase at Option of Holders -- Asset Sales."

On a pro forma basis, after giving effect to the Prior Offering and the application of the proceeds therefrom, the principal amount of Guarantor Senior Indebtedness outstanding at June 7, 1997 would have been approximately \$20.1 million, which amount is the same Indebtedness that constitutes Senior Indebtedness of the Company. The Indenture limits, subject to certain financial tests, the amount of additional indebtedness, including Guarantor Senior Indebtedness, that the Guarantors can incur. See " -- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock." The Board of Directors of the Company may at any time designate the Unrestricted Subsidiary to be a Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Subsidiary of the Company of any outstanding Indebtedness of the Unrestricted Subsidiary and such designation shall only be permitted if (i) such Indebtedness is permitted under the covenant described under the caption " -- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period, and (ii) no Default or Event of Default would be in existence following such designation. In addition, the Unrestricted Subsidiary shall continue to be an unrestricted subsidiary for purposes of the Indenture only if it (a) has no Indebtedness other than Non-Recourse Debt; (b) is a Person with respect to which neither the Company nor any of its Subsidiaries has any direct or indirect obligation (x) to subscribe for additional Equity Interests or (y) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and (c) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Subsidiaries. If, at any time, the Unrestricted Subsidiary fails to meet the requirements described in the preceding sentence, the Unrestricted Subsidiary shall thereafter cease to be an unrestricted subsidiary for purposes of the Indenture and any Indebtedness of the Unrestricted Subsidiary shall be deemed to be incurred by a Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption " -- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock," the Company shall be in default of such covenant). In the event the Unrestricted Subsidiary is designated as a Subsidiary or ceases to be an unrestricted subsidiary for purposes of the Indenture, the Indenture will require the Company to cause the Unrestricted Subsidiary to execute and deliver to the Trustee a supplemental indenture pursuant to which the Unrestricted Subsidiary will become a Guarantor.

Subordination

The payment of principal of, and premium, if any, interest and Liquidated Damages, if any, on the Notes is subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding on the date of the Indenture or thereafter incurred.

Upon any distribution to creditors of the Company in a liquidation or dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, an assignment for the benefit of creditors or any marshalling of the Company's assets and liabilities, the holders of Senior Indebtedness will be entitled to receive payment in full in cash of all obligations due in respect of such Senior Indebtedness (including, in the case of Senior Indebtedness under the 1997 Credit Facility, interest after the commencement of any such proceeding at the rate specified in the applicable Senior Indebtedness) before the holders of Notes will be entitled to receive any payment with respect to the Notes, and until all Obligations with respect to Senior Indebtedness are paid in full, any distribution to which the holders of Notes would be entitled shall be made to the holders of Senior Indebtedness (except that holders of Notes may receive common equity securities or debt securities that are subordinated at least to the same extent as the Notes to Senior Indebtedness and any securities issued in exchange for Senior Indebtedness (collectively, "Permitted Junior Securities") and payments made from the trust described under " -- Legal Defeasance and Covenant Defeasance").

The Company also may not make any payment upon or in respect of the Notes (except in Permitted Junior Securities or from the trust described under " -- Legal Defeasance and Covenant Defeasance") if (i) a default in the payment of the principal of, premium, if any, or interest on Designated Senior Indebtedness occurs and is continuing beyond any applicable period of grace or

(ii) any other default occurs and is continuing with respect to Designated Senior Indebtedness that permits holders of the Designated Senior Indebtedness as to which such default relates to accelerate its maturity and the Trustee receives a written notice of such default (a "Payment Blockage Notice") from the Company or the holders of any Designated Senior Indebtedness. Payments on the Notes may and shall be resumed

(a) in the case of a payment default, upon the date on which such default is cured or waived and (b) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Indebtedness has been accelerated. No new period of payment blockage may be commenced unless and until (i) 360 days have elapsed since the Trustee's receipt of the immediately prior Payment Blockage Notice and (ii) all scheduled payments of principal, premium, if any, and interest on the Notes that have come due have been paid in full in cash. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been waived for a period of not less than 90 days. The Indenture further requires that the Company promptly notify holders of Senior Indebtedness if payment of the Notes is accelerated because of an Event of Default. As a result of the subordination provisions described above, in the event of a liquidation or insolvency, Holders of Notes may recover less ratably than creditors of the Company who are holders of Senior Indebtedness. On a pro forma basis, after giving effect to the Offering and the application of the proceeds therefrom, the principal amount of Senior Indebtedness outstanding at June 30, 1997 would have been approximately \$20.1 million. The Indenture limits, subject to certain financial tests, the amount of additional Indebtedness, including Senior Indebtedness, that the Company and its Subsidiaries can incur. See " -- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock." Optional Redemption The Notes are not redeemable at the Company's option prior to August 15, 2002. Thereafter, the Notes will be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on August 15 of the years indicated below:

Year	Percentage
2002.....	104.250%
2003.....	102.830%

2004.....	101.420%
2005 and thereafter.....	100.000%

**Selection and Notice**

If less than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or, if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate; provided, that no Notes of \$1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption. **Mandatory Redemption**

Except as set forth below under " -- Repurchase at the Option of Holders," the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

**Repurchase at the Option of Holders**

**Change of Control**

Upon the occurrence of a Change of Control, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of such holder's Notes pursuant to the offer described below (the "Change of Control Offer") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Liquidated Damages, if any, thereon (the "Change of Control Payment") to the date of purchase (the "Change of Control Payment Date"). Within 15 days following any Change of Control, the Company will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes pursuant to the procedures required by the Indenture and described in such notice. The Change of Control Payment Date shall be a business day not less than 30 days nor more than 60 days after such notice is mailed.

On the Change of Control Payment Date, the Company will, to the extent lawful, (i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent will promptly mail to each holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided, that each such new Note will be in a principal amount of \$1,000 or an integral multiple thereof. The Indenture provides that, prior to complying with the provisions described under this caption, but in any event within 90 days following a Change of Control, the Company will either repay all outstanding Senior Indebtedness or obtain the requisite consents, if any, under all agreements governing outstanding Senior Indebtedness to permit the repurchase of Notes as described under this caption. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable to the transaction constituting a Change of Control. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit holders of Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. Although the existence of a holder's right to require the Company to repurchase the Notes in respect of a Change of Control may deter a third party from acquiring the Company in a transaction that constitutes a Change of Control, the provisions of the Indenture relating to a Change of Control in and of themselves may not afford holders of Notes protection in the event of a highly leveraged transaction, reorganization, recapitalization,

restructuring, merger or similar transaction involving the Company that may adversely affect holders, if such transaction is not the type of transaction included within the definition of a Change of Control.

The 1997 Credit Facility provides that certain change of control events with respect to the Company will constitute a default thereunder. Any future credit agreements or other agreements relating to Senior Indebtedness to which the Company becomes a party may contain similar restrictions and provisions. In the event a Change of Control occurs at a time when the Company is prohibited from purchasing Notes, the Company could seek the consent of its lenders to the purchase of Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited from purchasing Notes. In such case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, constitute a default under the 1997 Credit Facility. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to holders of Notes.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of the Company and its Subsidiaries taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase such Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Restrictions in the Indenture described herein on the ability of the Company and its Subsidiaries to incur additional Indebtedness, to grant Liens on its or their property, to make Restricted Payments and to make Asset Sales also may make more difficult or discourage a takeover of the Company, whether favored or opposed by the management of the Company. Consummation of any such transaction in certain circumstances may require redemption or repurchase of the Notes, and there can be no assurance that the Company or the acquiring party will have sufficient financial resources to effect such redemption or repurchase. In certain circumstances, such restrictions and the restrictions on transactions with Affiliates may make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While such restrictions cover a variety of arrangements which traditionally have been used to effect highly leveraged transactions, the Indenture may not afford the holders of Notes protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction.

The Company will comply with the requirements of Section 14(e) of, and Rule 14e-1 under, the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control.

#### Asset Sales

The Indenture provides that the Company will not, and will not permit any of its Subsidiaries to, consummate an Asset Sale unless (i) the Company (or the Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a resolution of the Board of Directors, set forth in an officers' certificate delivered to the Trustee, or by independent appraisal by an accounting, appraisal or investment banking firm of national standing) of the assets or Equity Interests issued or sold or otherwise disposed of and (ii) at least 75% of the consideration therefor received by the Company or such Subsidiary is in the form of cash or Cash Equivalents; provided, however, that (x) clause (ii) of this paragraph shall not apply to any Asset Sale involving the Company's Unrestricted Subsidiary and (y) this paragraph shall not apply to any Like Kind Exchange.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds, at its option, (a) to permanently reduce Senior Indebtedness (and correspondingly reduce commitments

with respect thereto in the case of any reduction of borrowings under the 1997 Credit Facility), (b) to the acquisition of a controlling interest in another business, the making of a capital expenditure or the acquisition of other long-term assets, in each case, in the same or a similar line of business as the Company was engaged in on the date of the Indenture or (c) to reimburse the Company or its Subsidiaries for expenditures made, and costs incurred, to repair, rebuild, replace or restore property subject to loss, damage or taking to the extent that the Net Proceeds consist of insurance proceeds received on account of such loss, damage or taking. Pending the final application of any such Net Proceeds, the Company may temporarily reduce Senior Indebtedness or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the first sentence of this paragraph will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds \$5.0 million, the Company will be required to make an offer to all holders of Notes (an "Asset Sale Offer") to purchase the maximum principal amount of Notes that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the foregoing, the Company and its subsidiaries are permitted to consummate one or more Asset Sales with respect to assets or properties with an aggregate fair market value (evidenced by a resolution of the Board of Directors set forth in an officers' certificate delivered to the Trustee) not in excess of \$7.5 million with respect to all such Asset Sales made subsequent to the date of the Indenture without complying with the provisions of the preceding paragraphs.

In the event of the transfer of substantially all (but not all) of the property and assets of the Company as an entirety to a Person in a transaction permitted under the caption " -- Certain Covenants -- Merger, Consolidation or Sale of Assets" below, the successor corporation shall be deemed to have sold the properties and assets of the Company not so transferred for purposes of this covenant and shall comply with the provisions of this covenant with respect to such deemed sale as if it were an Asset Sale. In addition, the fair market value of such properties and assets of the Company or its Subsidiaries deemed to be sold shall be deemed to be Net Proceeds for purposes of this covenant.

If at any time any non-cash consideration received by the Company in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash, then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Proceeds thereof shall be applied in accordance with this covenant.

The Company will comply with the requirements of Section 14(e) of, and Rule 14e-1 under, the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to an Asset Sale Offer. Certain Covenants

#### Restricted Payments

The Indenture provides that the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly: (i) declare or pay any dividend or make any other payment or distribution on account of the Equity Interests of the Company or any of its Subsidiaries (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Subsidiaries) or to the direct or indirect holders of the Equity Interests of the Company or any of its Subsidiaries in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company, dividends or distributions payable to the Company or any Subsidiary of the Company or dividends or distributions made by a Subsidiary of the Company to all holders of its Common Stock on a pro rata basis); (ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company, any Subsidiary of the Company, the Unrestricted Subsidiary or any direct or indirect parent of the Company (other than any such Equity Interests owned by the Company or any Subsidiary of the Company); (iii) make any principal payment on, or purchase,

redeem, defease or otherwise acquire or retire for value, any Indebtedness that is subordinated to the Notes (other than the Notes), except at Stated Maturity; or (iv) make any Restricted Investment (all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption " -- Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Subsidiaries after the date of the Indenture (excluding Restricted Payments permitted by clauses (v),

(w) and (x) of the next succeeding paragraph), is less than the sum of (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) commencing April 1, 1997 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus (ii) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Board of Directors, of marketable securities received by the Company from the issue or sale since the date of the Indenture of Equity Interests of the Company or of debt securities of the Company that have been converted into such Equity Interests (other than Equity Interests (or convertible debt securities) sold to a Subsidiary of the Company or the Unrestricted Subsidiary and other than Disqualified Stock or debt securities that have been converted into Disqualified Stock), plus (iii) to the extent that any Restricted Investment that was made after the date of the Indenture is sold for cash or otherwise liquidated or repaid for cash, the lesser of (A) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (B) the initial amount of such Restricted Investment plus (iv) the amount resulting from designation of the Unrestricted Subsidiary as a Subsidiary or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of the Indenture

(such amount to be valued as provided in the second succeeding paragraph) not to exceed the amount of Investments previously made by the Company or any Subsidiary in the Unrestricted Subsidiary and which was, while the Unrestricted Subsidiary was treated as an unrestricted subsidiary for purposes of the Indenture, treated as a Restricted Payment under the Indenture. The foregoing provisions do not prohibit: (u) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the Indenture; (v) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company or the Unrestricted Subsidiary) of other Equity Interests of the Company (other than any Disqualified Stock); provided, that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c) (ii) of the preceding paragraph; (w) the defeasance, redemption or repurchase of pari passu or subordinated Indebtedness with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or the substantially concurrent sale (other than to a Subsidiary of the Company or the Unrestricted Subsidiary) of Equity Interests of the Company (other than Disqualified Stock); provided, that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c) (ii) of the preceding paragraph; (x) the making of any Restricted Investments after the date of the Indenture not exceeding in the aggregate \$25.0 million; and (y) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Subsidiary of the Company held by any member of the Company's (or any of its Subsidiaries') management pursuant to any management equity subscription agreement or stock option agreement; provided, that (A) the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed \$1.0 million in any twelve-month period plus the aggregate cash proceeds received by the Company during such twelve-month period from any reissuance of Equity Interests by the Company to members of management of the Company and its Subsidiaries, and (B) no Default or Event of Default shall have occurred and be continuing immediately after such transaction.

In connection with the designation of the Unrestricted Subsidiary as a Subsidiary or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of the Indenture, all outstanding Investments previously made by the Company or any Subsidiary in the Unrestricted Subsidiary will be deemed to constitute Investments in an amount equal to the greater of (x) the net book value of such Investments at the time of such designation or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of the Indenture and (y) the fair market value of such Investments at the time of such designation or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of the Indenture.

The amount of all Restricted Payments (other than cash) shall be the fair market value (evidenced by a resolution of the Board of Directors set forth in an officers' certificate delivered to the Trustee) on the date of the Restricted Payment of the asset(s) proposed to be transferred by the Company or such Subsidiary, as the case may be, pursuant to the Restricted Payment. Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an officers' certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant described above were computed, which calculations may be based upon the Company's latest available financial statements.

**Incurrence of Indebtedness and Issuance of Preferred Stock** The Indenture provides that the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Indebtedness) and that the Company will not issue any Disqualified Stock and will not permit any of its Subsidiaries to issue any shares of preferred stock; provided, however, that (x) the Company may incur Indebtedness

(including Acquired Indebtedness) or issue shares of Disqualified Stock and (y)

a Guarantor may incur Acquired Indebtedness, in each case if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.0 to 1 prior to and including December 31, 1998 and 2.25 to 1 after January 1, 1999, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The foregoing provisions do not apply to:

(i) the incurrence by the Company of Indebtedness under the 1997 Credit Facility (and guarantees thereof by the Guarantors) in an aggregate principal amount at any time outstanding (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Subsidiaries thereunder) not to exceed \$175.0 million less the aggregate amount of all Net Proceeds of Asset Sales applied to permanently reduce the commitments with respect to such Indebtedness pursuant to the covenant described above under the caption " -- Repurchase at the Option of Holders -- Asset Sales";

(ii) the incurrence by the Company of Indebtedness represented by the Notes, excluding any Additional Notes, and the incurrence by the Guarantors of Indebtedness represented by the Guarantees;

(iii) the incurrence by the Company or any of its Subsidiaries of Indebtedness represented by Capital Lease Obligations (whether or not incurred pursuant to sale and leaseback transactions), mortgage financings or purchase money obligations, in each case incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Subsidiary, in an aggregate principal amount not to exceed \$10.0 million at any time outstanding;

(iv) the incurrence by the Company or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, Existing Indebtedness or Indebtedness that was permitted by the Indenture to be incurred (other than any such Indebtedness incurred pursuant to clause (i), (iii), (v), (vi), (vii),

(viii), (ix) or (x) of this paragraph);

(v) the incurrence by the Company or any of its Wholly Owned Subsidiaries of intercompany Indebtedness between or among the Company and any of its Wholly Owned Subsidiaries; provided, however, that (i) if the Company is the obligor on such Indebtedness, such Indebtedness is expressly subordinate to the payment in full of all Obligations with respect to the Notes and (ii) (A) any subsequent issuance or transfer of Equity Interests

that results in any such Indebtedness being held by a Person other than the Company or a Wholly Owned Subsidiary and (B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Wholly Owned Subsidiary shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Subsidiary, as the case may be;

- (vi) the incurrence by the Company of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to Indebtedness that is permitted by the terms of the Indenture to be incurred;
- (vii) the incurrence by the Company of Hedging Obligations under currency exchange agreements; provided, that such agreements were entered into in the ordinary course of business;
- (viii) the incurrence of Indebtedness of a Guarantor represented by guarantees of Indebtedness of the Company that has been incurred in accordance with the terms of the Indenture;
- (ix) Indebtedness for letters of credit relating to workers' compensation claims and self-insurance or similar requirements in the ordinary course of business; and
- (x) the incurrence by the Company of Indebtedness (in addition to Indebtedness permitted by any other clause of this paragraph) in an aggregate principal amount (or accreted value, as applicable) at any time outstanding not to exceed \$15.0 million.

#### Liens

The Indenture provides that the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien securing Indebtedness on any asset now owned or hereafter acquired, or any income or profits therefrom, or assign or convey any right to receive income therefrom, except Permitted Liens, unless all payments due under the Indenture and the Notes are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien; provided, that if such Indebtedness is by its terms expressly subordinated to the Notes or any Guarantee, the Lien securing such Indebtedness shall be subordinate and junior to the Lien securing the Notes and the Guarantees with the same relative priority as such subordinate or junior Indebtedness shall have with respect to the Notes and the Guarantees.

**Dividend and Other Payment Restrictions Affecting Subsidiaries** The Indenture provides that the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (i)(a) pay dividends or make any other distributions to the Company or any of its Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (b) pay any indebtedness owed to the Company or any of its Subsidiaries, (ii) make loans or advances to the Company or any of its Subsidiaries or (iii) transfer any of its properties or assets to the Company or any of its Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (a) applicable law, (b) the Indenture, (c) the 1997 Credit Facility as in effect on the date of the Indenture (and thereafter only to the extent such encumbrances or restrictions are no more restrictive than those in effect under the 1997 Credit Facility as in effect on the date of the Indenture), (d) Existing Indebtedness, (e) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, (f) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (g) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (iii) above on the property so acquired, or (h) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced.

**Merger, Consolidation, or Sale of Assets** The Indenture provides that the Company may not consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or

substantially all of its properties or assets in one or more related transactions, to another corporation, Person or entity unless (i) the Company is the surviving corporation or the entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the entity or Person formed by or surviving any such consolidation or merger (if other than the Company) or the entity or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Notes and the Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; (iii) immediately after such transaction no Default or Event of Default exists; and (iv) except in the case of a merger of the Company with or into a Wholly Owned Subsidiary of the Company, the Company or the entity or Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) will have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction and (B) will, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption " -- Incurrence of Indebtedness and Issuance of Preferred Stock." Transactions with Affiliates The Indenture provides that the Company will not, and will not permit any of its Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (i) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Subsidiary with an unrelated Person, (ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$2.5 million, the Company delivers to the Trustee, a resolution of the Board of Directors set forth in an officers' certificate certifying that such Affiliate Transaction complies with clause (i) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors or, if there are no such disinterested directors, by a majority of the members of the Board of Directors and (iii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, the Company delivers to the Trustee an opinion as to the fairness to the holders of Notes of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing; provided, that (w) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors or the payment of fees and indemnities to directors of the Company and its Subsidiaries in the ordinary course of business and consistent with the past practice of the Company or such Subsidiary, (x) loans or advances to employees in the ordinary course of business, (y) transactions between or among the Company and/or its Wholly Owned Subsidiaries and (z) Restricted Payments (other than Restricted Investments) that are permitted by the provisions of the Indenture described above under the caption " -- Restricted Payments," in each case, shall not be deemed Affiliate Transactions.

#### Sale and Leaseback Transactions

The Indenture provides that the Company will not, and will not permit any of its Subsidiaries to, enter into any sale and leaseback transaction; provided, that the Company or one of its Subsidiaries may enter into a sale and leaseback transaction if (i) the Company or such Subsidiary could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such sale and leaseback transaction pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption " -- Incurrence of Indebtedness and Issuance of Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption " -- Liens," (ii) the gross cash proceeds of such sale and leaseback transaction are at least equal to the fair market value (as determined in good faith by the Board of Directors and set forth in an officers' certificate delivered to the Trustee) of the property that is the

subject of such sale and leaseback transaction and (iii) the transfer of assets in such sale and leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, the covenant described above under the caption " -- Repurchase at the Option of Holders -- Asset Sales."

#### Limitation on Issuances and Sales of Capital Stock of Wholly Owned Subsidiaries

The Indenture provides that the Company (i) will not, and will not permit any Wholly Owned Subsidiary of the Company to, transfer, convey, sell, lease or otherwise dispose of any Capital Stock of any Wholly Owned Subsidiary of the Company to any Person (other than the Company or a Wholly Owned Subsidiary of the Company), unless (a) such transfer, conveyance, sale, lease or other disposition is of all the Capital Stock of such Wholly Owned Subsidiary and (b) the cash Net Proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with the covenant described above under the caption " -- Repurchase at the Option of Holders -- Asset Sales," and (ii) will not permit any Wholly Owned Subsidiary of the Company to issue any of its Equity Interests (other than, if necessary, shares of its Capital Stock constituting directors' qualifying shares) to any Person other than to the Company or a Wholly Owned Subsidiary of the Company.

#### Guarantees of Certain Indebtedness

The Indenture provides that (i) the Company will not permit any of its Subsidiaries that is not a Guarantor to incur, guarantee or secure through the granting of Liens the payment of any Senior Indebtedness and (ii) the Company will not, and will not permit any of its Subsidiaries to, pledge any intercompany notes representing obligations of any of its Subsidiaries, to secure the payment of any Senior Indebtedness, in each case unless such Subsidiary, the Company and the Trustee execute and deliver a supplemental indenture evidencing such Subsidiary's Guarantee (providing for the unconditional guarantee by such Subsidiary, on a senior subordinated basis, of the Notes).

#### Limitation on Layering

The Indenture provides that, notwithstanding the provisions of the Indenture described above under " -- Incurrence of Indebtedness and Issuance of Preferred Stock," (i) the Company will not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company and senior in any respect in right of payment to the Notes, and (ii) no Guarantor will incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness of such Guarantor that is subordinate or junior in right of payment to any Indebtedness of such Guarantor and senior in any respect in right of payment to the Guarantee of such Guarantor.

#### Payments for Consent

The Indenture provides that neither the Company nor any of its Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

#### Reports

The Indenture provides that, whether or not required by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will furnish to holders of Notes (i) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report thereon by the Company's certified independent accountants and (ii) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports. In addition, whether or not required by the rules and regulations of the Commission, the Company will file a copy of all such information and reports with the Commission for public availability (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. In addition, the Company and the Guarantors have agreed that, for so long as any Transfer Restricted Securities as remain

outstanding as Transfer Restricted Securities, they will furnish to the Holders and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Events of Default and Remedies

The Indenture provides that each of the following constitutes an Event of Default: (i) default for 30 days in the payment when due of interest on, or Liquidated Damages, if any, with respect to, the Notes (whether or not prohibited by the subordination provisions of the Indenture); (ii) default in payment when due of the principal of or premium, if any, on the Notes (whether or not prohibited by the subordination provisions of the Indenture); (iii) failure by the Company to comply with the provisions described under the captions " -- Repurchase at the Option of Holders -- Change of Control" or " -- Asset Sales"; (iv) failure by the Company to comply with the provisions described under the captions " -- Certain Covenants -- Restricted Payments" or " -- Incurrence of Indebtedness and Issuance of Preferred Stock" and the continuance of such failure for a period of 30 days after notice is given to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding; (v) failure by the Company for 60 days after notice is given to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of its other agreements in the Indenture or the Notes; (vi) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Subsidiaries (or the payment of which is guaranteed by the Company or any of its Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, which default (a) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity (after the expiration of any applicable grace period) or (b) results in the acceleration of such Indebtedness prior to its maturity and, in each case, the principal amount of which Indebtedness, together with the principal amount of any other such Indebtedness described in clauses (a) and (b) above, aggregates \$5.0 million or more; (vii) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of \$5.0 million (net of amounts covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days; (viii) certain events of bankruptcy or insolvency with respect to the Company or any of its Subsidiaries; or (ix) the Guarantee of any Guarantor is held in judicial proceedings to be unenforceable or invalid or ceases for any reason to be in full force and effect (other than in accordance with the terms of the Indenture) or any Guarantor or any Person acting on behalf of any Guarantor denies or disaffirms such Guarantor's obligations under its Guarantee (other than by reason of a release of such Guarantor from its Guarantee in accordance with the terms of the Indenture).

If any Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately; provided, however, that if any Senior Indebtedness is outstanding under the 1997 Credit Facility, upon a declaration of acceleration, the Notes shall be payable upon the earlier of (x) the day which is five Business Days after the provision to the Company and the agent under the 1997 Credit Facility of written notice of such declaration and (y) the date of acceleration of any Indebtedness under the 1997 Credit Facility. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, any Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders of Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to the optional redemption provisions of the Indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes. If an Event of Default occurs prior to August 15, 2002, by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Notes prior to August 15, 2002, then the premium

specified in the Indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of the Notes. The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default. No Personal Liability of Directors, Officers, Employees and Shareholders No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Guarantees, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

**Legal Defeasance and Covenant Defeasance** The Company may, at its option and at any time, elect to have all of the obligations of the Company and the Guarantors discharged with respect to the outstanding Notes ("Legal Defeasance") except for (i) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest and Liquidated Damages, if any, on such Notes when such payments are due from the trust referred to below, (ii) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust, (iii) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's obligations in connection therewith and (iv) the Legal Defeasance provisions of the Indenture. In addition, the Company may, at its option and at any time, elect to have the obligations of the Company released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance, (i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of Notes, cash in United States dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest and Liquidated Damages, if any, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date; (ii) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; (iii) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; (iv) no Default or Event of Default shall have occurred and be

continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit; (v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound; (vi) the Company must have delivered to the Trustee an opinion of counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (vii) the Company must deliver to the Trustee an officers' certificate stating that the deposit was not made by the Company with the intent of preferring the holders of Notes over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors, any Guarantor of the Company or others; and (viii) the Company must deliver to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

#### Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered holder of a Note will be treated as the owner of it for all purposes.

#### Amendment, Supplement and Waiver

Except as provided in the next succeeding paragraphs, the Indenture, the Guarantees or the Notes may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for Notes), and any existing default or compliance with any provision of the Indenture, the Guarantees or the Notes may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for Notes).

Without the consent of each holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting holder): (i) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver, (ii) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption or repurchase of the Notes (other than provisions relating to the covenants described above under the caption " -- Repurchase at the Option of Holders"), (iii) reduce the rate of or change the time for payment of interest on any Note, (iv) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration), (v) make any Note payable in money other than that stated in the Notes, (vi) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes, (vii) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption " -- Repurchase at the Option of Holders") (viii) release any Guarantor from any of its obligations under its Guarantee or the Indenture, except in accordance with the terms of the Indenture, or (ix) make any change in the foregoing amendment and waiver provisions. In addition, any amendment to the provisions of Article X of the Indenture (which relate to subordination) or the related definitions will require the consent of the holders of at least 75% in aggregate principal amount of the Notes then outstanding if such amendment would adversely affect the rights of holders of Notes.

Notwithstanding the foregoing, without the consent of any holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement the Indenture, the Guarantees or the Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to

provide for the assumption of the Company's or a Guarantor's obligations to holders of Notes in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder, to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act, or to provide for the issuance of Additional Notes pursuant to the Indenture to the extent permitted under the restrictions contained in the 1997 Credit Facility and described under " -- Certain Covenants -- Incurrence of Indebtedness and Issuance of Preferred Stock."

#### Concerning the Trustee

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions; provided, however, if the Trustee acquires any conflicting interest, the Trustee must (i) eliminate such conflict within 90 days, (ii) if a registration statement with respect to the Notes is effective, apply to the Commission for permission to continue or (iii) resign.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

#### Additional Information

Anyone who receives this Offering Memorandum may obtain a copy of the Indenture and Registration Rights Agreement without charge by writing to Speedway Motorsports, Inc., U.S. Highway 29 North, Post Office Box 600, Concord, North Carolina 28206-0600, Attention: Ms. Marylaurel E. Wilks, telephone: (704) 455-3239.

#### Book-Entry, Delivery and Form

The Old Notes initially were issued in the form of one global note (the "Global Old Note"), and the New Notes will initially be issued in the form of one global note (the "Global New Note" and collectively with the Global Old Note, the "Global Notes"). The Global New Note will be deposited on the date of the Exchange Offer (the "Closing Date") with, or on behalf of, the Depository and registered in the name of Cede & Co., as nominee of the Depository (such nominee being referred to herein as the "Global Note Holder").

Notes that are issued as described below under " -- Certificated Securities" will be issued in the form of registered definitive certificates (the "Certificated Securities"). Upon the transfer of Certificated Securities evidencing Old Notes, such Certificated Securities may, unless the Global Old Note has previously been exchanged for Certificated Securities, be exchanged for an interest in the Global Old Note representing the principal amount of Old Notes being transferred. Similarly, upon the transfer of Certificated Securities evidencing New Notes, such Certificated Securities may, unless the Global New Note has previously been exchanged for Certificated Securities, be exchanged for an interest in the Global New Note representing the principal amount of New Notes being transferred.

The Depository is a limited-purpose trust company that was created to hold securities for its participating organizations (collectively, the "Participants" or the "Depository's Participants") and to facilitate the clearance and settlement of transactions in such securities between Participants through electronic book-entry changes in accounts of its Participants. The Depository's Participants include securities brokers and dealers (including the Initial Purchasers), banks and trust companies, clearing corporations and certain other organizations. Access to the Depository's system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the "Indirect Participants" or the "Depository's Indirect Participants") that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. Persons who are not Participants may beneficially own securities held by or on behalf of the Depository only through the Depository's Participants or the Depository's Indirect Participants.

The Company expects that pursuant to procedures established by the Depository (i) upon deposit of the Global New Note, the Depository will credit the accounts of Participants exchanging Old Notes for New Notes with portions of the principal amount of the Global New Note and (ii) ownership of the New Notes evidenced by the Global New Note will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by the Depository (with respect to the interests of the Depository's Participants), the Depository's Participants and the Depository's Indirect Participants. Prospective purchasers are advised that the laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer Notes evidenced by a Global Note will be limited to such extent.

So long as the Global Note Holder is the registered owner of any Notes, the Global Note Holder will be considered the sole holder under the Indenture of any Notes evidenced by the Global Notes. Beneficial owners of Notes evidenced by the Global Notes will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any directions, instructions or approvals to the Trustee thereunder. Neither the Company nor the Trustee will have any responsibility or liability for any aspect of the records of the Depository or for maintaining, supervising or reviewing any records of the Depository relating to the Notes.

Payments in respect of the principal of, premium, if any, and interest and Liquidated Damages, if any, on any Notes registered in the name of the Global Note Holder on the applicable record date will be payable by the Trustee to or at the direction of the Global Note Holder in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Company and the Trustee may treat the persons in whose names Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments.

Consequently, neither the Company nor the Trustee has or will have any responsibility or liability for the payment of such amounts to beneficial owners of Notes. The Company believes, however, that it is currently the policy of the Depository to immediately credit the accounts of the relevant Participants with such payments, in amounts proportionate to their respective holdings of beneficial interests in the relevant security as shown on the records of the Depository. Payments by the Depository's Participants and the Depository's Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practice and will be the responsibility of the Depository's Participants or the Depository's Indirect Participants.

#### Certificated Securities

Subject to certain conditions, any person having a beneficial interest in the Global Notes may, upon request to the Trustee, exchange such beneficial interest for Notes in the form of Certificated Securities. Upon any such issuance, the Trustee is required to register such Certificated Securities in the name of, and cause the same to be delivered to, such person or persons (or the nominee of any thereof). In addition, if (i) the Company notifies the Trustee in writing that the Depository is no longer willing or able to act as a depository and the Company is unable to locate a qualified successor within 90 days or (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Notes in the form of Certificated Securities under the Indenture, then, upon surrender by the Global Note Holder of its Global Notes, Notes in such form will be issued to each person that the Global Note Holder and the Depository identify as being the beneficial owner of the related Notes.

Neither the Company nor the Trustee will be liable for any delay by the Global Note Holder or the Depository in identifying the beneficial owners of Notes and the Company and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the Global Note Holder or the Depository for all purposes.

#### Same-Day Settlement and Payment

The Indenture requires that payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, interest and Liquidated Damages, if any) be made by wire transfer of immediately available funds to the accounts specified by the Global Note Holder. With respect to Certificated Securities, the Company will make all payments of principal, premium, if any, interest and Liquidated Damages, if any, by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address.

## Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"1997 Credit Facility" means that certain credit agreement, dated the date of the Indenture, by and among the Company, as borrower, and the lenders named therein, including NationsBank, N.A., as agent for the lenders and a lender, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, extended, replaced or refinanced from time to time.

"Acquired Indebtedness" means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person that was not incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided, that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

"Asset Sale" means (i) the sale, lease, conveyance or other disposition of any assets (including, without limitation, by way of (x) a sale and leaseback,

(y) the sale or other transfer of Equity Interests in or assets of the Company's Unrestricted Subsidiary or (z) a Like Kind Exchange) other than sales of inventory in the ordinary course of business consistent with past practices; provided, that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company, its Subsidiaries and the Unrestricted Subsidiary taken as a whole will be governed by the provisions of the Indenture described above under the caption " -- Repurchase at the Option of Holders -- Change of Control" and/or the provisions described above under the caption " -- Certain Covenants -- Merger, Consolidation or Sale of Assets" and shall not be deemed to be "Asset Sales", and (ii) the issue or sale by the Company or any of its Subsidiaries of Equity Interests of any of the Company's Subsidiaries, in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions (a) that have a fair market value in excess of \$500,000 or (b) for net proceeds in excess of \$500,000. Notwithstanding the foregoing: (i) a transfer of assets by the Company to a Wholly Owned Subsidiary or by a Wholly Owned Subsidiary to the Company or to another Wholly Owned Subsidiary, (ii) an issuance of Equity Interests by a Wholly Owned Subsidiary to the Company or to another Wholly Owned Subsidiary, and (iii) a Restricted Payment that is permitted by the covenant described above under the caption " -- Certain Covenants -- Restricted Payments" will not be deemed to be Asset Sales. "Attributable Indebtedness" in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended). "Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP. "Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means (i) United States dollars, (ii) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than six months from the date of acquisition, (iii) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any lender party to the 1997 Credit Facility or with any domestic commercial bank having capital and surplus in excess of \$500 million and a Keefe Bank Watch Rating of "B" or better, (iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in clause (iii) above and (v) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Corporation and in each case maturing within six months after the date of acquisition. "Change of Control" means the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of (A) the Company and its Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act) other than O. Bruton Smith or his Related Parties or Sonic Financial Corporation or any of their respective Affiliates or (B) Sonic Financial Corporation to any "person" (as defined above) other than O. Bruton Smith or his Related Parties or any of their respective Affiliates, (ii) the adoption of a plan relating to the liquidation or dissolution of the Company or Sonic Financial Corporation, (iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that (A) any "person" (as defined above), other than O. Bruton Smith or his Related Parties or Sonic Financial Corporation or any of their respective Affiliates, becomes the "beneficial owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of the Company or (B) any "person" (as defined above), other than O. Bruton Smith or his Related Parties or any of their respective Affiliates, becomes the "beneficial owner" (as defined above), directly or indirectly, of more than 50% of the Voting Stock of Sonic Financial Corporation, (iv) the first day on which a majority of the members of the Board of Directors of the Company or Sonic Financial Corporation are not Continuing Directors or (v) a Repurchase Event occurs with respect to the Company's 5 3/4% Convertible Subordinated Debentures Due 2003 under the Indenture dated as of September 1, 1996 (the "Convertible Indenture"), between the Company and First Union National Bank of North Carolina, as trustee. "Code" means the Internal Revenue Code of 1986, as amended. "Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus (i) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale (to the extent such losses were deducted in computing such Consolidated Net Income), plus (ii) provision for taxes based on income or profits of such Person and its Subsidiaries for such period, to the extent that such provision for taxes was included in computing such Consolidated Net Income, plus (iii) consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Indebtedness, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income, plus (iv) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges were deducted in computing such Consolidated Net Income minus (v) non-cash items of such Person and its Subsidiaries increasing Consolidated Net Income for such period, in each case, on a consolidated basis and determined in accordance with GAAP. Notwithstanding the foregoing, the provision for taxes on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Subsidiary of the referent Person shall be added to Consolidated Net Income to compute Consolidated Cash Flow only to the extent (and in the same proportion) that the Net Income of such Subsidiary was included in calculating the Consolidated Net Income of such Person and only if a corresponding amount would be permitted at the

date of determination to be dividended to the Company by such Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that (i) the Net Income (but not loss) of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Wholly Owned Subsidiary thereof, (ii) the Net Income of any Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders, (iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded, (iv) the cumulative effect of a change in accounting principles shall be excluded and (v) the Net Income of, or any dividends or other distributions from, the Unrestricted Subsidiary, to the extent otherwise included, shall be excluded, until distributed in cash to the Company or one of its Subsidiaries.

"Consolidated Net Worth" means, with respect to any Person as of any date, the sum of (i) the consolidated equity of the common stockholders of such Person and its consolidated Subsidiaries as of such date plus (ii) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Stock) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock, less (x) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the date of the Indenture in the book value of any asset owned by such Person or a consolidated Subsidiary of such Person, (y) all investments as of such date in unconsolidated Subsidiaries and in Persons that are not Subsidiaries (except, in each case, Permitted Investments), and (z) all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

"Continuing Directors" means, with respect to any Person as of any date of determination, any member of the Board of Directors of such Person who (i) was a member of such Board of Directors on the date of the Indenture or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Default" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default.

"Designated Senior Indebtedness" means (i) so long as Senior Indebtedness is outstanding under the 1997 Credit Facility, all Senior Indebtedness outstanding under the 1997 Credit Facility and (ii) thereafter, any other Senior Indebtedness permitted under the Indenture the principal amount of which is \$25.0 million or more and that has been designated by the Company as "Designated Senior Indebtedness."

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Existing Indebtedness" means Indebtedness of the Company and its Subsidiaries in existence on the date of the Indenture.

"Fixed Charges" means, with respect to any Person for any period, the sum of (i) the consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Indebtedness, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations) and (ii) the consolidated interest expense of such Person and its Subsidiaries that was capitalized during such period, and (iii) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries (whether or not such guarantee or Lien is called upon) and (iv) the product of (a) all cash dividend payments (and non-cash dividend payments in the case of a Person that is a Subsidiary) on any series of preferred stock of such Person, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"Fixed Charge Coverage Ratio" means with respect to any Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Subsidiaries incurs, assumes, guarantees or redeems any Indebtedness (other than revolving credit borrowings) or issues preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or redemption of Indebtedness, or such issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of making the computation referred to above, (i) acquisitions that have been made by the Company or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income, and (ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, and (iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the referent Person or any of its Subsidiaries following the Calculation Date. "GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession which are in effect on the date of the Indenture. "Government Securities" means: (i) securities that are (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof; and (ii) depositary receipts issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any Government Security which is specified in clause (i) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal or interest on any Government Security which is so specified and held; provided, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Security or the specific payment of principal or interest of the Government Security evidenced by such depositary receipt. "Guarantee" or "guarantee" (unless the context requires otherwise) means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any

manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

"Guarantor Senior Indebtedness" means, with respect to any Guarantor, (i) the guarantee of such Guarantor of the Company's Obligations under the 1997 Credit Facility and (ii) any other Indebtedness permitted to be incurred by such Guarantor under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Guarantee of such Guarantor. Notwithstanding anything to the contrary in the foregoing, Guarantor Senior Indebtedness will not include (u) any Indebtedness of such Guarantor representing a guarantee of Indebtedness of the Company or any other Guarantor which is subordinate or junior to, or pari passu with, the Notes or the Guarantee of such other Guarantor, as the case may be, (v) any Indebtedness that is expressly subordinate or junior in right of payment to any other Indebtedness of such Guarantor, (w) any liability for federal, state, local or other taxes owed or owing by such Guarantor, (x) any Indebtedness of such Guarantor to any of its Subsidiaries or other Affiliates, (y) any trade payables or (z) that portion of any Indebtedness that is incurred in violation of the Indenture.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (ii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates and the value of foreign currencies purchased by the Company or any of its Subsidiaries in the ordinary course of business.

"Indebtedness" means, with respect to any Person, any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or banker's acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, as well as all indebtedness of others secured by a Lien on any asset of such Person (whether or not such indebtedness is assumed by such Person) and, to the extent not otherwise included, the guarantee by such Person of any indebtedness of any other Person.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; provided, that an acquisition of assets, Equity Interests or other securities by the Company for consideration consisting of common equity securities of the Company shall not be deemed to be an Investment.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

"Like Kind Exchange" means the exchange pursuant to Section 1031 of the Code of (i) any real property (other than any speedway that is owned on or acquired after the date of the Indenture by the Company or any Subsidiary) used or to be used in connection with the business of the Company or (ii) any other real property to be used in connection with the business of the Company.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (i) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (a) any Asset Sale (including, without limitation, dispositions pursuant to sale and leaseback transactions) or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries and

(ii) any extraordinary or nonrecurring gain (but not loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (but not loss).

"Net Proceeds" means the aggregate cash proceeds (or in the case of any Asset Sale involving the Unrestricted Subsidiary, the amount of such aggregate cash proceeds that equals the aggregate amount of all Restricted Investments in the Unrestricted Subsidiary that have not been repaid prior to the date of such Asset Sale) received by the Company or any of its Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions), any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP. Notwithstanding the foregoing, in the event the Company or any of its Subsidiaries engages in a Like Kind Exchange, Net Proceeds shall not include any cash proceeds with respect to such Like Kind Exchange that are reinvested in or used to purchase pursuant to Section 1031 of the Code like kind real property used or to be used in the business of the Company.

"Non-Recourse Debt" means Indebtedness: (i) as to which neither the Company nor any of its Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness),

(b) is directly or indirectly liable (as a guarantor or otherwise), or (c) constitutes the lender; and (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against the Unrestricted Subsidiary) would permit (upon notice or lapse of time or both) any holder of any other Indebtedness of the Company or any of its Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity. "Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness. "Permitted Investments" means: (i) any Investment in the Company or in a Wholly Owned Subsidiary of the Company; (ii) any Investment in Cash Equivalents;

(iii) any Investment by the Company or any Subsidiary of the Company in a Person, if as a result of such Investment (y) such Person becomes a Wholly Owned Subsidiary of the Company or (z) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Wholly Owned Subsidiary of the Company; and (iv) any Restricted Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "-- Repurchase at the Option of Holders -- Asset Sales." "Permitted Liens" means: (i) Liens on assets of the Company securing Senior Indebtedness and Liens on assets of a Guarantor securing Guarantor Senior Indebtedness of such Guarantor; provided, that such Senior Indebtedness or Guarantor Senior Indebtedness, as the case may be, was permitted by the terms of the Indenture to be incurred; (ii) Liens in favor of the Company; (iii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company; (iv) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such acquisition; (v) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business; (vi) Liens relating to judgments to the extent permitted under the Indenture; and (vii) Liens existing on the date of the Indenture. "Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Subsidiaries; provided, that: (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended,

refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Company or by the Subsidiary which is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

"Related Parties" means, when used with respect to any individual, the spouse, lineal descendants, parents and siblings of any such individual; the estates, heirs, legatees and legal representatives of any such individual and any of the foregoing; and all trusts established by any such individual and any of the foregoing for estate planning purposes of which any such individual and any of the foregoing are the sole beneficiaries or grantors.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Senior Indebtedness" means (i) Indebtedness under the 1997 Credit Facility (including interest in respect thereof accruing after the commencement of any bankruptcy or similar proceeding to the extent that such interest is allowable as a bankruptcy claim in such proceeding) and (ii) any other Indebtedness permitted to be incurred by the Company under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes. Notwithstanding anything to the contrary in the foregoing, Senior Indebtedness will not include (v) any Indebtedness that is expressly subordinate or junior in right of payment to any other Indebtedness of the Company, (w) any liability for federal, state, local or other taxes owed or owing by the Company, (x) any Indebtedness of the Company to any of its Subsidiaries, the Unrestricted Subsidiary or other Affiliates, (y) any trade payables or (z) that portion of Indebtedness that is incurred in violation of the Indenture.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture.

"Stated Maturity" means, with respect to any payment of interest on or principal of any Indebtedness, the date on which such payment was scheduled to be made in the documentation governing such Indebtedness without regard to the occurrence of any subsequent event or contingency.

"Subsidiary" means, with respect to any Person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof). Notwithstanding the foregoing, the Unrestricted Subsidiary shall not, while designated as an unrestricted subsidiary as described above under "-- Subsidiary Guarantees," be a Subsidiary of the Company for any purposes of the Indenture.

"Unrestricted Subsidiary" means Oil-Chem Research Corp. and its subsidiaries taken as a whole. Oil-Chem Research Corp. is wholly owned by the Company, had Consolidated Net Loss of \$104,000 and \$3,000 for the year ended December 31, 1996 and the six months ended June 30, 1997, respectively, and had Consolidated Net Worth of \$4,355,000 and \$4,352,000 at December 31, 1996 and June 30, 1997, respectively.

"Voting Stock" means, with respect to any Person as of any date, the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person. Notwithstanding the foregoing, the Unrestricted Subsidiary shall not, while designated as an unrestricted subsidiary as described above under " -- Subsidiary Guarantees," be included in the definition of Wholly Owned Subsidiary for any purposes of the Indenture.

## CERTAIN FEDERAL INCOME TAX CONSEQUENCES

### General

The following summary of the material U.S. federal income tax consequences of exchanging Old Notes for New Notes pursuant to the Exchange Offer is based on the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations thereunder, Internal Revenue Service ("IRS") rulings and pronouncements, reports of congressional committees, judicial decisions and current administrative rulings and practice, all as in effect on the date hereof, all of which are subject to change at any time, and any such change may be applied retroactively in a manner that could adversely affect the tax consequences described below.

This summary applies only to Notes held as "capital assets" within the meaning of section 1221 of the Code (generally property held for investment and not for sale to customers in the ordinary course of a trade or business) by holders who or which are (i) citizens or residents of the United States, (ii) domestic corporations, partnerships or other entities or (iii) otherwise subject to U.S. federal income taxation on a net income basis in respect of income and gain from the Notes. This summary does not address aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as certain financial institutions, tax-exempt organizations, insurance companies, dealers in securities, foreign corporations and nonresident alien individuals. Moreover, this summary does not address any of the U.S. federal income tax consequences of holders that do not acquire New Notes pursuant to the Exchange Offer, nor does it address the applicability or effect of any state, local or foreign tax laws.

The Company has not sought and will not seek any rulings from the IRS with respect to the position of the Company discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of exchanging Old Notes for New Notes.

### Exchange Offer

The exchange of Old Notes for New Notes pursuant to the Exchange Offer should not be treated as an "exchange" for U.S. federal income tax purposes because the New Notes will not be considered to differ materially in kind or extent from the Old Notes. New Notes received by a holder of Old Notes should be treated as a continuation of the Old Notes in the hands of such holder. Accordingly, there should not be any U.S. federal income tax consequences to holders exchanging Old Notes for New Notes pursuant to the Exchange Offer. A holder's holding period of New Notes will include the holding period of the Old Notes exchanged therefor.

### Potential Contingent Payments

Holders of New Notes should be aware that it is possible that the IRS could assert that the Liquidated Damages which the Company would have been obligated to pay if the Exchange Offer registration statement had not been filed or is not declared effective within the time periods set forth herein (or certain other actions are not taken) (as described above under "The Exchange Offer -- Termination of Certain Rights") are "contingent payments" for U.S. federal income tax purposes. If so treated, the New Notes would be treated as contingent payment debt instruments and a holder of a New Note would be required to accrue interest income over the term of such New Note under the "noncontingent bond method" set forth in the U.S. Treasury Regulations issued by the IRS under Code (section mark)1275 (the "Contingent Debt Regulations"). Under the Contingent Debt Regulations, any gain recognized by a holder on the sale, exchange or retirement of a New Note could be treated as interest income. However, the Contingent Debt Regulations provide that, for purposes of determining whether a debt instrument is a contingent payment debt instrument, remote or incidental contingencies are ignored.

On the date of issue, the Company believed, prior to and on the date the New Notes are issued, the possibility of the payment of Liquidated Damages on the Old Notes was remote. Based on this assumption, the Old Notes

will not be treated as contingent payment debt instruments. Accordingly, the Old Notes should not be treated as contingent payment debt instruments.

EACH HOLDER SHOULD CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO THE APPLICATION OF THE TAX CONSIDERATIONS DISCUSSED ABOVE TO THEIR PARTICULAR SITUATIONS AS WELL AS THE APPLICATION OF ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS.

#### DESCRIPTION OF CERTAIN INDEBTEDNESS

##### 1997 Credit Facility

The 1997 Credit Facility closed concurrently with the Prior Offering. The 1997 Credit Facility provides for borrowings in an aggregate principal amount of up to \$175.0 million, including a sub-limit of \$10.0 million for the issuance of standby letters of credit. Indebtedness under the 1997 Credit Facility is guaranteed by each material domestic subsidiary of the Company. Loans made pursuant to the 1997 Credit Facility may be borrowed, repaid and reborrowed from time to time until the fifth anniversary of the establishment of the 1997 Credit Facility subject to satisfaction of certain conditions on the date of any such borrowing. As of the date of this Prospectus, the Company has not made any borrowings under the 1997 Credit Facility.

Amounts outstanding under the 1997 Credit Facility bear interest at a rate based, at the Company's option, upon (i) the London Interbank Offered Rate ("LIBOR") plus a margin ranging from 0.5% to 1.125%, as adjusted from time to time in accordance with the terms of the 1997 Credit Facility, or (ii) the greater of (A) NationsBank's prime rate or (B) the Federal Funds rate plus 0.5%. The 1997 Credit Facility adjusts the margin applicable to the LIBOR borrowings based upon certain ratios of funded debt to EBITDA.

The 1997 Credit Facility contains a number of financial, affirmative and negative covenants that regulate the Company's operations. Financial covenants require maintenance of ratios of funded debt to EBITDA, consolidated funded debt to consolidated capitalization, and minimum interest coverage, and require the Company to maintain a minimum net worth. Negative covenants restrict, among other things, the incurrence and existence of liens, the making of investments, "restricted payments," including share repurchases, capital expenditures, transactions with affiliates, acquisitions, sales of assets, and the incurrence of debt. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

##### Debentures

On October 1, 1996, the Company completed a private placement of the Debentures in the aggregate principal amount of \$74.0 million. Net proceeds to the Company after commissions and discounts were \$72.15 million. The Debentures are unsecured, mature on September 30, 2003, are currently 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. Interest payments are due semi-annually on March 31 and September 30. The Debentures are subordinated to all present and future senior indebtedness of the Company, including indebtedness under the Notes and the 1997 Credit Facility. Redemption prices in fiscal year periods ending September 30 are 102.46% in 2000, 101.64% in 2001 and 100.82% in 2002. After September 30, 2002, the Debentures are redeemable at par. In conversion, 2,378,565 shares of Common Stock would be issuable. The proceeds from the sale of the Debentures were used to repay outstanding borrowings under the 1996 Credit Facility, fund construction costs of TMS and for working capital needs of the Company.

## PLAN OF DISTRIBUTION

Any broker-dealer who holds Old Notes that were acquired for its own account as a result of market-making activities or other trading activities may exchange such Old Notes pursuant to the Exchange Offer. However, each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business one year after the Expiration Date, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , 1998, all dealers effecting transactions in the New Notes may be required to deliver a prospectus.

The Company will not receive any proceeds from any sales of New Notes by broker-dealers. New Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such New Notes. Any broker-dealer that resells New Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such New Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of New Notes and any commissions or concessions received by such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of one year after the Expiration Date, the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the holders of the Notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the Notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

**LEGAL MATTERS** The validity of the New Notes offered hereby will be passed upon by Parker, Poe, Adams & Bernstein L.L.P., Charlotte, North Carolina, counsel to the Company.

**INDEPENDENT AUDITORS** The audited financial statements of Speedway Motorsports, Inc. and subsidiaries included in this Prospectus and the related financial statement schedule included elsewhere in the Registration Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein (which report expresses an unqualified opinion and includes an explanatory paragraph relating to significant tax adjustments proposed by the IRS for additional income taxes and penalties plus interest at Atlanta Motor Speedway, Inc.), and have been so included in the reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE** The following documents have been filed with the Commission by the Company and are hereby incorporated by reference into this Prospectus: (i) the Company's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 1-13582); (ii) the Company's Quarterly Reports on Forms 10-Q for the quarters ended March 31, 1997 and June 30, 1997; (iii) the Company's Current Reports on Form 8-K filed on November 18, 1996 and amendment thereto on Form 8-K/A filed on February 3, 1997 and Form 8-K filed on June 30, 1997; and (iv) the description of the Common Stock contained in the Company's Registration Statement on Form

8-A filed with the Commission pursuant to Section 12 of the Exchange Act. All other documents and reports filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this Prospectus and prior to the termination of this Exchange Offer and for a period of one year thereafter (for broker dealer use) shall be deemed to be incorporated by reference herein and shall be deemed to be a part hereof from the date of the filing of such reports and documents.

Any statement contained in a document incorporated or deemed incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document that is also deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person to whom an Prospectus is delivered, upon written or oral request of such person, a copy of any document incorporated herein by reference (not including exhibits to documents that have been incorporated herein by reference unless such exhibits are specifically incorporated by reference in the document which this Prospectus incorporates). Requests should be directed to Ms. Marylaurel E. Wilks, Speedway Motorsports, Inc., U.S. Highway 29 North, P.O. Box 600, Concord, North Carolina 28026-0600, telephone: (704) 455-3239.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Speedway Motorsports, Inc.  
Charlotte, North Carolina

We have audited the accompanying consolidated balance sheets of Speedway Motorsports, Inc. and subsidiaries as of December 31, 1995 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. Our audits also included the financial statement schedule listed at Item 21. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1995 and 1996, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 11 to the consolidated financial statements, the Internal Revenue Service has proposed significant adjustments for additional income taxes and penalties, plus interest, at Atlanta Motor Speedway, Inc. DELOITTE & TOUCHE LLP

Charlotte, North Carolina  
February 28, 1997

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 1995 and 1996**  
(Dollars in thousands)

	1995	1996
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 10,132	\$ 22,252
Restricted cash (Note 2).....	86	14,624
Trade accounts receivable (Note 2).....	6,511	11,919
Prepaid income taxes.....	727	4,784
Inventories (Note 3).....	5,372	6,218
Speedway condominiums held for sale.....	3,142	3,535
Prepaid expenses.....	185	526
Total current assets.....	26,155	63,858
PROPERTY AND EQUIPMENT, NET (Notes 4 and 5).....	93,105	288,361
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 2).....	12,675	48,314
OTHER ASSETS:		
Marketable equity securities (Notes 2 and 6).....	1,855	2,447
Notes receivable (Note 12).....	934	2,148
Other assets (Note 2).....	1,722	4,156
Total other assets.....	4,511	8,751
TOTAL.....	\$136,446	\$409,284

See notes to consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS -- (Continued)**  
**December 31, 1995 and 1996**  
(Dollars in thousands)

	1995	1996
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt (Note 7).....	\$ 348	\$ 383
Accounts payable.....	7,743	11,363
Deferred race event income, net (Note 2).....	13,345	36,393
Accrued expenses and other liabilities.....	6,535	12,075
Total current liabilities.....	27,971	60,214
LONG-TERM DEBT (Note 7).....	1,458	115,247
PAYABLE TO AFFILIATED COMPANY (Note 12).....	2,603	2,603
DEFERRED INCOME, NET (Note 2).....	1,563	9,732
DEFERRED INCOME TAXES (Note 11).....	6,717	13,742
OTHER LIABILITIES.....	755	3,011
Total liabilities.....	41,067	204,549
COMMITMENTS AND CONTINGENCIES (Notes 5, 11 and 13).....		
STOCKHOLDERS' EQUITY (Notes 1, 6 and 9):		
Preferred stock.....	--	--
Common stock, \$.01 par value, 100,000,000 shares authorized, 38,000,000 and 41,305,000 shares issued and outstanding in 1995 and 1996.....	380	413
Additional paid-in capital.....	72,148	155,156
Retained earnings.....	22,943	49,348
Deduct:		
Unrealized loss on marketable equity securities.....	(92)	(182)
Total stockholders' equity.....	95,379	204,735
TOTAL.....	\$136,446	\$409,284

See notes to consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**Years Ended December 31, 1994, 1995 and 1996**  
(Dollars and shares in thousands except per share amounts)

	1994	1995	1996
REVENUES (Note 2):			
Admissions.....	\$31,523	\$36,569	\$52,451
Event related revenue.....	24,814	27,783	36,414
Other operating revenue.....	8,200	11,221	13,248
Total revenues.....	64,537	75,573	102,113
OPERATING EXPENSES:			
Direct expense of events.....	18,327	19,999	30,173
Other direct operating expense.....	6,110	7,611	8,005
General and administrative.....	11,812	13,381	16,995
Non-cash stock compensation (Note 15).....	3,000	--	--
Depreciation and amortization.....	4,500	4,893	7,598
Total operating expenses.....	43,749	45,884	62,771
OPERATING INCOME.....	20,788	29,689	39,342
Interest income (expense), net (Notes 7 and 12).....	(3,855)	(24)	1,316
Other income (Note 14).....	1,592	3,625	2,399
INCOME FROM CONTINUING OPERATIONS BEFORE			
INCOME TAXES.....	18,525	33,290	43,057
Provision for income taxes (Note 11).....	(8,055)	(13,700)	(16,652)
INCOME FROM CONTINUING OPERATIONS.....	10,470	19,590	26,405
Discontinued operations -- equity in loss of joint venture (Note 8).....	(294)	--	--
INCOME BEFORE EXTRAORDINARY ITEM.....	10,176	19,590	26,405
Extraordinary item, net (Note 7).....	--	(133)	--
NET INCOME.....	\$10,176	\$19,457	\$26,405
NET INCOME APPLICABLE TO COMMON STOCK (Note 10).....	\$ 7,170	\$19,457	\$26,405
PER SHARE DATA (Notes 1, 9 and 10):			
Income from continuing operations applicable to common stock.....	\$ 0.25	\$ 0.53	\$ 0.64
Discontinued operations.....	(0.01)	--	--
Net income applicable to common stock.....	\$ 0.24	\$ 0.53	\$ 0.64
WEIGHTED AVERAGE SHARES OUTSTANDING (Notes 1 and 15).....	30,400	37,275	41,301

See notes to consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 1994, 1995 and 1996**  
(Dollars and shares in thousands)

	Common Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings	Unrealized Gain (Loss) on Marketable Equity Securities	Loan Receivable from Sonic Financial Corporation	Total Stockholders' Equity
BALANCE, JANUARY 1, 1994.....	28	\$ 28	\$ 3,706	\$ 34,344	\$(284)	\$ (21,278)	\$ 16,516
Net income.....	--	--	--	10,176	--	--	10,176
Interest on related party loans and advances.....	--	--	--	508	--	--	508
Change in estimated redemption value of put warrants (Note 10).....	--	--	--	(3,006)	--	--	(3,006)
Net unrealized gain on marketable equity securities.....	--	--	--	--	249	--	249
Increase in loan receivable from Sonic Financial Corporation, net.....	--	--	--	--	--	(8,213)	(8,213)
Issuance of Speedway Motorsports, Inc. common stock (Note 1).....	2	--	1	--	--	--	1
Distribution to Sonic Financial Corporation (Note 12).....	--	--	--	(29,491)	--	29,491	--
Non-cash stock compensation (Note 15).....	--	--	3,000	--	--	--	3,000
BALANCE, DECEMBER 31, 1994.....	30	28	6,707	12,531	(35)	--	19,231
Net income.....	--	--	--	19,457	--	--	19,457
Restructuring of ownership prior to initial public offering (Note 1).....	29,970	272	(272)	--	--	--	--
Issuance of common stock (Note 1).....	8,000	80	65,713	--	--	--	65,793
Joint venture disposal (Note 8)....	--	--	--	(9,045)	--	--	(9,045)
Net unrealized loss on marketable equity securities.....	--	--	--	--	(57)	--	(57)
BALANCE, DECEMBER 31, 1995.....	38,000	380	72,148	22,943	(92)	--	95,379
Net income.....	--	--	--	26,405	--	--	26,405
Issuance of common stock (Note 1).....	3,000	30	78,324	--	--	--	78,354
Issuance of common stock in business acquisition of Oil-Chem Research Corp. (Note 1).....	146	1	3,944	--	--	--	3,945
Exercise of stock options (Note 15).....	159	2	740	--	--	--	742
Net unrealized loss on marketable equity securities.....	--	--	--	--	(90)	--	(90)
BALANCE, DECEMBER 31, 1996.....	41,305	\$ 413	\$155,156	\$ 49,348	\$(182)	\$ --	\$ 204,735

See notes to consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 1994, 1995 and 1996**  
(Dollars in Thousands)

	1994	1995	1996
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income.....	\$ 10,176	\$ 19,457	\$ 26,405
Extraordinary item, net.....	--	133	--
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	4,500	4,893	7,598
Equity in earnings of equity method investee.....	--	(233)	(371)
Equity in net loss of real estate joint venture.....	491	--	--
Non-cash stock compensation.....	3,000	--	--
Gain on sale of marketable equity securities.....	(1,060)	(242)	(698)
Gain on sale of fixed assets.....	(77)	(1,199)	--
Amortization of deferred membership income.....	(274)	(275)	(275)
Deferred income tax provision.....	(371)	516	3,890
Other.....	(490)	--	--
Changes in operating assets and liabilities:			
Restricted cash.....	--	(86)	(14,538)
Trade accounts receivable.....	(1,209)	(2,960)	(4,569)
Prepaid income taxes.....	--	223	(4,057)
Inventories.....	(942)	(1,247)	(819)
Other current assets and liabilities.....	560	(45)	3,651
Condominiums held for sale.....	(2,623)	1,457	(393)
Accounts payable.....	--	6,175	(4,917)
Deferred race event income.....	1,890	4,053	15,812
Accrued expenses and other liabilities.....	--	1,008	3,179
Deferred income.....	--	--	8,444
Other assets and liabilities.....	422	(583)	(958)
Net cash provided by operating activities.....	13,993	31,045	37,384
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of long-term debt.....	6,429	--	146,525
Increase in loans receivable from affiliate.....	(7,422)	--	--
Principal payments on long-term debt.....	(10,732)	(47,424)	(50,866)
Payments of debt issuance costs.....	--	--	(2,894)
Advances from related parties.....	301	2	--
Exercise of common stock options.....	--	--	742
Issuance of common stock.....	1	65,793	78,354
Net cash provided by (used in) financing activities.....	(11,423)	18,371	171,861
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures.....	(5,009)	(40,718)	(147,741)
Purchase of Bristol Motor Speedway.....	--	--	(27,176)
Purchase of Oil-Chem Research Corp.....	--	--	(514)
Purchase of Sears Point Raceway assets.....	--	--	(8,487)
Issuance of note receivable.....	--	--	(13,453)
Investment in North Wilkesboro Speedway.....	--	(6,050)	--
Purchase of marketable equity securities.....	(924)	(2,809)	(2,135)
Proceeds from sales of marketable equity securities.....	1,345	1,451	2,094
Proceeds from sale of fixed assets.....	243	1,796	--
Contribution of capital to real estate joint venture.....	(42)	--	--
Repayments from related parties.....	500	--	287
Net cash used in investing activities.....	(3,887)	(46,330)	(197,125)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>(1,317)</b>	<b>3,086</b>	<b>12,120</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>8,363</b>	<b>7,046</b>	<b>10,132</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 7,046</b>	<b>\$ 10,132</b>	<b>\$ 22,252</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>			
Cash paid for interest.....	\$ 4,341	\$ 1,486	\$ 2,211
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>			
Bank debt incurred in connection with redemption of put warrants (Note 10)....	\$ 8,000	--	--
Road construction costs financed with a note payable (Note 7).....	--	\$ 1,969	--
Capital lease obligation incurred for Sears Point Raceway facility (Note 7)...	--	--	\$ 18,165

See notes to consolidated financial statements.

## **SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **Years Ended December 31, 1994, 1995 and 1996**

1. **BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS** Basis of Presentation -- The 1996 consolidated financial statements include the accounts of Speedway Motorsports, Inc. (SMI), and its wholly-owned subsidiaries, Charlotte Motor Speedway, Inc. and subsidiaries (CMS), Atlanta Motor Speedway, Inc. (AMS), Bristol Motor Speedway (BMS), Sears Point Raceway (SPR), Texas Motor Speedway (TMS), Oil-Chem Research Corp. and subsidiary, Speedway Funding Corp. and Sonoma Funding Corp. (collectively, the Company). In a corporate restructuring (Restructuring) prior to the initial public offering of common stock by SMI on March 3, 1995, CMS and AMS became wholly-owned subsidiaries of SMI. Sonic Financial Corporation (Sonic), an affiliate of the Company through common ownership, and other shareholders of CMS and AMS became shareholders of SMI. Prior to the Restructuring, the accompanying financial statements reflect the combined accounts of SMI, CMS and AMS. The combination of SMI, CMS and AMS was accounted for based on historical cost in a manner similar to a pooling-of-interests because the entities were under common management and control.

**Business Acquisitions** (see Description Of Business below and Note 17) -- On January 22, 1996, the Company acquired 100% of the outstanding capital stock of National Raceways, Inc. (NRI) for \$27,176,000, including direct acquisition costs of \$146,000. NRI formerly owned and operated Bristol Motor Speedway. The acquisition was financed through borrowings under the Company's Credit Facility (see Note 7). As part of the acquisition, the Company obtained a right of first refusal to acquire certain adjacent land used for camping and parking for race events.

On April 16, 1996, the Company acquired 100% of the outstanding capital stock of Oil-Chem Research Corp. (ORC) for \$4,459,000 in Company stock and cash.

On November 18, 1996, the Company acquired certain tangible and intangible assets and the operations of Sears Point Raceway for approximately \$2,000,000 in cash. In addition, the Company executed a long-term lease, including a \$38,100,000 purchase option, for the racetrack facilities and real property (see Note 7). The Company paid a lease security deposit of \$3,000,000 and the purchase option was acquired for a cash payment of \$3,500,000. The Company operates the facility as Sears Point Raceway.

**Description of Business** -- CMS owns and operates a 1.5-mile oval, asphalt speedway located in Concord, North Carolina. CMS stages three major National Association for Stock Car Auto Racing (NASCAR) Winston Cup events annually, two in May and one in October. Additionally, two Busch Grand National and two Automobile Racing Club of America (ARCA) races are held annually, each preceding a Winston Cup event. In 1996, CMS also hosted an International Race of Champions (IROC) race. All of these events are sanctioned by NASCAR, IROC or ARCA. The Charlotte facility also includes a 2.25-mile road course, a one-quarter mile asphalt oval track, a one-fifth mile asphalt oval track and a one-fifth mile dirt oval track, all of which hold race events throughout the year.

CMS also owns an office and entertainment complex which overlooks the main speedway. A wholly-owned subsidiary, The Speedway Club, Inc. (Speedway Club), derives rental, catering and dining revenues from the complex. Additionally, CMS has constructed 52 condominiums overlooking the main speedway, all of which had been sold by the end of 1994.

CMS, through its wholly-owned subsidiary, 600 Racing, Inc., is also engaged in the development and sale of 5/8-scale cars (Legends Cars) modeled after older-style coupes and sedans. Revenue is derived from the sale of vehicles and vehicle parts.

AMS owns and operates a 1.5-mile oval, asphalt speedway located on 870 acres in Hampton, Georgia. Two major NASCAR Winston Cup events are held annually, one in March and one in November. Additionally, a Busch Grand National race and two ARCA races are also held annually, each preceding a Winston Cup event. All

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued of these events are sanctioned by NASCAR or ARCA. AMS has constructed 46 condominiums overlooking the Atlanta speedway and is in the process of selling the eleven remaining condominiums. BMS owns and operates a one-half mile lighted, 36-degree banked concrete oval speedway, and a one-quarter mile lighted dragstrip, located on approximately 530 acres in Bristol, Tennessee. BMS currently sponsors two major NASCAR Winston Cup events annually. Additionally, two Busch Grand National races are held annually, each preceding a Winston Cup event.

SPR, located on approximately 800 acres in Sonoma, California, owns and operates a 2.52-mile, twelve-turn road course, a one-quarter mile dragstrip, and an 157,000 square foot industrial park. SPR currently sponsors a major NASCAR-sanctioned Winston Cup racing event annually. Additional events held annually include a NASCAR sanctioned Craftsman Truck Series, a NHRA Winston Drag Racing Series, as well as American Motorcycle Association and Sports Car Club of America (SCCA), racing events. The racetrack is also rented throughout the year by various organizations, including the SCCA, major automobile manufacturers, and other car clubs.

TMS was established on February 13, 1995 for the purpose of constructing and operating a 1.5-mile, banked, asphalt quad-oval superspeedway located on 950 acres in Fort Worth, Texas (see Note 5). TMS will host its first major NASCAR Winston Cup race on April 6, 1997 preceded by a Busch Grand National race. Management is actively pursuing the scheduling of additional motorsports racing and other events at TMS. Other events will be announced as they are scheduled. In July 1996, TMS began construction of 76 condominiums above turn-two overlooking the speedway, 72 of which have been contracted for sale.

ORC produces an environmentally friendly motor oil additive that the Company intends to promote in conjunction with its speedways. The Company's Chairman and CEO purchased approximately 24% of the outstanding common stock of North Carolina Motor Speedway, Inc. in 1995. The Chairman has offered to sell this stock to the Company at his cost. The Company has declined to purchase the shares to date but may elect to do so in the future. The Company has offered to buy the remaining 76% equity interest in North Carolina Motor Speedway, Inc. 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 includes a speedway located in northwest Illinois. The agreement also 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 Principles of Consolidation and Combination -- All significant intercompany accounts and transactions have been eliminated in consolidation and combination. Revenue Recognition -- Admissions revenue consists of ticket sales. Event related revenues consist of amounts received from sponsorships, television, concessions, commissions and souvenir sales. Other operating revenue consists of Legends Car sales, Speedway Club restaurant and catering, and Speedway Club membership income. The Company's 1996 major racing events were held in March, May, August, October and November. As discussed above, the Company will hold a major racing event at TMS in April 1997. Also, the Company will hold a major racing event at SPR in May 1997. The Company recognizes admissions and other event related revenues when the events are held. Advance revenues and certain related direct expenses pertaining to a specific event are deferred until such time as the event is held. Deferred expenses primarily include race purses and sanctioning fees remitted to NASCAR. Deferred race event income, net, as of December 31, 1995 and 1996, relates primarily to events held in March and May of 1996, and in March, April and May of 1997. If circumstances prevent a race from being held

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued at any time during the racing season, all advance revenue must be refunded and all direct event expenses deferred would be immediately recognized except for race purses which would be refundable from NASCAR.

Cash and Cash Equivalents -- The Company classifies as cash equivalents all highly liquid investments with original maturities of three months or less. Cash equivalents principally consist of commercial paper and United States Treasury securities.

Restricted Cash -- Restricted cash is composed principally of customer deposits received on speedway condominiums under construction and held for sale of \$86,000 and \$5,436,000 at December 31, 1995 and 1996, and of fee deposits on TMS's Preferred Seat License (PSL) ticket program of \$9,188,000 at December 31, 1996 (see additional information regarding the PSL ticket program below). Condominium deposits are held in escrow accounts until sales are closed or transactions are completed. PSL fee deposits are being held in separate accounts as restricted cash until TMS hosts its first Winston Cup race scheduled on April 6, 1997.

Trade Accounts Receivable -- Trade accounts receivable are shown net of allowance for doubtful accounts of \$146,000 in 1995 and \$161,000 in 1996.

Inventories -- Inventories consist of souvenirs, foods, finished vehicles, parts and accessories which are stated at the lower of cost determined on a first-in, first-out basis, or market.

Speedway Condominiums Held for Sale -- Speedway condominiums held for sale consist primarily of 46 condominiums constructed overlooking the Atlanta speedway, of which 35 were sold as of December 31, 1996. The remaining unsold condominiums are substantially complete and there are no significant remaining costs of completion to be incurred.

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. As such, these securities are reported at fair value, with unrealized gains and losses, net of tax, excluded from earnings and reported as a separate component of stockholders' equity. Management intends to hold these securities through at least fiscal 1997, and accordingly, they are reflected as non-current assets. Realized gains and losses on sales of marketable equity securities are determined using the specific identification method.

Property and Equipment -- Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets. Amortization of assets under capital lease is included in depreciation expense. Expenditures for repairs and maintenance are charged to expense when incurred. Construction in progress includes all direct costs and capitalized interest on fixed assets under construction.

Goodwill and Other Intangible Assets -- Goodwill and other intangible assets represent the excess of business acquisition costs over the fair value of the net assets acquired and are being amortized principally on a straight-line basis over 40 years. Goodwill and other intangible assets are shown net of accumulated amortization of \$948,000 and \$1,712,000 at December 31, 1995 and 1996, respectively. Management periodically evaluates the recoverability of goodwill and other intangible assets based on expected future profitability and undiscounted operating cash flows of acquired businesses.

Deferred Financing Costs -- Deferred financing costs are included in other noncurrent assets and are amortized over the term of the related debt.

Deferred Income -- Deferred income primarily consists of net deferred Speedway Club membership income of \$1,563,000 and \$1,288,000 at December 31, 1995 and 1996, and TMS Preferred Seat License fee deposits of \$8,402,000, net of expenses of \$843,000, at December 31, 1996.

The Speedway Club has sold lifetime memberships which entitle individual members to certain private dining and racing event seating privileges. Net revenues from lifetime membership fees are being amortized into income over the 25-year estimated useful life of the related property. In each of the years ended December 31, 1994, 1995 and 1996, lifetime membership income of \$275,000 was recognized. The Speedway Club also offers

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued executive memberships, which entitle members to certain dining privileges and require a monthly assessment. Executive membership fees are recognized as income as they are billed.

In 1996, TMS began offering Preferred Seat License (PSL) agreements whereby licensees are entitled to purchase annual TMS season-ticket packages for sanctioned racing events under specified terms and conditions. Among other items, licensees are required to purchase all season-ticket packages when and as may be offered each year. License agreements automatically terminate without refund should licensees not purchase any offered ticket. Also, licensees are not entitled to refunds for postponements or cancellation of events due to weather or certain other conditions. After May 31, 1999, license agreements are transferrable once each year subject to certain terms and conditions.

Fees received under PSL agreements are being deferred until TMS hosts its first Winston Cup race scheduled on April 6, 1997. The Company plans to amortize net PSL fee revenues into income over the estimated useful life of TMS's racetrack facility upon opening.

Advertising Expenses -- Advertising costs are expensed as incurred. Advertising expenses amounted to \$1,568,000, \$1,543,000 and \$2,154,000 in 1994, 1995 and 1996, respectively.

Income Taxes -- The Company recognizes deferred tax assets and liabilities for the future income tax effect of temporary differences between financial and income tax bases of assets and liabilities assuming they will be realized and settled at the amounts reported in the financial statements.

Fair Value of Financial Instruments -- The Company's financial instruments consist of cash, accounts and notes receivable, accounts payable and long-term debt. The carrying value of these financial instruments approximate their fair value at December 31, 1996.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual future results could differ from those estimates.

Impact of New Accounting Standards -- In 1996, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 requires expanded disclosures of stock-based compensation arrangements with employees and encourages, but does not require, compensation cost to be measured based on the fair value of the equity instrument awarded. Under SFAS No. 123, companies are permitted, however, to continue to apply Accounting Principles Board (APB) Opinion No. 25, which recognizes compensation cost based on the intrinsic value of the equity instrument awarded. The Company will continue to apply APB Opinion No. 25 and will disclose the required pro forma effect on net income and earnings per share under the provisions of SFAS No. 123 on an annual basis (see Note 15).

In 1996, the Company adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of." SFAS No. 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds future undiscounted cash flows attributable to such assets. Adoption of SFAS No. 121 had no impact on the Company's financial position or results of operations, nor is any impact expected in the foreseeable future.

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

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued**

3. INVENTORIES Inventories as of December 31, 1995 and 1996 consisted of the following components (dollars in thousands):

	1995	1996
Souvenirs.....	\$2,242	\$2,359
Finished vehicles, parts and accessories.....	3,057	3,753
Food and other.....	73	106
Total.....	\$5,372	\$6,218

4. PROPERTY AND EQUIPMENT Property and equipment as of December 31, 1995 and 1996 is summarized as follows (dollars in thousands):

	1995	1996	Estimated Useful Lives
Land and land improvements.....	\$ 24,309	\$ 47,220	5-20
Racetracks and grandstands.....	55,733	81,667	10-35
Buildings and luxury suites.....	32,336	58,966	7-30
Machinery and equipment.....	4,816	8,411	3-20
Furniture and fixtures.....	2,752	4,365	5-10
Autos and trucks.....	960	1,219	3-5
Construction in progress (Note 5).....	12,708	133,843	
Total.....	133,614	335,691	
Less accumulated depreciation.....	(40,509)	(47,330)	
Net.....	\$ 93,105	\$288,361	

Property and equipment includes assets under capital lease as of December 31, 1996 as follows (dollars in thousands):

	1996
Land.....	\$ 8,074
Racetracks and grandstands.....	18,599
Total.....	26,673
Less accumulated amortization.....	(88)
Net.....	\$26,585

5. CONSTRUCTION IN PROGRESS AND DEVELOPMENT AND CONSTRUCTION OF TMS Texas Motor Speedway -- In 1995, the Company began constructing TMS, a 1.5-mile, banked asphalt quad-oval superspeedway, on a 950 acre site in Fort Worth, Texas. As of December 31, 1996, the Company estimates the remaining construction costs to substantially complete TMS will approximate \$40,000,000. Management expects to finance the remaining TMS facility costs through borrowings under the Company's Credit Facility (see Note 7) and from cash flows generated from operations. In connection with the development and construction of TMS, the Company entered into arrangements with the FW Sports Authority, a non-profit corporate instrumentality of the City of Fort Worth, Texas, whereby the Company conveyed the speedway facility to the sports authority and will lease the facility back over a 30-year period. Because of the Company's responsibilities under these arrangements the speedway facility and related liabilities are included in the Company's Consolidated Balance Sheet. Other Construction in Progress -- Also included in construction in progress at December 31, 1996 are costs incurred to increase and improve grandstand seating capacity, suites and facilities for fan amenities at AMS,

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued BMS and CMS. In addition, AMS is converting its speedway to a quad-oval configuration in conjunction with the other improvements. The estimated aggregate cost of capital expenditures in 1997, exclusive of TMS, will approximate \$80,000,000.

6. MARKETABLE EQUITY SECURITIES To reduce the carrying amount of long-term marketable equity securities to market value at December 31, 1995 and 1996, valuation allowances of \$159,000 and \$314,000 (net of \$67,000 and \$132,000 in tax benefits), respectively, that would be realized in the event the securities were sold at a loss, were recorded by a charge to stockholders' equity. Net realized gains on sales of marketable equity securities during the years ended December 31, 1994, 1995 and 1996 were \$1,060,000, \$242,000 and \$698,000, respectively.

7. LONG-TERM DEBT Long-term debt as of December 31, 1995 and 1996 consists of the following (dollars in thousands):

	1995	1996
Loans payable to NationsBank.....	\$ --	\$ 22,000
Convertible subordinated debentures.....	--	74,000
Capital lease obligation.....	--	18,165
Note payable -- road construction.....	1,806	1,465
Total.....	1,806	115,630
Less current maturities.....	(348)	(383)
	\$1,458	\$115,247

Bank Credit Facility -- In conjunction with its January 1996 acquisition of BMS, the Company obtained from NationsBank an unsecured, short-term line of credit in an aggregate principal amount of up to \$50,000,000 (the "90-Day Facility"). In early 1996, the Company borrowed \$32,688,000 under the 90-Day Facility to fund the purchase of BMS and the working capital needs of the Company. In March 1996, the Company subsequently consummated longer term financing through a credit facility ("the Credit Facility"), retired the 90-Day Facility and borrowed additional funds for working capital purposes. At December 31, 1996, the Company has a total of \$22,000,000 in outstanding borrowings under the Credit Facility. The Credit Facility is an unsecured working capital and letter of credit arrangement provided by a syndicate of banks led by NationsBank.

The Credit Facility has an overall borrowing limit of \$110,000,000 with a sub-limit of \$7,000,000 for standby letters of credit. The Credit Facility will mature in March 31, 1999 unless extended annually thereafter for two additional years at the option of the lenders. Draws are permitted under the Credit Facility for the following purposes: (i) refinancing outstanding borrowings, including the 90-Day Facility, (ii) financing seasonal working capital needs, and (iii) financing general corporate purposes, including the costs of constructing TMS. Although the Credit Facility is unsecured, the Company has agreed not to pledge its assets to any third party. In addition, the Company must meet certain financial covenants, including specified levels of net worth and ratios of (i) debt to equity, (ii) debt to earnings before interest, taxes, depreciation and amortization (EBITDA), (iii) earnings before interest and taxes (EBIT) to interest expense, and (iv) subordinated debt to senior debt. The Credit Facility also prohibits the Company from making cash expenditures in excess of \$10,000,000 in the aggregate to acquire additional motor speedways, without the consent of the lenders, and limits its consolidated capital expenditures, exclusive of expenditures on TMS, to amounts not to exceed \$80,000,000 in the aggregate for fiscal years 1996 and 1997, and \$40,000,000 for each fiscal year thereafter. The Company also agreed to certain other limitations or prohibitions concerning the incurrence of other indebtedness, guaranties, asset sales, investments, cash dividends to shareholders, distributions and redemptions.

Convertible Subordinated Notes -- On October 1, 1996, the Company completed a private placement of 5 3/4% convertible subordinated debentures in the aggregate principal amount of \$70,000,000. On October 4, 1996, the Company filed a registration statement to register these debentures and the underlying equity securities.

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued On October 15, 1996, the initial purchasers exercised an option to purchase additional convertible subordinated debentures in the principal amount of \$4,000,000. Net proceeds after commissions and discounts were \$72,150,000.

The debentures are unsecured, mature on September 30, 2003, are convertible into common stock of the Company at the holder's option after December 1, 1996 at \$31.11 per share until maturity, and are redeemable at the Company's option after September 29, 2000. Interest payments are due semi-annually on March 31 and September 30 commencing March 31, 1997. The debentures are subordinated to all present and future secured indebtedness of the Company, including the Credit Facility. Redemption prices in fiscal year periods ending September 30 are 102.46% in 2000, 101.64% in 2001 and 100.82% in 2002. After September 30, 2002, the debentures are redeemable at par. In conversion, 2,378,565 shares of common stock would be issuable (see Note 9). The proceeds of this offering are being used to repay outstanding borrowings under the Credit Facility, fund construction costs of TMS and for working capital needs of the Company.

Capital Lease Obligation And Purchase Option (Sears Point Raceway) -- In connection with the SPR asset acquisition by SMI on November 18, 1996 (see Note

1), the Company executed a 14 year capital lease with the seller for all of the real property of the SPR complex. SMI has the option to purchase the real property for \$38,100,000 during a six-month option period commencing November 1, 1999, subject to acceleration at the election of the seller after March 31, 1997 and through December 31, 1999 (the Purchase Option). The Purchase Option was acquired for a payment of \$3,500,000 and upon its exercise, is to be credited against the purchase price of the real property. The Purchase Option payment is non-refundable. Under the lease agreement terms, SMI paid a security deposit of \$3,000,000, with such amount also to be credited against the purchase price of the real property upon exercise of the Purchase Option. Monthly lease payments ranging from \$67,000 in 1997 to \$631,000 in 2010 are due, including imputed interest at 6.5%. SMI is responsible for maintenance, insurance, taxes and other operating costs of the leased property. Beginning January 1, 2002, minimum lease payments are subject to annual adjustment based on changes in the Consumer Price Index as defined. In connection with the acquisition, SMI loaned the seller approximately \$13,450,000 under a promissory note receivable to repay their then outstanding obligations on the SPR real property. The note bears interest at 4% and is due in equal monthly installments of interest of \$45,000 through November 1999 and, thereafter, of principal and interest of \$68,000 through November 2026. The note is collateralized by a thirty year deed of trust on the SPR real property in favor of SMI. Also, amounts due under the note receivable are to be credited against amounts due from SMI upon exercise of the Purchase Option. In management's opinion, it is probable that the Purchase Option will be exercised. Therefore, the lease security deposit and Purchase Option payment have been included as consideration in determining the purchase price and capital lease obligation for SPR. Also, because a legal right of offset exists under the lease obligation and note receivable agreements, and because it is probable offset will occur upon exercise of the Purchase Option, the note receivable of \$13,453,000 has been netted against the capital lease obligation in the accompanying December 31, 1996 consolidated balance sheet.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued**

Annual future minimum lease payments under the capital lease obligation as of December 31, 1996 are as follows (dollars in thousands):

1997.....	\$ 800
1998.....	2,800
1999.....	2,800
2000.....	4,800
2001.....	5,800
Thereafter.....	59,429
Total minimum lease payments.....	76,429
Less amount representing imputed interest at 6.5%.....	(44,811)
Total.....	31,618
Less current portion.....	--
Less offset of note receivable.....	(13,453)
Net capital lease obligation.....	\$ 18,165

Notes Payable For Road Construction Costs -- In 1995, the Company entered into an agreement to pay a portion of the costs to construct an improved access road to CMS from Interstate 85 under a note arrangement. The note payable bears interest at 8% and is collateralized by a bank letter of credit from NationsBank.

Annual maturities of long-term debt as scheduled as of December 31, 1996 are as follows (dollars in thousands):

1997.....	\$ 383
1998.....	1,090
1999.....	23,168
2000.....	3,072
2001.....	4,058
Thereafter.....	97,312
Total.....	129,083
Less offset of note receivable against capital lease obligation.....	(13,453)
	\$115,630

Included in interest expense, net, in the accompanying consolidated statements of income is interest income in the amounts of \$426,000 and \$899,000 for the years ended December 31, 1994 and 1995, respectively. Included in interest income, net, is interest expense of \$693,000 for the year ended December 31, 1996. The Company capitalized interest costs of \$2,834,000 in 1996. No interest cost was capitalized in 1994 or 1995.

Extraordinary Item -- Long-term debt as of December 31, 1994 included various notes payable to NationsBank totaling \$46,588,000. On March 3, 1995, these loans were repaid using the proceeds from the 1995 initial public offering. Accordingly, unamortized debt issuance costs of \$133,000, net of tax benefit of \$89,000, related to these notes were expensed in the accompanying 1995 consolidated statement of income as an extraordinary item.

8. DISPOSAL OF INVESTMENT IN REAL ESTATE JOINT VENTURE IN 1994 On December 21, 1994, CMS agreed to dispose of its 50% investment in a real estate joint venture (Chartown), prior to completion of the Company's initial public offering in 1995, to focus on its principal operations of motorsports entertainment, racing and related activities. The disposition of Chartown was completed in early 1995 and was accounted for as discontinued operations in the year ended December 31, 1994. This disposition resulted in the transfer of CMS's interest in the joint venture at its then net book value of approximately

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued \$9,045,000, consisting of the Company's investment in the joint venture of \$8,330,000 plus a related deferred tax asset of \$715,000, to an affiliate, and the subsequent dividend of the proceeds thereof to Sonic. The Company's retained earnings was reduced by an amount equal to the net book value of the assets distributed.

There was no effect of Chartown's operations or disposal on the accompanying 1995 or 1996 consolidated statements of income. Total revenues and net loss of the joint venture for year ended December 31, 1994 were \$2,609,000 and \$546,000, respectively. CMS's share of the 1994 loss, net of tax benefit of \$198,000, was \$294,000.

Chartown leases an office and warehouse facility, located near CMS, to 600 Racing, Inc. for Legends Car operations. This operating lease is renewable annually. The current lease provides for annual rent of approximately \$132,000 through July 31, 1997. Rent expense, net of sub-rental income, under this lease was \$26,000, \$44,000, and \$112,000 in 1994, 1995 and 1996, respectively.

9. CAPITAL STRUCTURE, PUBLIC OFFERINGS OF COMMON STOCK AND PER SHARE DATA Preferred Stock -- At December 31, 1996, SMI has authorized 3,000,000 shares of preferred stock with a par value of \$.10 per share. Shares of preferred stock may be issued in one or more series with rights and restrictions as may be determined by the Company's Board of Directors. No preferred shares were issued and outstanding at December 31, 1995 or 1996. Stock Split -- On February 9, 1996, the Company's Board of Directors approved a two for one stock split for each share of the Company's common stock. The stock split was effective March 15, 1996 in the form of a 100% common stock dividend payable to stockholders of record as of February 26, 1996. All share and per share information in the accompanying consolidated and combined financial statements take into account this stock split. Public Offerings of Common Stock -- The Company completed an initial public offering of SMI common stock on March 3, 1995 at a price of \$9 per share. SMI had 38,000,000 common shares outstanding immediately after the public offering was consummated, of which approximately 9,000,000 shares were held by new outside investors. Net proceeds of the 1995 initial public offering of \$65,793,000 were used to repay existing bank indebtedness, expand CMS and AMS racing facilities, and for other general corporate purposes. The Company completed an additional offering of common stock on April 1, 1996 by issuing 3,000,000 shares of common stock at a price of \$27.625 per share. Net proceeds after offering expenses were \$78,354,000 with such proceeds used to pay construction costs of TMS and for other general corporate purposes. Per Share Data -- The 1995 and 1996 per share amounts reflect the 37,275,000 and 41,301,000 weighted average shares outstanding, including 612,000 and 767,000 common share equivalents arising from stock options, for the years ended December 31, 1995 and 1996, respectively. The 1994 per share amounts have been prepared on a pro forma basis to reflect the 30,400,000 common shares outstanding after giving effect to the Restructuring, including 400,000 common share equivalents arising from stock options. Had the 1995 initial public stock offering and related repayment of debt occurred on January 1, 1995, income from continuing operations applicable to common stock in 1995 would have been \$0.52 per share. Had the October 1996 offering of subordinated convertible debentures (see Note 7) been fully converted on January 1, 1996, and related interest expense on such debt not recorded in 1996, income from continuing operations applicable to common stock in 1996 would have been \$0.61 per share.

10. PUT WARRANTS AND NET INCOME APPLICABLE TO COMMON STOCK IN 1994 In connection with bank financing received in 1990, AMS issued to NationsBank two common stock purchase warrants (Equity Warrants). These warrants entitled the holder to purchase a 37% equity interest in AMS at a price of \$1 per share. The warrants were originally exercisable through October 23, 2005.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued**

In connection with additional bank financing received during 1991, AMS issued to NationsBank a third common stock purchase warrant (Contingent Warrant). This warrant entitled the holder to purchase shares of AMS at \$1 per share. The number of shares that could be purchased was based on the number of events of default, if any, which occurred subsequent to December 16, 1991. These events of default related to the aggregate capital expenditures during any fiscal year. Each event of default entitled the holder to exercise the warrant for 5% of the outstanding stock of AMS. However, in no event could the aggregate warrants issued during one calendar year under this financing exceed 5% of the outstanding stock of AMS. No event of default, as defined, occurred prior to the date the warrant was cancelled by NationsBank on December 16, 1994 (discussed below).

The warrants described above contained provisions whereby the holder could require AMS to redeem the warrants for cash at any time from October 23, 1995 through October 23, 2005. The per share redemption price was determined using the higher of book value, market price as determined in a public exchange, a cash flow capitalization formula or appraised value. On December 16, 1994, the Company redeemed the Equity Warrants from NationsBank for \$8,000,000 and cancelled the Contingent Warrant. In each of the years from 1991 to 1994, the Company increased the carrying value of the Equity Warrants and decreased retained earnings in order to accrete the aggregate value of the put provision over the minimum stock warrant redemption period. Net income applicable to common stock of \$7,170,000 for the year ended December 31, 1994 represents reported net income of the Company of \$10,176,000 less the periodic accretion in estimated redemption value of the Equity Warrants of \$3,006,000.

11. INCOME TAXES The components of the provision for income taxes are as follows (dollars in thousands):

	1994	1995	1996
Current.....	\$8,426	\$13,184	\$12,762
Deferred.....	(371)	516	3,890
Total.....	\$8,055	\$13,700	\$16,652

The tax effect of temporary differences resulting in deferred income taxes are as follows (dollars in thousands):

	1995	1996
Deferred tax liabilities:		
Property and equipment.....	\$ 9,774	\$14,958
Other.....	--	755
	9,774	15,713
Deferred tax assets:		
Income previously recognized for tax purposes.....	(608)	(520)
Stock option compensation expense.....	(1,206)	(1,095)
Other.....	(1,243)	(356)
	(3,057)	(1,971)
Total net deferred tax liability.....	\$ 6,717	\$13,742

No valuation allowance against deferred tax assets has been recorded for any year presented. The differences between the effective tax rate and the federal statutory tax rate in 1994, 1995 and 1996 are principally due to the effect of state income taxes (approximately 5% for 1994, 4% for 1995 and 6% for 1996) and nondeductible items, including goodwill amortization.

The Company made income tax payments during 1994, 1995 and 1996 totaling approximately \$8,614,000, \$13,163,000 and \$17,402,000, respectively.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued**

On September 9, 1993, the Internal Revenue Service (IRS) asserted that AMS, as the successor in interest to BND, Inc. (BND), is liable for additional income taxes, penalties and interest. The total assessment for taxes, penalties and interest (net of tax benefit for deductibility of interest) through December 31, 1996 is approximately \$7,500,000. This deficiency allegedly relates to BND's income tax returns for the years ended November 30, 1988 and October 31, 1990. The IRS alleges that, during the acquisition of AMS by the Company's Chairman and Chief Executive Officer in October 1990, BND's merger into Atlanta International Raceway, Inc., the predecessor of AMS (AIR), resulted in a taxable gain to BND. Moreover, this taxable gain allegedly eliminates a net operating loss carryback to the tax return filed for the year ended November 30, 1988. On November 30, 1993, AMS filed a protest contesting the assessment with appeals division of the IRS; as of this date, no resolution of this matter has been obtained. However, the Company anticipates resolution of this matter during 1997. Management intends to continue contesting the allegations of a deficiency and has not provided for this contingency in the accompanying consolidated financial statements. There can be no assurance, however, that the ultimate resolution of this proceeding will not have a material adverse effect on the Company's future results of operations or financial condition.

12. RELATED PARTY TRANSACTIONS Notes receivable at December 31, 1995 and 1996 include a note receivable of \$934,000 and \$697,000, 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 during 1997, the balance has been classified as a noncurrent asset in the accompanying 1996 balance sheet. Notes receivable also include a note receivable from the Company's Chairman and Chief Executive Officer for \$528,000 at December 31, 1995 and \$1,131,000 at December 31, 1996. 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. Amounts payable to affiliated company of approximately \$2,603,000 at December 31, 1995 and 1996 represents acquisition and other expenses paid on behalf of AMS by Sonic in prior years. Of such amounts, approximately \$1,800,000 bears interest at 3.83% per annum. The remainder of the amount bears interest at prime plus 1%. The entire account balance is classified as long-term based on expected repayment dates. Interest expense incurred on this obligation was \$65,000 in 1994, \$130,000 in 1995, and \$141,000 in 1996. Interest income of \$118,000, \$75,000 and \$130,000 was earned on amounts due from related parties during the years ended December 31, 1994, 1995 and 1996, respectively. The Company paid Sonic management fees of \$1,500,000 in 1994 for certain accounting, administrative and management services, including assistance in the planning and execution of racing events; maintenance of banking relationships; tax planning; preparation of tax returns and representation in tax examinations; record maintenance; internal audits and special audits; assistance to the Company's independent public accountants; and litigation support to the Company's legal counsel. In the opinion of Company management, the management fees charged approximated the costs required for these services had the Company operated as a separate unaffiliated entity during that year. On December 21, 1994, the Board of Directors of CMS declared a dividend to Sonic in the amount of \$29,491,000 as part of the Restructuring. This amount represented a loan receivable, including accrued interest, from Sonic. Prior to the date of the dividend, the entire loan receivable had been recorded as a reduction of stockholders' equity because repayment had not been anticipated in the near future.

13. CONTINGENCIES The Company is involved in various lawsuits and disputes which arose in the ordinary course of business. In management's opinion, the outcome of these matters will not have a material impact on the Company's financial condition or future results of operations.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued**

The Company's property at CMS includes areas that were used as solid waste landfills for many years. Landfilling of general categories of municipal solid waste on the CMS property ceased in 1992, but CMS currently allows certain property to be used for land clearing and inert debris landfilling and for construction and demolition debris landfilling. Management believes that the Company's operations, including the landfills on its property, are in compliance with all applicable federal, state and local environmental laws and regulations. Company management is not aware of any situation related to landfill operations which would adversely affect the Company's financial position or future results of operations.

14. OTHER INCOME Other income for the years ended December 31, 1994, 1995 and 1996 consists of the following (dollars in thousands):

	1994	1995	1996
Gain on sale of speedway condominiums.....	\$ 303	\$ 761	\$ 163
Equity in earnings of North Wilkesboro Speedway.....	--	233	371
Other income.....	1,289	2,631	1,865
	\$1,592	\$ 3,625	\$ 2,399

Other income in 1994 consists primarily of gains on sales of marketable equity securities. Other income in 1995 and 1996 consists primarily of gains on sales of land and marketable equity securities, and landfill fees.

15. STOCK OPTION PLANS 1994 Stock Option Plan -- On December 21, 1994, the Board of Directors and stockholders of SMI adopted the Company's 1994 Stock Option Plan in order to attract and retain key personnel. Under the stock option plan, options to purchase up to an aggregate of 2,000,000 shares of common stock may be granted to directors, officers and key employees of SMI and its subsidiaries. Such options provide for the purchase of common stock at a price as determined by the Compensation Committee of the Board of Directors. On December 21, 1994, SMI granted options to nine officers to purchase an aggregate of 800,000 shares of common stock at an exercise price of \$3.75 per share. The Company recorded a noncash stock compensation charge of \$3,000,000 (before tax) in December 1994, which represents the difference between management's estimate of the fair value of the SMI common stock at the date of grant, after considering the then proposed initial public offering of the Company's stock discussed in Note 1, and the exercise price of the options granted. Also on December 21, 1994, SMI granted options to the same nine officers to purchase an aggregate of 320,000 shares of common stock at an exercise price equal to the initial public offering price of the common stock. The exercise price of all stock options granted in 1995 and 1996 was the fair or trading value of the Company's common stock at the date of grant. No stock options were exercised through December 31, 1995.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued**

Other option information regarding the 1994 Stock Option Plan for the years ended December 31, 1995 and 1996 is summarized as follows:

	Shares in Thousands	Exercise Price Per Share	Weighted Average Exercise Price
Outstanding, January 1, 1995.....	1,120	\$3.75-\$ 9.00	\$ 5.34
Granted.....	100	\$9.00-\$15.38	13.46
Exercised.....	--	--	--
Outstanding, December 31, 1995.....	1,220	\$3.75-\$15.38	6.00
Granted.....	280	\$23.00	23.00
Exercised.....	(159)	\$3.75-\$15.38	4.67
Cancelled.....	(17)	\$15.38	15.38
Outstanding, December 31, 1996.....	1,324	\$3.75-\$23.00	\$ 9.64

Of the options outstanding as of December 31, 1996, 1,244,000 are currently exercisable. The weighted average remaining contractual life of the options outstanding at December 31, 1996 is 8.35 years.

Formula Stock Option Plan -- Effective January 1, 1996, the Company's Board of Directors adopted the Formula Stock Option Plan for the benefit of the Company's outside directors as approved by the Company's stockholders at the 1996 annual meeting. The plan authorizes options to purchase up to an aggregate of 400,000 shares of common stock. Under the plan, before February 1 of each year, each outside director is awarded an option to purchase 20,000 shares at an exercise price equal to the fair market value per share of common stock at the date of award.

In 1996, the Company granted options to purchase 20,000 common shares to each of the Company's two outside directors at an exercise price per share at award date of \$14.94. All options to purchase shares under this plan expire ten years from grant date. As of December 31, 1996, none of the options granted had been exercised. Subject to stockholder approval, effective January 2, 1997, the Company granted options to purchase an additional 20,000 shares to each of the two outside directors.

Stock-Based Compensation Information -- As discussed in Note 2, the Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation". The Company granted 100,000 and 280,000 options in 1995 and 1996 with weighted average grant-date fair values of \$3.36 and \$7.16, respectively. No compensation cost has been recognized for the stock option plans except for the charge in 1994 as described in "1994 Stock Option Plan" above. Had compensation cost for the stock options been determined based on their fair value method as prescribed by SFAS No. 123, the Company's pro forma net income would have been \$19,219,000, or \$.52 per share, for 1995, and \$25,036,000, or \$.61 per share, for 1996.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: expected volatility of 18.7% in 1995 and 37.3% in 1996; risk-free interest rate of 6.5% in 1995 and 5.7% in 1996; and expected lives of 3.0 years in 1995 and 3.1 years in 1996. The model reflects that no dividends were declared in either 1995 or 1996.

Employee Stock Purchase Plan -- Effective January 1, 1997, the Company's Board of Directors adopted the SMI Employee Stock Purchase Plan to provide employees the opportunity to acquire stock ownership as approved by the Company's stockholders at the 1996 annual meeting. An aggregate total of 200,000 shares of common stock have been reserved for purchase under the new plan. Each January 1, eligible employees electing to participate will be granted an option to purchase shares of common stock. Prior to each January 1, the Compensation Committee of the Board of Directors determines the number of shares available for purchase under each option, with the same number of shares to be available under each option granted on the same grant date. No participant can be granted options to purchase more than 500 shares in each calendar year, nor which would allow an employee to purchase stock under this or all other employee stock purchase plans in excess of \$25,000

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- Continued of fair market value at the grant date in each calendar year. Participating employees designate a limited percentage of their annual compensation or may directly contribute an amount for deferral as contributions to the Plan. The stock purchase price is 90% of the lesser of fair market value at grant date or exercise date. Options granted may be exercised once at the end of each calendar quarter, and will be automatically exercised to the extent of each participant's contributions. Options granted that are unexercised will expire at the end of each calendar year.

16. EMPLOYEE BENEFIT PLAN Effective October 1, 1994, Sonic established the Sonic Financial Corporation 401(k) Plan and Trust which is available to all employees of the Company. Under the Plan provisions, participants may elect to contribute up to 12% of their annual salary and bonus to the Plan up to allowed limits, of which the Company will match 25% of the first 4% of annual salary and bonus contributed by the employee. Participants are fully vested in Company matching contributions after five years. Required plan contributions by the Company for the period from October 1, 1994 to December 31, 1994 was immaterial. The Company's contributions to the Plan were \$40,000 in 1995 and \$35,000 in 1996.

17. BRISTOL MOTOR SPEEDWAY AND SEARS POINT RACEWAY ACQUISITIONS As further described in Note 1, the Company acquired Bristol Motor Speedway on January 22, 1996 and Sears Point Raceway on November 18, 1996. The acquisitions have been accounted for using the purchase method, and the results of their operations after the acquisition dates are included in the Company's 1996 consolidated statement of income. The purchase price has been allocated to the assets and liabilities acquired at their estimated fair market values at acquisition date. The Company obtained independent appraisals of BMS's property and equipment and other net assets acquired, and of SPR's property and equipment. These appraised fair values are reflected in the accompanying financial statements. In the near future, the Company plans to obtain an independent appraisal of the fair value of other SPR net assets acquired, including identifiable intangibles, if any. Based on current information, the Company's management does not expect the final allocation of the SPR purchase price to materially differ from that used in the accompanying December 31, 1996 balance sheet. The following unaudited pro forma financial information presents a summary of consolidated results of operations as if the transactions had occurred as of January 1, 1995 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 acquisitions been made on that date, nor are they necessarily indicative of results which may occur in the future.

	(PRO FORMA)	
	Year Ended	
	December 31,	
	1995	1996
Total revenues.....	\$96,431,000	\$110,594,000
Income before extraordinary item.....	18,172,000	26,355,000
Net income.....	18,039,000	26,355,000
Net income per share.....	\$ 0.48	\$ 0.64

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1996	JUNE 30, 1997
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$ 22,252	\$ 32,897
Restricted cash.....	14,624	4,217
Trade accounts receivable.....	11,919	23,347
Prepaid income taxes.....	4,784	--
Inventories (Note 4).....	6,218	8,206
Speedway condominiums held for sale.....	3,535	11,640
Prepaid expenses.....	526	795
Total current assets.....	63,858	81,102
PROPERTY AND EQUIPMENT, NET (Note 5).....	288,361	386,797
GOODWILL AND OTHER INTANGIBLE ASSETS (Note 9).....	48,314	48,362
<b>OTHER ASSETS:</b>		
Marketable equity securities.....	2,447	2,152
Notes receivable (Note 8).....	2,148	5,756
Other assets.....	4,156	4,448
Total other assets.....	8,751	12,356
<b>TOTAL.....</b>	<b>\$409,284</b>	<b>\$ 528,617</b>

See notes to unaudited consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1996	JUNE 30, 1997
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt (Note 6).....	\$ 383	\$ 387
Accounts payable.....	11,363	16,682
Deferred race event income, net.....	36,393	29,628
Income taxes payable.....	--	6,966
Accrued expenses and other liabilities.....	12,075	13,640
Total current liabilities.....	60,214	67,303
LONG-TERM DEBT (Notes 6 and 12).....	115,247	193,690
PAYABLE TO AFFILIATED COMPANY (Note 8).....	2,603	2,603
DEFERRED INCOME, NET.....	9,732	14,390
DEFERRED INCOME TAXES.....	13,742	13,104
OTHER LIABILITIES.....	3,011	3,513
Total liabilities.....	204,549	294,603
COMMITMENTS AND CONTINGENCIES (Notes 5, 7 and 11)		
STOCKHOLDERS' EQUITY (Note 3):		
Preferred stock, \$.10 par value, shares authorized -- 3,000,000, no shares issued or outstanding.....	--	--
Common stock, \$.01 par value, shares authorized -- 200,000,000, issued and outstanding -- 41,305,000 in 1996 and 41,309,000 in 1997.....	413	413
Additional paid-in capital.....	155,156	155,246
Retained earnings.....	49,348	78,602
Deduct:		
Unrealized loss on marketable equity securities.....	(182)	(247)
Total stockholders' equity.....	204,735	234,014
TOTAL.....	\$409,284	\$ 528,617

See notes to unaudited consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(DOLLARS AND SHARES IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED	
	JUNE 30,	
	1996	1997
REVENUES:		
Admissions.....	\$22,564	\$ 51,249
Event related revenue.....	14,446	48,406
Other operating revenue.....	3,806	4,486
Total revenues.....	40,816	104,141
OPERATING EXPENSES:		
Direct expense of events.....	11,429	35,186
Other direct operating expense.....	2,439	2,794
General and administrative.....	4,591	8,701
Depreciation and amortization.....	2,058	4,455
Preoperating expense of new facility (Note 1).....	--	1,850
Total operating expenses.....	20,517	52,986
OPERATING INCOME.....	20,299	51,155
INTEREST INCOME (EXPENSE), NET.....	686	(877)
OTHER INCOME (EXPENSE).....	971	(179)
INCOME BEFORE INCOME TAXES.....	21,956	50,099
INCOME TAX PROVISION.....	8,663	20,582
NET INCOME.....	\$13,293	\$ 29,517
PRIMARY EARNINGS PER SHARE AND COMMON STOCK EQUIVALENTS.....	\$ 0.32	\$ 0.70
WEIGHTED AVERAGE SHARES OUTSTANDING (Note 3).....	42,106	42,080
EARNINGS PER SHARE ASSUMING FULL DILUTION.....	\$ 0.30	\$ 0.67
WEIGHTED AVERAGE SHARES OUTSTANDING (Note 3).....	44,484	44,459

See notes to unaudited consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(DOLLARS AND SHARES IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	SIX MONTHS ENDED	
	JUNE 30,	
	1996	1997
REVENUES:		
Admissions.....	\$27,306	\$56,455
Event related revenue.....	19,040	55,117
Other operating revenue.....	6,800	8,022
Total revenues.....	53,146	119,594
OPERATING EXPENSES:		
Direct expense of events.....	15,133	39,893
Other direct operating expense.....	4,333	4,850
General and administrative.....	8,622	15,792
Depreciation and amortization.....	3,796	7,119
Preoperating expense of new facility (Note 1).....	--	1,850
Total operating expenses.....	31,884	69,504
OPERATING INCOME.....	21,262	50,090
INTEREST INCOME (EXPENSE), NET.....	449	(382)
OTHER INCOME.....	966	22
INCOME BEFORE INCOME TAXES.....	22,677	49,730
INCOME TAX PROVISION.....	8,997	20,476
NET INCOME.....	\$13,680	\$29,254
PRIMARY EARNINGS PER SHARE AND COMMON STOCK EQUIVALENTS.....	\$ 0.34	\$ 0.69
WEIGHTED AVERAGE SHARES OUTSTANDING (Note 3).....	40,490	42,093
EARNINGS PER SHARE ASSUMING FULL DILUTION.....	\$ 0.32	\$ 0.67
WEIGHTED AVERAGE SHARES OUTSTANDING (Note 3).....	42,869	44,472

See notes to unaudited consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)**

(DOLLARS AND SHARES IN THOUSANDS)

	COMMON	STOCK	ADDITIONAL	RETAINED	UNREALIZED LOSS	TOTAL
	SHARES	AMOUNT	PAID-IN CAPITAL	EARNINGS	ON MARKETABLE EQUITY SECURITIES	STOCKHOLDERS' EQUITY
BALANCE DECEMBER 31, 1996.....	41,305	\$413	\$ 155,156	\$ 49,348	\$ (182)	\$ 204,735
Net income.....	--	--	--	29,254	--	29,254
Issuances of stock under employee stock purchase plan (Note 10).....	4	--	90	--	--	90
Net unrealized loss on marketable equity securities.....	--	--	--	--	(65)	(65)
BALANCE JUNE 30, 1997.....	41,309	\$413	\$ 155,246	\$ 78,602	\$ (247)	\$ 234,014

See notes to unaudited consolidated financial statements.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,	
	1996	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss).....	\$ 13,680	\$ 29,254
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization.....	3,796	7,119
Equity in operations of equity method investee.....	(185)	210
Gain on sale of marketable equity securities and investments.....	(531)	(61)
Amortization of deferred income.....	(137)	(270)
Changes in operating assets and liabilities:		
Restricted cash.....	--	10,407
Trade accounts receivable.....	(1,136)	(7,123)
Inventories.....	(620)	(1,988)
Other current assets and liabilities.....	2,279	(269)
Condominiums held for sale.....	(578)	(8,105)
Prepaid and accrued income taxes.....	--	11,750
Accounts payable.....	7,780	5,319
Deferred race event income.....	345	(6,765)
Accrued expenses and other liabilities.....	3,233	1,565
Deferred income.....	--	4,928
Other assets and liabilities.....	(3,137)	(892)
Net cash provided by operating activities.....	24,789	45,079
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt.....	(32,671)	(184)
Issuance of long-term debt.....	72,500	78,000
Issuance of common stock to public.....	78,354	--
Issuance of stock under employee stock purchase plan.....	--	90
Exercise of stock options.....	465	--
Net cash provided by financing activities.....	118,648	77,906
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures.....	(69,102)	(104,671)
Purchases of marketable equity securities and investments.....	(606)	(412)
Proceeds from sales of marketable equity securities and investments.....	1,507	656
Purchase of Bristol Motor Speedway.....	(27,176)	--
Purchase of Oil-Chem Research Corp.....	(514)	--
Increase in notes and accounts receivable.....	--	(7,299)
Repayments from (loans to) related parties.....	287	(614)
Net cash used in investing activities.....	(93,966)	(112,340)
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	49,471	10,645
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.....	10,132	22,252
CASH AND CASH EQUIVALENTS AT END OF PERIOD.....	\$ 59,603	\$ 32,897

See notes to unaudited consolidated financial statements.

# SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements of Speedway Motorsports, Inc. for the fiscal year ended December 31, 1996 included in the Company's 1996 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.

The Company recognizes revenues and operating expenses for all events in the calendar quarter in which the events are conducted except when a major NASCAR racing event occurs at one of the Company's wholly-owned subsidiaries on the last weekend of a calendar quarter ended March 31, June 30, or September 30 in which case the race event revenues and operating expenses are recognized consistently in the immediately succeeding calendar quarter. The Company has adopted this accounting policy to help ensure comparability between quarterly financial statements.

A major NASCAR-sanctioned racing event occurred at Bristol Motor Speedway on the weekend of March 29-31, 1996. In accordance with the Company's accounting policy, the revenues and direct expenses of this racing event were recognized in the second quarter of 1996. The last recognition date for the first quarter of calendar year 1996 was March 28, 1996. No major NASCAR racing events were held at wholly-owned subsidiaries on the last weekend of the calendar quarters ended June 30, 1997, March 31, 1997, or June 30, 1996. As such, the three and six months ended June 30, 1997 and 1996 reporting periods are comparable.

DEFERRED INCOME -- Deferred income includes Texas Motor Speedway (TMS) Preferred Seat License (PSL) fee deposits of \$8,402,000 and \$13,206,000, net of expenses of \$843,000 and \$970,000, at December 31, 1996 and June 30, 1997, respectively. See Note 2 to the December 31, 1996 Consolidated Financial Statements for discussion of terms and conditions of the PSL's. Fees received under 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 speedway facility upon its opening. Amortization income recognized in the three months ended June 30, 1997 was \$133,000.

PREOPERATING EXPENSE OF NEW FACILITY -- Preoperating expenses consist of non-recurring and non-event related costs to develop, organize and open the Company's new superspeedway facility, Texas Motor Speedway (TMS), which hosted its first racing event on April 6, 1997.

IMPACT OF NEW ACCOUNTING STANDARDS -- In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share". SFAS No. 128 specifies the computation, presentation and disclosure requirements for earnings per share and is effective for interim and annual periods ending after December 17, 1997. Under SFAS No. 128, the Company will compute and disclose both basic and diluted earnings per share. Its adoption is not expected to significantly affect the Company's computation, presentation and disclosure under current accounting standards.

RECLASSIFICATION -- Certain accounts in 1996 were reclassified to conform to current year presentation.

### 2. 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 (CMS), Sears Point Raceway (SPR), Texas Motor Speedway, Inc. (TMS), Oil-Chem Research Corp. and subsidiary (ORC), Speedway Funding Corp. and Sonoma Funding Corp. (collectively, the Company).

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

AMS owns and operates a 1.5-mile oval, asphalt speedway located on approximately 870 acres in Hampton, Georgia. Two major National Association of Stock Car Auto Racing (NASCAR) Winston Cup events are held annually, one in March and one in November. Additionally, a Busch Grand National race and two Automobile Racing Club of America (ARCA) races are also held annually, each preceding a Winston Cup event. All of these events are sanctioned by NASCAR or ARCA. AMS has constructed 46 condominiums over-looking the Atlanta speedway and is in the process of selling the ten remaining condominiums.

BMS owns and operates a one-half mile lighted, 36-degree banked concrete oval speedway, and a one-quarter mile lighted dragstrip, located on approximately 530 acres in Bristol, Tennessee. BMS currently sponsors two major NASCAR Winston Cup events annually. Additionally, two Busch Grand National races are held annually, each preceding a Winston Cup event. On January 22, 1996, the Company acquired 100% of the outstanding capital stock of BMS for \$27,176,000, including direct acquisition costs of \$146,000 (see Note 9).

CMS owns and operates a 1.5-mile quad-oval, asphalt speedway located in Concord, North Carolina. CMS stages three major NASCAR Winston Cup events annually, two in May and one in October. Additionally, two Busch Grand National and two ARCA races are held annually, each preceding a Winston Cup event. In 1997, CMS hosted an International Race of Champions (IROC) race and an Indy Racing League (IRL) racing event. All of these events are sanctioned by NASCAR, IROC, IRL or ARCA. The Charlotte facility also includes a 2.25-mile road course, a one-quarter mile asphalt oval track, a one-fifth mile asphalt oval track and a one-fifth mile dirt oval track, all of which hold race events throughout the year. In addition, CMS has constructed 52 condominiums overlooking the main speedway, all of which have been sold.

CMS also owns an office and entertainment complex which overlooks the main speedway. A wholly-owned subsidiary, The Speedway Club, Inc. (Speedway Club), derives rental, catering and dining revenues from the complex.

SPR, located on approximately 800 acres in Sonoma, California, owns and operates a 2.52-mile, twelve-turn road course, a one-quarter mile dragstrip, and a 157,000 square foot industrial park. SPR currently sponsors one major NASCAR-sanctioned Winston Cup racing event annually. Additional events held annually include a NASCAR-sanctioned Craftsman Truck Series, a NHRA Winston Drag Racing Series, as well as American Motorcycle Association and Sports Car Club of America (SCCA) racing events. The racetrack is also rented throughout the year by various organizations, including the SCCA, major automobile manufacturers, and other car clubs. On November 18, 1996, the Company acquired certain assets and the operations of Sears Point Raceway (see Notes 6 and 9).

TMS, located on 950 acres in Fort Worth, Texas, is a 1.5-mile, lighted, banked, asphalt quad-oval superspeedway. TMS construction was substantially complete at March 31, 1997 with TMS hosting its first major NASCAR Winston Cup race on April 6, 1997 preceded by a Busch Grand National race (see Note 5). In June 1997, TMS also hosted a NASCAR-sanctioned Craftsman Truck Series event, an IRL racing event, and two music concerts. Management is actively pursuing the scheduling of additional motorsports racing and other events at TMS. Other events will be announced as they are scheduled. In July 1996, TMS began construction of 76 condominiums above turn-two overlooking the speedway, 70 of which have been contracted for sale.

600 Racing, Inc., a wholly-owned subsidiary of CMS, developed, operates and is the official sanctioning body of the Legends Circuit. 600 Racing also manufactures and sells 5/8-scale cars (Legends Cars) modeled after older- style coupes and sedans. In 1997, 600 Racing released a new line of smaller-scale cars (the Bandolero). Revenue is principally derived from the sale of vehicles and vehicle parts.

ORC produces an environmentally friendly motor oil additive that the Company intends to promote in conjunction with its speedways. On April 16, 1996, the Company acquired 100% of the outstanding capital stock of ORC for \$4,459,000 in Company stock and cash.

The Company's Chairman and CEO purchased approximately 24% of the outstanding common stock of North Carolina Motor Speedway, Inc. (NCMS) in 1995 (see Note 11). The Chairman has offered to sell this stock

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED**

to the Company at his cost. The Company has declined to purchase the shares to date but may elect to do so in the future.

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 includes a speedway located in northwest Illinois. The agreement also grants the Company the option to purchase up to 40% equity ownership in the facility. The option has not been exercised.

**3. CAPITAL STRUCTURE, PUBLIC OFFERING OF COMMON STOCK AND PER SHARE DATA**

**INCREASE IN AUTHORIZED SHARES OF COMMON STOCK --** On April 29, 1997, the Company's Board of Directors and stockholders approved an increase in the authorized common stock of SMI from 100,000,000 to 200,000,000 shares.

**STOCK SPLIT --** On February 9, 1996, the Company's Board of Directors approved a two for one stock split for each share of the Company's common stock. This stock split became effective March 15, 1996 in the form of a 100% common stock dividend paid to stockholders of record on February 26, 1996. All shares and per share information in the accompanying consolidated financial statements take into account this stock split.

**PUBLIC OFFERING OF COMMON STOCK --** The Company completed an offering of common stock on April 1, 1996 by issuing 3,000,000 shares of common stock at a price of \$27.625 per share. Net proceeds after offering expenses were \$78,354,000.

**PER SHARE DATA --** For the three and six month periods ended June 30, 1997, per share amounts reflect the 42,080,000 and 42,093,000 weighted average shares outstanding, including 774,000 and 788,000 common share equivalents arising from stock options, during each respective period. For the three and six month periods ended June 30, 1996, per share amounts reflect the 42,106,000 and 40,490,000 weighted average shares outstanding, including 874,000 common share equivalents arising from stock options, during each respective period.

Fully diluted earnings per share reflect the potential conversion of the subordinated convertible debentures offered in October 1996 (see Note 6) as if fully converted on January 1, 1996, and the related interest expense on such debt not recorded in 1997 or 1996.

**4. INVENTORIES**

Inventories as of December 31, 1996 and June 30, 1997 consisted of the following components (dollars in thousands):

	DECEMBER 31,	JUNE 30,
	1996	1997
Souvenirs.....	\$2,359	\$3,952
Finished vehicles, parts and accessories.....	3,753	4,099
Food and other.....	106	155
Total.....	\$6,218	\$8,206

**5. PROPERTY AND EQUIPMENT -- CONSTRUCTION IN PROGRESS**

**TEXAS MOTOR SPEEDWAY --** In 1995, the Company began constructing TMS, a 1.5-mile, banked, asphalt quad-oval superspeedway, on a 950 acre site in Fort Worth, Texas. Construction was substantially complete at March 31, 1997 with TMS hosting its first major NASCAR Winston Cup race on April 6, 1997.

**CONSTRUCTION IN PROGRESS --** At June 30, 1997, the Company has various construction projects underway to increase and improve grandstand seating capacity, suites, facilities for fan amenities, and make various other site improvements at AMS, BMS, CMS and SPR. In addition, AMS is converting its speedway to a quad-oval configuration and changing the start-finish line location in conjunction with the other improvements.

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

The estimated aggregate cost of capital expenditures in 1997, inclusive of TMS, will approximate \$148,000,000.

#### 6. LONG-TERM DEBT

**BANK CREDIT FACILITY (SEE NOTE 12)** -- In March 1996, the Company obtained from NationsBank, N.A. (Carolinas) an unsecured, long-term working capital and letter of credit facility (the "Credit Facility") with an overall borrowing limit of \$110 million and a sub-limit of \$7 million for standby letters of credit. At June 30, 1997, the Company has a total of \$100 million in outstanding borrowings under the Credit Facility. As further described in Note 12, this Credit Facility was replaced and retired on August 4, 1997. The Credit Facility was previously scheduled to mature in 1999.

**CONVERTIBLE SUBORDINATED DEBENTURES** -- In October 1996, the Company issued 5 3/4% convertible subordinated debentures in the aggregate principal amount of \$74 million. The debentures are unsecured, mature on September 30, 2003, are convertible into Common Stock at the holder's option after November 30, 1996 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 would be issuable (see Note 3). Interest payments are due semi-annually on March 31 and September 30. See Note 7 to the December 31, 1996 Consolidated Financial Statements for discussion of additional terms and conditions of the debentures.

**CAPITAL LEASE OBLIGATION AND PURCHASE OPTION (SEARS POINT RACEWAY)** -- In connection with the SPR asset acquisition by SMI on November 18, 1996, the Company executed a 14 year capital lease with the seller for all of the real property of the SPR complex. SMI has the option to purchase the real property for \$38.1 million during a six-month option period commencing November 1, 1999, subject to acceleration at the election of the seller after March 31, 1997 and through December 31, 1999 (the Purchase Option). SMI paid \$3.5 million for the Purchase Option and \$3.0 million as a lease security deposit, and loaned the seller approximately \$13.45 million under a 4% promissory note receivable in connection with the acquisition, with such amounts to be credited against the purchase price of the real property upon exercise of the Purchase Option. In management's opinion, it is probable that the Purchase Option will be exercised. Because a legal right of offset exists under the lease obligation and note receivable agreements, and because it is probable offset will occur upon exercise of the Purchase Option, the note receivable of \$13.45 million has been netted against the capital lease obligation in the accompanying consolidated balance sheets. See Note 7 to the December 31, 1996 Consolidated Financial Statements for discussion of additional terms and conditions of the capital lease obligation and Purchase Option.

#### 7. INCOME TAXES

On September 9, 1993, the Internal Revenue Service (IRS) asserted that AMS, as the successor in interest to BND, Inc. (BND), is liable for additional income taxes, penalties and interest. The total assessment for taxes, penalties and interest (net of tax benefit for deductibility of interest) through June 30, 1997 is approximately \$7,700,000. This deficiency allegedly relates to BND's income tax returns for the years ended November 30, 1988 and October 31, 1990. The IRS alleges that, during the acquisition of AMS by the Company's Chairman and Chief Executive Officer in October 1990, BND's merger into Atlanta International Raceway, Inc., the predecessor of AMS (AIR), resulted in a taxable gain to BND. Moreover, this taxable gain allegedly eliminates a net operating loss carryback to the tax return filed for the year ended November 30, 1988. On November 30, 1993, AMS filed a protest contesting the assessment with the appeals division of the IRS; as of this date, no resolution of this matter has been obtained. However, the Company anticipates resolution of this matter during 1997. Management intends to continue contesting the allegations of a deficiency and has not provided for this contingency in the accompanying consolidated financial statements. There can be no assurance, however, that the ultimate resolution of this proceeding will not have a material adverse effect on the Company's future results of operations, financial condition or cash flows.

**SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED**

**8. RELATED PARTY TRANSACTIONS**

Notes receivable at June 30, 1997 and December 31, 1996 include a note receivable of \$722,000 and \$697,000, 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, 1998, 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 \$1,720,000 at June 30, 1997 and \$1,131,000 at December 31, 1996. 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.

Amounts payable to affiliated company of approximately \$2,603,000 at June 30, 1997 and December 31, 1996 represents acquisition and other expenses paid on behalf of AMS by Sonic Financial Corporation in prior years. Of such amounts, approximately \$1.8 million bears interest at 3.83% per annum. The remainder of the amount bears interest at 1% over prime. The entire account balance is classified as long-term based on expected repayment dates.

**9. BRISTOL MOTOR SPEEDWAY AND SEARS POINT RACEWAY ACQUISITIONS**

As further described in Notes 1 and 17 of the December 31, 1996 Consolidated Financial Statements, the Company acquired Bristol Motor Speedway on January 22, 1996 and Sears Point Raceway on November 18, 1996. The acquisitions have been accounted for using the purchase method, and the results of their operations after the acquisition dates are included in the Company's consolidated statements of income. The purchase price has been allocated to the assets and liabilities acquired at their appraised or estimated fair values at acquisition date. In the near future, the Company plans to obtain an independent appraisal of the fair value of other SPR net assets acquired, including identifiable intangibles, if any. Based on current information, the Company's management does not expect the final allocation of the SPR 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 transactions had occurred as of January 1, 1996 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 acquisitions been made on that date, nor are they necessarily indicative of results which may occur in the future.

	(PRO FORMA)	
	THREE MONTHS ENDED JUNE 30,	1997
	1996	
Total revenues.....	\$46,506,000	\$104,141,000
Net income.....	14,065,000	29,517,000
Net income per share.....	\$ 0.33	\$ 0.70

	(PRO FORMA)	
	SIX MONTHS ENDED JUNE 30,	1997
	1996	
Total revenues.....	\$58,370,000	\$119,594,000
Net income.....	13,952,000	29,254,000
Net income per share.....	\$ 0.34	\$ 0.69

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED**

**10. EMPLOYEE STOCK PURCHASE PLAN**

Effective January 1, 1997, the Company's Board of Directors adopted the SMI Employee Stock Purchase Plan to provide employees the opportunity to acquire stock ownership. An aggregate total of 200,000 shares of common stock have been reserved for purchase under the new plan. Each January 1, eligible employees electing to participate will be granted an option to purchase shares of common stock. Prior to each January 1, the Compensation Committee of the Board of Directors determines the number of shares available for purchase under each option, with the same number of shares to be available under each option granted on the same grant date. No participant can be granted options to purchase more than 500 shares in each calendar year, nor options which would allow an employee to purchase stock under this or all other employee stock purchase plans in excess of \$25,000 of fair market value at the grant date in each calendar year. The stock purchase price is 90% of the lesser of fair market value at grant date or exercise date. Options granted may be exercised once at the end of each calendar quarter, and will be automatically exercised to the extent of each participant's contributions. Options granted that are unexercised will expire at the end of each calendar year.

**11. COMMITMENT**

**NORTH CAROLINA MOTOR SPEEDWAY** -- The Company submitted a merger proposal in April 1997 to the Board of Directors of North Carolina Motor Speedway, Inc. (NCMS). The merger proposal contemplates the purchase of all outstanding NCMS capital stock for an aggregate of approximately \$72 million in cash or SMI common stock at the election of each NCMS stockholder. On July 7, 1997, the Company's merger proposal was recommended by a Special Committee of the NCMS Board of Directors for approval by the NCMS board. On August 5, 1997, the NCMS Board of Directors, however, rejected the Company's proposal. Subsequently, Bruton Smith, the Company's Chairman and Chief Executive Officer, filed a civil complaint against the directors of NCMS in his individual capacity as a NCMS shareholder (see Note 2) alleging, among other things, breach of director duties.

**12. SUBSEQUENT EVENTS**

**SENIOR SUBORDINATED NOTES** -- On August 4, 1997, the Company completed a private placement of 8 1/2% senior subordinated notes (the Notes) in the aggregate principal amount of \$125,000,000. The 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 commencing February 15, 1998. The Notes are subordinated to all present and future senior secured indebtedness of the Company, including the 1997 Credit Facility described below, and are guaranteed by the Company's existing and future subsidiaries other than Oil-Chem. 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. Net proceeds after commissions and discounts from the private placement of the Notes were \$121,548,000 which were used to retire and repay then outstanding borrowings under the 1996 Credit Facility (see Note 6), fund construction costs and for working capital needs of the Company.

The Indenture governing the 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 governing the Notes and 1997 Credit Facility agreements contain cross default provisions.

**BANK CREDIT FACILITY REPLACEMENT** -- On August 4, 1997, the Company obtained from NationsBank a long-term, unsecured, senior revolving credit facility (the 1997 Credit Facility) with an overall borrowing limit of \$175,000,000 and a sub-limit of \$10,000,000 for standby letters of credit. The 1997 Credit Facility agreement replaces the former Credit Facility (see Note 6), which was repaid and retired with proceeds from the Senior Notes.

## SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

Interest under the 1997 Credit Facility will be 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). The 1997 Credit Facility will mature in August 2002 and is guaranteed by the Company's subsidiaries. Although the 1997 Credit Facility is unsecured, the Company has agreed not to pledge its assets to any third party. In addition, among other items, the Company must meet certain financial covenants, including specified levels of net worth and ratios of (i) debt to capitalization, (ii) debt to EBITDA, and (iii) earnings before interest and taxes (EBIT) to interest expense. The 1997 Credit Facility also contains certain limitations on cash expenditures to acquire additional motor speedways without the consent of the lenders, and limits the Company's consolidated capital expenditures to amounts not to exceed \$125 million annually and \$300 million in the aggregate over the loan term. The Company also agreed to certain other limitations or prohibitions concerning the incurrence of other indebtedness, transactions with affiliates, guaranties, asset sales, investments, cash dividends to shareholders, distributions and redemptions.

No dealer, salesperson or other person is authorized in connection with any offering made hereby to give any information or to make any representation not contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or by the Initial Purchasers. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered hereby, nor does it constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstance create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

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(Speedway Motorsports, Inc. logo appears here)

Offer to exchange all outstanding 8 1/2% Senior Subordinated Notes Due 2007

(\$125,000,000 Principal Amount)

for

8 1/2% Senior Subordinated Notes Due 2007

### **PROSPECTUS**

### **ALL TENDERED OLD NOTES, EXECUTED LETTERS OF TRANSMITTAL AND OTHER RELATED**

### **DOCUMENTS SHOULD BE DIRECTED TO THE EXCHANGE AGENT.**

**QUESTIONS AND REQUESTS FOR ASSISTANCE AND REQUESTS FOR ADDITIONAL COPIES OF THE PROSPECTUS, THE LETTER OF TRANSMITTAL AND OTHER RELATED DOCUMENTS SHOULD BE ADDRESSED TO THE EXCHANGE AGENT AS FOLLOWS:**

#### **BY REGISTERED OR CERTIFIED MAIL:**

First Trust National Association  
180 East Fifth Street  
Suite 200  
St. Paul, Minnesota 55101  
Attn: Kathe Barrett

#### **BY HAND OR OVERNIGHT COURIER:**

First Trust National Association  
180 East Fifth Street  
Suite 200  
St. Paul, Minnesota 55101  
Attn: Kathe Barrett

#### **BY FACSIMILE:**

(612) 244-0711 (MN) Confirm by Telephone (612) 244-0719 (MN) (Originals of all documents submitted by facsimile should be sent promptly by hand, overnight courier, or registered or certified mail) , 1997

**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Registrant's Bylaws effectively provide that the Registrant shall, to the full extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time ("Section 145"), indemnify all persons whom it may indemnify pursuant thereto. In addition, the Registrant's Certificate of Incorporation eliminates personal liability of its directors to the full extent permitted by Section 102(b) (7) of the General Corporation Law of the State of Delaware, as amended from time to time ("Section 102(b) (7)").

Section 145 permits a corporation to indemnify its directors and officers against expenses (including attorney's fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by a third party if such directors or officers acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action, indemnification may be made only for expenses actually and reasonably incurred by directors and officers in connection with the defense or settlement of an action or suit and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interest of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant officers or directors are reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Section 102(b) (7) provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for willful or negligent conduct in paying dividends or repurchasing stock out of other than lawfully available funds or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

The Company maintains insurance against liabilities under the Securities Act of 1933 for the benefit of its officers and directors.

Section 8 of the Registration Rights Agreement (filed as Exhibit 4.3 to this Registration Statement) provides that the holders of Transfer Restricted Securities covered by this Registration Statement severally and not jointly will indemnify and hold harmless the Registrant, its existing domestic subsidiaries (other than the Unrestricted Subsidiary), and their respective officers, directors, partners, employees, representatives and agents from and against any liability caused by any untrue statement or omission in the Registration Statement, in the Prospectus or in any amendment or supplement thereto, in each case to the extent that the statement or omission was made in reliance upon and in conformity with written information furnished to the Registrant by the holders of Transfer Restricted Securities covered by this Registration Statement expressly for use therein.

**ITEM 21(A). EXHIBITS**

**EXHIBIT INDEX**

EXHIBIT NUMBER	DESCRIPTION
*3.1	Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-1, File No. 33-87740 (the "Form S-1")).
*3.2	Bylaws of the Company (incorporated by reference to Exhibit 3.2 of 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

EXHIBIT  
NUMBER

DESCRIPTION

- 4.1 Indenture dated as of August 4, 1997 between the Company and First Trust National Association, as Trustee (the "Indenture").
- 4.2 Form of 8 1/2% Senior Subordinated Notes Due 2007 (included in the Indenture).
- 4.3 Registration Rights Agreement dated as of August 4, 1997 among the Company and the Initial Purchasers.
- \*\*5.1 Opinion of Parker, Poe, Adams & Bernstein L.L.P. regarding the legality of the securities being registered.
- \*10.1 Project Agreement by and among The Department of Transportation, an agency of the State of North Carolina, Interstate Combined Ventures and Charlotte Motor Speedway, Inc. dated as of December 6, 1993 (incorporated by reference to Exhibit 10.12 to the Form S-1).
- \*10.2 Deed of Trust by and among Terry L. Faulkenburg and Danny Ray Safrit, as Trustees of West Cabarrus Church, Charlotte Motor Speedway, Inc. and Alan G. Dexter, Trustee, dated as of September 29, 1994 (incorporated by reference to Exhibit 10.38 to the Form S-1).
- \*10.3 Balance of Purchase Money Promissory Note in the amount of \$720,000, made by Charlotte Motor Speedway, Inc. in favor of West Cabarrus Church, dated as of September 29, 1994 (incorporated by reference to Exhibit 10.39 to the Form S-1).
- \*10.4 Agreement for Purchase and Sale of an Option in Real Property by and between West Cabarrus Church and Charlotte Motor Speedway, Inc., dated as of July 26, 1994 (incorporated by reference to Exhibit 10.40 to the Form S-1).
- \*10.5 Documentary Letter of Credit issued by NationsBank of North Carolina, N.A. for the account of Charlotte Motor Speedway, Inc. in favor of Yamaha Motor Co., Ltd., Japan in the amount of \$1,600,000 dated as of September 19, 1994 (incorporated by reference to Exhibit 10.41 to the Form S-1).
- \*10.6 Sales Agreement by and between Yamaha Motor Co. Ltd. and Charlotte Motor Speedway, Inc. dated as of August 1, 1994 (incorporated by reference to Exhibit 10.42 to the Form S-1).
- \*10.7 Deferred Compensation Plan and Agreement by and between Atlanta Motor Speedway, Inc. and Edwin R. Clark, dated as of January 22, 1993 (incorporated by reference to Exhibit 10.43 to the Form S-1).
- \*10.8 Deferred Compensation Plan and Agreement by and between Charlotte Motor Speedway, Inc. and H.A. "Humpty" Wheeler (incorporated by reference to Exhibit 10.44 to the Form S-1).
- \*10.9 Speedway Motorsports, Inc. 1994 Stock Option Plan (incorporated by reference to Exhibit 10.45 to the Form S-1).
- \*10.10 Speedway Motorsports Inc. Formula Stock Option Plan (incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1995 (the "1995 Form 10-K").
- \*10.11 Amended and Restated Agreement by and among Charlotte Motor Speedway, Inc., Sonic Financial Corporation, Town and Country Ford, Inc., O. Bruton Smith, SMDA Properties LLC and Chartown, dated February 10, 1995 (incorporated by reference to Exhibit 10.50 to the Form S-1).
- \*10.12 Promissory Note made by Atlanta Motor Speedway, Inc. in favor of Sonic Financial Corporation in the amount of \$1,708,767, dated as of December 31, 1993 (incorporated by reference to Exhibit 10.51 to the Form S-1).
- \*10.13 Purchase Agreement by and among the Company and Calvin Carl Combs, Linda Fox Combs, Dennis J. Combs, Ned D. Combs, and Judy C. Benfield (incorporated by reference to Exhibit 10.57 to the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 1995).
- \*10.14 Stock Purchase Agreement dated January 22, 1996 between the Company and shareholders of National Raceways, Inc. (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of the Company filed as of February 5, 1996 (the "BMS Form 8-K")).
- \*10.15 Promissory Note dated January 22, 1996 by the Company and Speedway Funding Corp. in favor of NationsBank, N.A. (incorporated by reference to Exhibit 99.2 to the BMS Form 8-K).
- \*10.16 Guaranty Agreement dated January 22, 1996 among National Raceways, Inc., Charlotte Motor Speedway, Inc., Atlanta Motor Speedway, Inc., 600 Racing, Inc. and NationsBank, N.A. (incorporated by reference to Exhibit 99.3 to the BMS Form 8-K).
- \*10.17 Non-Negotiable Promissory Note date April 24, 1995 by O. Bruton Smith in favor of the Company (incorporated by reference to Exhibit 10.20 to the 1995 Form 10-K).

EXHIBIT NUMBER	DESCRIPTION
*10.18	Asset Purchase Agreement dated October 24, 1996 between the Company, as buyer, and Sears Point Raceway (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of the Company filed as of December 4, 1996 (the "SPR Form 8-K")).
*10.19	Master Ground Lease dated November 18, 1996 by and between Brenda Raceway Corporation and the Company (incorporated by reference to Exhibit 99.2 to the SPR Form 8-K).
*10.20	Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Agreements dated as of November 18, 1996 by Brenda Raceway Corporation to First American Title Insurance Company for the benefit of Sonoma Funding Corporation (incorporated by reference to Exhibit 99.3 to the SPR Form 8-K).
*10.21	Promissory Note secured by Deed of Trust dated November 18, 1996 by Brenda Raceway Corporation in favor of Sonoma Funding Corporation (incorporated by reference to Exhibit 99.4 to the SPR Form 8-K).
*10.22	Purchase Contract dated December 18, 1996 between Texas Motor Speedway, Inc., as seller, and FW Sports Authority, Inc., as purchaser (incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1996 (the "1996 Form 10-K")).
*10.23	Lease Agreement dated as of December 18, 1996 between FW Sports Authority, Inc., as lessor, and Texas Motor Speedway, Inc., as lessee (incorporated by reference to Exhibit 10.24 to the 1996 Form 10-K).
*10.24	Guaranty Agreement dated as of December 18, 1996 among the Company, the City of Fort Worth, Texas and FW Sports Authority, Inc. (incorporated by reference to Exhibit 10.25 to the 1996 Form 10-K).
*10.25	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).
*10.26	Form of 5 3/4% Convertible Subordinated Debenture due 2003 (included in the First Union Indenture).
*10.27	Registration Rights Agreement dated as of September 26, 1996 among the Company, Wheat, First Securities, Inc, Montgomery Securities and J.C. Bradford & Co. (incorporated by reference to Exhibit 4.3 to the November 1996 Form S-3).
*10.28	Credit Agreement dated as of March 7, 1996 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender (incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-3 (File No. 333-1856) of the Company (the "March 1996 Form S-3")).
*10.29	First Amendment to the Credit Agreement dated as of September 24, 1996 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender (incorporated by reference to Exhibit 99.3 to the November 1996 Form S-3).
*10.31	Speedway Motorsports, Inc. Employee Stock Purchase Plan amended and restated as of July 1, 1996 (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 (File No. 333-17687) of the Company).
10.32	Second Amendment to Credit Agreement dated June 30, 1997 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender.
10.33	Promissory Note dated June 30, 1997 among the Company and Speedway Funding Corp., as borrowers, and NationsBank, N.A. as lender.
10.34	Guaranty Agreement dated as of June 30, 1997 among Atlanta Motor Speedway, Inc., Charlotte Motor Speedway, Inc., Texas Motor Speedway, Inc., 600 Racing, Inc., Bristol Motor Speedway, Inc. and SPR Acquisition Corporation, as guarantors, and NationsBank, N.A.
10.35	Purchase Agreement dated August 4, 1997 among the Company and the Initial Purchasers.
10.36	Amended and Restated Credit Agreement dated as of August 4, 1997 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender.
*11.1	Statement regarding computation of per share earnings (incorporated by reference to Exhibit 11.1 to the 1996 Form 10-K).
12.1	Statement regarding computation of ratios.
*21.1	Subsidiaries of the Company (incorporated by reference to Exhibit 21.1 to the 1996 Form 10-K).

EXHIBIT NUMBER	DESCRIPTION
23.1	Consent of Deloitte & Touche LLP
**23.2	Consent of Parker, Poe, Adams & Bernstein L.L.P. (included in Exhibit 5.1).
24.1	Power of Attorney (included on the signature page of this Registration Statement).
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of First Trust National Association.
27.1	Financial Data Schedule.
99.1	Form of Letter of Transmittal regarding Exchange Offer.
99.2	Notice of Guaranteed Delivery.

\* Filed previously. \*\* To be furnished by amendment.

## ITEM 21(B). SCHEDULES.

SCHEDULE NUMBER	DESCRIPTION
II	Valuation and Qualifying Accounts

Note: All other schedules are omitted because they are not applicable or not required.

## ITEM 22. UNDERTAKINGS.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

The undersigned Registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

## SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on September 8, 1997.

### SPEEDWAY MOTORSPORTS, INC.

By: /s/ WILLIAM R. BROOKS  
WILLIAM R. BROOKS  
VICE PRESIDENT, TREASURER,  
CHIEF FINANCIAL OFFICER AND  
DIRECTOR

### POWER OF ATTORNEY

We, the undersigned directors and officers of Speedway Motorsports, Inc., do hereby constitute and appoint each of Messrs. O. Bruton Smith, H.A. Wheeler and William R. Brooks, each with full power of substitution, our true and lawful attorney-in-fact and agent to do any and all acts and things in our names and in our behalf in our capacities stated below, which acts and things any of them may deem necessary or advisable to enable Speedway Motorsports, Inc. to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Registration Statement, including specifically, but not limited to, power and authority to sign for any or all of us in our names, in the capacities stated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that they shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

	SIGNATURE	TITLE	DATE
/s/	O. BRUTON SMITH O. BRUTON SMITH	Chief Executive Officer (principal executive officer) and Chairman	September 8, 1997
/s/	H.A. WHEELER H.A. WHEELER	President, Chief Operating Officer and Director	September 8, 1997
/s/	WILLIAM R. BROOKS WILLIAM R. BROOKS	Vice President, Treasurer, Chief Financial Officer (principal financial and accounting officer) and Director	September 8, 1997
/s/	EDWIN R. CLARK EDWIN R. CLARK	Executive Vice President and Director	September 8, 1997
	WILLIAM P. BENTON	Director	September , 1997
/s/	MARK M. GAMBILL MARK M. GAMBILL	Director	September 8, 1997

**INDEX TO FINANCIAL STATEMENT SCHEDULE  
YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996**

SCHEDULE NUMBER	DESCRIPTION	PAGE
II	Valuation and Qualifying Accounts.....	S-2

Note: All other schedules are omitted because they are not applicable or not required.

**SCHEDULE II**

**VALUATION AND QUALIFYING ACCOUNTS  
(IN THOUSANDS)**

	BALANCE AT BEGINNING OF PERIOD	CHARGES TO EXPENSE	DEDUCTIONS	BALANCE AT END OF PERIOD
1) Reserve for bad debts				
December 31, 1994.....	\$233	\$ 12	\$ (62)(1)	\$183
December 31, 1995.....	183	30	(67)(1)	146
December 31, 1996.....	146	97	(82)(1)	161
2) Unrealized loss on marketable equity securities				
December 31, 1994.....	284	--	(249)(2)	35
December 31, 1995.....	35	--	57(2)	92
December 31, 1996.....	92	--	90(3)	182

(1) Represents actual write-offs of specific accounts receivable.

(2) Represents recovery of previously unrealized losses on marketable equity securities.

(3) Represents an increase in unrealized losses on marketable equity securities.

## EXHIBIT INDEX

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*3.2	Bylaws of the Company (incorporated by reference to Exhibit 3.2 of 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

EXHIBIT  
NUMBER

DESCRIPTION

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- 4.2 Form of 8 1/2% Senior Subordinated Notes Due 2007 (included in the Indenture).
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- \*\*5.1 Opinion of Parker, Poe, Adams & Bernstein L.L.P. regarding the legality of the securities being registered.
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- \*10.3 Balance of Purchase Money Promissory Note in the amount of \$720,000, made by Charlotte Motor Speedway, Inc. in favor of West Cabarrus Church, dated as of September 29, 1994 (incorporated by reference to Exhibit 10.39 to the Form S-1).
- \*10.4 Agreement for Purchase and Sale of an Option in Real Property by and between West Cabarrus Church and Charlotte Motor Speedway, Inc., dated as of July 26, 1994 (incorporated by reference to Exhibit 10.40 to the Form S-1).
- \*10.5 Documentary Letter of Credit issued by NationsBank of North Carolina, N.A. for the account of Charlotte Motor Speedway, Inc. in favor of Yamaha Motor Co., Ltd., Japan in the amount of \$1,600,000 dated as of September 19, 1994 (incorporated by reference to Exhibit 10.41 to the Form S-1).
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- \*10.10 Speedway Motorsports Inc. Formula Stock Option Plan (incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1995 (the "1995 Form 10-K").
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- \*10.13 Purchase Agreement by and among the Company and Calvin Carl Combs, Linda Fox Combs, Dennis J. Combs, Ned D. Combs, and Judy C. Benfield (incorporated by reference to Exhibit 10.57 to the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 1995).
- \*10.14 Stock Purchase Agreement dated January 22, 1996 between the Company and shareholders of National Raceways, Inc. (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of the Company filed as of February 5, 1996 (the "BMS Form 8-K")).
- \*10.15 Promissory Note dated January 22, 1996 by the Company and Speedway Funding Corp. in favor of NationsBank, N.A. (incorporated by reference to Exhibit 99.2 to the BMS Form 8-K).
- \*10.16 Guaranty Agreement dated January 22, 1996 among National Raceways, Inc., Charlotte Motor Speedway, Inc., Atlanta Motor Speedway, Inc., 600 Racing, Inc. and NationsBank, N.A. (incorporated by reference to Exhibit 99.3 to the BMS Form 8-K).
- \*10.17 Non-Negotiable Promissory Note date April 24, 1995 by O. Bruton Smith in favor of the Company (incorporated by reference to Exhibit 10.20 to the 1995 Form 10-K).

EXHIBIT NUMBER	DESCRIPTION
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*10.19	Master Ground Lease dated November 18, 1996 by and between Brenda Raceway Corporation and the Company (incorporated by reference to Exhibit 99.2 to the SPR Form 8-K).
*10.20	Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Agreements dated as of November 18, 1996 by Brenda Raceway Corporation to First American Title Insurance Company for the benefit of Sonoma Funding Corporation (incorporated by reference to Exhibit 99.3 to the SPR Form 8-K).
*10.21	Promissory Note secured by Deed of Trust dated November 18, 1996 by Brenda Raceway Corporation in favor of Sonoma Funding Corporation (incorporated by reference to Exhibit 99.4 to the SPR Form 8-K).
*10.22	Purchase Contract dated December 18, 1996 between Texas Motor Speedway, Inc., as seller, and FW Sports Authority, Inc., as purchaser (incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K of the Company for the year ended December 31, 1996 (the "1996 Form 10-K")).
*10.23	Lease Agreement dated as of December 18, 1996 between FW Sports Authority, Inc., as lessor, and Texas Motor Speedway, Inc., as lessee (incorporated by reference to Exhibit 10.24 to the 1996 Form 10-K).
*10.24	Guaranty Agreement dated as of December 18, 1996 among the Company, the City of Fort Worth, Texas and FW Sports Authority, Inc. (incorporated by reference to Exhibit 10.25 to the 1996 Form 10-K).
*10.25	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).
*10.26	Form of 5 3/4% Convertible Subordinated Debenture due 2003 (included in the First Union Indenture).
*10.27	Registration Rights Agreement dated as of September 26, 1996 among the Company, Wheat, First Securities, Inc, Montgomery Securities and J.C. Bradford & Co. (incorporated by reference to Exhibit 4.3 to the November 1996 Form S-3).
*10.28	Credit Agreement dated as of March 7, 1996 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender (incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-3 (File No. 333-1856) of the Company (the "March 1996 Form S-3")).
*10.29	First Amendment to the Credit Agreement dated as of September 24, 1996 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender (incorporated by reference to Exhibit 99.3 to the November 1996 Form S-3).
*10.31	Speedway Motorsports, Inc. Employee Stock Purchase Plan amended and restated as of July 1, 1996 (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 (File No. 333-17687) of the Company).
10.32	Second Amendment to Credit Agreement dated June 30, 1997 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender.
10.33	Promissory Note dated June 30, 1997 among the Company and Speedway Funding Corp., as borrowers, and NationsBank, N.A. as lender.
10.34	Guaranty Agreement dated as of June 30, 1997 among Atlanta Motor Speedway, Inc., Charlotte Motor Speedway, Inc., Texas Motor Speedway, Inc., 600 Racing, Inc., Bristol Motor Speedway, Inc. and SPR Acquisition Corporation, as guarantors, and NationsBank, N.A.
10.35	Purchase Agreement dated August 4, 1997 among the Company and the Initial Purchasers.
10.36	Amended and Restated Credit Agreement dated as of August 4, 1997 among the Company and Speedway Funding Corp., as borrowers, and the lenders named therein, including NationsBank, N.A. as agent for the lenders and a lender.
*11.1	Statement regarding computation of per share earnings (incorporated by reference to Exhibit 11.1 to the 1996 Form 10-K).
12.1	Statement regarding computation of ratios.
*21.1	Subsidiaries of the Company (incorporated by reference to Exhibit 21.1 to the 1996 Form 10-K).

EXHIBIT NUMBER	DESCRIPTION
23.1	Consent of Deloitte & Touche LLP
**23.2	Consent of Parker, Poe, Adams & Bernstein L.L.P. (included in Exhibit 5.1).
24.1	Power of Attorney (included on the signature page of this Registration Statement).
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of First Trust National Association.
27.1	Financial Data Schedule.
99.1	Form of Letter of Transmittal regarding Exchange Offer.
99.2	Notice of Guaranteed Delivery.

\* Filed previously. \*\* To be furnished by amendment.

**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
SPEEDWAY MOTORSPORTS, INC.**

Speedway Motorsports, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. That the Shareholders and the Board of Directors of the Corporation have given their written consent or affirmative vote for the adoption of resolutions setting forth a proposed amendment to the Corporation's Certificate of Incorporation (the "Amendment"). The resolution setting forth the Amendment is as follows:

RESOLVED, that the Corporation's Certificate of Incorporation be amended by deleting Section 4.01 in its entirety and replacing it with the following:

Section 4.01. AUTHORIZED CAPITAL STOCK. The aggregate number of shares of capital stock which the Corporation shall have authority to issue is Two Hundred and Three Million (203,000,000) shares, of which Two Hundred Million (200,000,000) shares shall be common stock, par value \$.01 per share (the "Common Stock"), and Three Million (3,000,000) shares shall be preferred stock, par value \$.10 per share (the "Preferred Stock").

2. That the Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware, as amended.

IN WITNESS WHEREOF, Speedway Motorsports, Inc. has caused this Certificate to be signed by William R. Brooks, its Vice President and Marylaurel E. Wilks, its Secretary, as of the 1st day of August 1997.

*/s/ William R. Brooks, VP*

-----  
*William R. Brooks, Vice President*

ATTEST:

*/s/ Marylaurel E. Wilks*

-----  
*Marylaurel E. Wilks*

**Exhibit 4.1**

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**SPEEDWAY MOTORSPORTS, INC.**

\$125,000,000

**8 1/2% SENIOR SUBORDINATED NOTES DUE 2007**

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**INDENTURE**

**DATED AS OF AUGUST 4, 1997**

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**FIRST TRUST NATIONAL ASSOCIATION,**

**AS TRUSTEE**

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## CROSS-REFERENCE TABLE

Reconciliation and tie between the Trust Indenture Act of 1939, as amended, and the Indenture, dated as of August 4, 1997.

TRUST INDENTURE ACT SECTION	INDENTURE SECTION
ss.310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.08; 7.10
(c)	N.A.
ss.311(a)	7.11
(b)	7.11
(c)	N.A.
ss.312(a)	2.05
(b)	12.03
(c)	12.03
ss.313(a)	7.06
(b)	7.06
(c)	7.06
(d)	7.06
ss.314(a)	4.03
(b)	N.A.
(c)(1)	12.04
(c)(2)	12.04
(c)(3)	N.A.
(d)	N.A.
(e)	12.05
(f)	12.14
ss.315(a)	7.01(b)
(b)	7.05
(c)	7.01(a)
(d)	7.01(c)
(e)	6.11
ss.316(a)	2.08
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	N.A.
ss.317(a)(1)	6.03; 6.08
(a)(2)	6.09
(b)	2.04
ss.318(a)	12.01

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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**LIST OF EXHIBITS**

**Exhibit A FORM OF NOTE**

**Exhibit B TRANSFER CERTIFICATE**

## **INDENTURE**

THIS INDENTURE is dated as of August 4, 1997 (this "Indenture"), by and among SPEEDWAY MOTORSPORTS, INC., a Delaware corporation (the "Company"), the corporations listed on the signature pages hereto (each, a "Guarantor" and collectively, the "Guarantors") and FIRST TRUST NATIONAL ASSOCIATION, as trustee (the "Trustee").

### **RECITALS**

The Company has duly authorized the creation and issue of its 8 1/2% Senior Subordinated Notes Due 2007 (the "Initial Notes") of substantially the tenor and amount hereinafter set forth, and to provide therefor and for, if and when issued in exchange for the Initial Notes pursuant to this Indenture and the Registration Rights Agreement (as defined herein), the Company's 8 1/2% Senior Subordinated Notes Due 2007 (the "Exchange Notes," and together with the Initial Notes, the "Notes"), the Company has duly authorized the execution and delivery of this Indenture.

All things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee hereunder and duly issued by the Company, the valid obligations of the Company and this Indenture a valid instrument of the Company, in accordance with their respective terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that, for and in consideration of the premises and the purchase of the Initial Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes, as follows:

### **ARTICLE I DEFINITIONS AND INCORPORATION BY REFERENCE**

#### SECTION 1.01. DEFINITIONS.

"Acquired Indebtedness" means, with respect to any specified Person,

(i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person that was not incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person, and in either case for purposes of this Indenture, shall be deemed to be Incurred by such specified Person at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person, or at the time such asset is acquired by such specified Person, as the case may be.

"Additional Notes" means up to \$75.0 million in aggregate principal amount of additional Notes having identical terms and conditions to the Notes initially issued hereunder that may be issued, subject to the restrictions contained in the Credit Agreement and under Section 4.09 hereof. For purposes of this Indenture, any Additional Notes shall be part of the same issue of

Notes initially issued hereunder, and the Holders of any such Additional Notes shall vote on all matters with the Holders of the Notes initially issued hereunder.

"Affiliate" of any specified Person means (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person who is a director or executive officer of (a) such specified Person or (b) any Person described in the preceding clause (i). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; PROVIDED, that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

"Affiliate Transaction" has the meaning set forth in Section 4.11 hereof.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Asset Sale" means (i) the sale, lease, conveyance or other disposition of any assets (including, without limitation, by way of (x) a sale and leaseback, (y) the sale or other transfer of Equity Interests in or assets of the Company's Unrestricted Subsidiary or (z) a Like Kind Exchange) other than sales of inventory in the ordinary course of business consistent with past practices; PROVIDED, that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company, its Subsidiaries and the Unrestricted Subsidiary taken as a whole will be governed by Section 4.15 and/or Sections 5.01 and 5.02 hereof and shall not be deemed to be an "Asset Sale," and (ii) the issue or sale by the Company or any of its Subsidiaries of Equity Interests of any of the Company's Subsidiaries, in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions (a) that have a fair market value in excess of \$500,000 or (b) for net proceeds in excess of \$500,000. Notwithstanding the foregoing: (i) a transfer of assets by the Company to a Wholly Owned Subsidiary or by a Wholly Owned Subsidiary to the Company or to another Wholly Owned Subsidiary, (ii) an issuance of Equity Interests by a Wholly Owned Subsidiary to the Company or to another Wholly Owned Subsidiary, and (iii) a Restricted Payment that is permitted by Section 4.07 hereof will not be deemed to be an "Asset Sale."

"Asset Sale Offer" has the meaning set forth in Section 4.10 hereof.

"Attributable Indebtedness" in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors as now or hereinafter constituted.

"Board of Directors" means, with respect to any Person, the Board of Directors of such Person, or any authorized committee of such Board of Directors.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interest, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means (i) United States dollars, (ii) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than six months from the date of acquisition, (iii) certificates of deposit and Eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any lender party to the 1997 Credit Facility or with any domestic commercial bank having capital and surplus in excess of \$500 million and a Keefe Bank Watch Rating of "B" or better, (iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in clause (iii) above and (v) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Corporation and in each case maturing within six months after the date of acquisition.

"Certificated Notes" means Notes that are in the form of the Notes attached hereto as Exhibit A and that do not include the information called for by footnotes 1 and 3 thereof.

"Change of Control" means the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of (A) the Company and its Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act) other than O. Bruton Smith or his Related Parties or Sonic Financial Corporation or any of their respective Affiliates or (B) Sonic Financial Corporation to any "person" (as defined above) other than O. Bruton Smith or his Related Parties or any of their respective Affiliates, (ii) the adoption of a plan relating to the liquidation or dissolution of the Company or Sonic Financial Corporation, (iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that (A) any "person" (as defined above), other than O. Bruton Smith or his Related Parties or Sonic Financial Corporation or any of their respective Affiliates, becomes the "beneficial owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of the Company or (B) any "person" (as defined above), other than O. Bruton

Smith or his Related Parties or any of their respective Affiliates, becomes the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of Sonic Financial Corporation, (iv) the first day on which a majority of the members of the Board of Directors of the Company or Sonic Financial Corporation are not Continuing Directors or (v) a Repurchase Event occurs under the Convertible Note Indenture.

"Change of Control Offer" has the meaning set forth in Section 4.15 hereof.

"Change of Control Payment" has the meaning set forth in Section 4.15 hereof.

"Change of Control Payment Date" has the meaning set forth in Section 4.15 hereof.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Common Stock" means the common stock, par value \$0.01 per share, of the Company.

"Company" means Speedway Motorsports, Inc., a Delaware corporation.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus (i) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale (to the extent such losses were deducted in computing such Consolidated Net Income), plus (ii) provision for taxes based on income or profits of such Person and its Subsidiaries for such period, to the extent that such provision for taxes was included in computing such Consolidated Net Income, plus (iii) consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Indebtedness, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income, plus (iv) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges were deducted in computing such Consolidated Net Income minus (v) non-cash items of such Person and its Subsidiaries increasing Consolidated Net Income for such period, in each case, on a consolidated basis and determined in accordance with GAAP. Notwithstanding the foregoing, the provision for taxes on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Subsidiary of the referent Person shall be added to Consolidated Net Income to compute Consolidated Cash Flow only to the extent (and in the same proportion) that the Net Income of such Subsidiary was included in calculating the Consolidated Net Income of such Person and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such

Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; PROVIDED, that (i) the Net Income (but not loss) of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Wholly Owned Subsidiary thereof, (ii) the Net Income of any Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders, (iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded, (iv) the cumulative effect of a change in accounting principles shall be excluded and (v) the Net Income of, or any dividends or other distributions from, the Unrestricted Subsidiary, to the extent otherwise included, shall be excluded, until distributed in cash to the Company or one of its Subsidiaries.

"Consolidated Net Worth" means, with respect to any Person as of any date, the sum of (i) the consolidated equity of the common stockholders of such Person and its consolidated Subsidiaries as of such date plus (ii) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Stock) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock, less (x) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the date of this Indenture in the book value of any asset owned by such Person or a consolidated Subsidiary of such Person, (y) all investments as of such date in unconsolidated Subsidiaries and in Persons that are not Subsidiaries (except, in each case, Permitted Investments), and (z) all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

"Continuing Directors" means, with respect to any Person as of any date of determination, any member of the Board of Directors of such Person who (i) was a member of such Board of Directors on the date of this Indenture or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 12.02 hereof or such other address as to which the Trustee may give notice to the Company

"Convertible Note Indenture" means that certain Indenture dated as of September 1, 1996, between the Company and First Union National Bank of North Carolina, as trustee, governing the Company's 5 3/4% Convertible Subordinated Debentures Due 2003.

"Covenant Defeasance" has the meaning set forth in Section 8.03 hereof.

"Credit Agreement" means that certain Credit Agreement dated as of August 4, 1997, by and among the Company, as borrower, and the lenders named therein, including NationsBank, N.A., as agent for the lenders and a lender, and First Union National Bank, as co-agent, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, extended, replaced or refinanced from time to time.

"Custodian" means any receiver, trustee, assignee, liquidator, sequester or similar official under any Bankruptcy Law.

"Default" means any event that is, or with the passage of time or the giving of notice, or both, would be an Event of Default.

"Depository" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, until a successor shall have been appointed and become such pursuant to the applicable provision of this Indenture, and, thereafter, "Depository" shall mean or include such successor.

"Designated Senior Indebtedness" means (i) so long as Senior Indebtedness is outstanding under the Credit Agreement, all Senior Indebtedness outstanding under the Credit Agreement and (ii) thereafter, any other Senior Indebtedness permitted under this Indenture the principal amount of which is \$25.0 million or more and that has been designated by the Company as "Designated Senior Indebtedness."

"Disqualified Stock" means any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature.

"DTC" has the meaning set forth in Section 2.03 hereof.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Event of Default" has the meaning set forth in Section 6.01 hereof.

"Excess Proceeds" has the meaning set forth in Section 4.10(b) hereof.

"Exchange Notes" has the meaning set forth in the Recitals.

"Existing Indebtedness" means Indebtedness of the Company and its Subsidiaries in existence on the date of this Indenture.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Offer" means the offer that may be made by the Company pursuant to the Registration Rights Agreement to exchange Exchange Notes for Initial Notes.

"Fixed Charges" means, with respect to any Person for any period, the sum of (i) the consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Indebtedness, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations) and (ii) the consolidated interest expense of such Person and its Subsidiaries that was capitalized during such period, and (iii) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries (whether or not such guarantee or Lien is called upon) and (iv) the product of

(a) all cash dividend payments (and non-cash dividend payments in the case of a Person that is a Subsidiary) on any series of preferred stock of such Person, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"Fixed Charge Coverage Ratio" means with respect to any Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Subsidiaries incurs, assumes, guarantees or redeems any Indebtedness (other than revolving credit borrowings) or issues preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving PRO FORMA effect to such incurrence, assumption, guarantee or redemption of Indebtedness, or such issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of making the computation referred to above, (i) acquisitions that have been made by the Company or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income, and (ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, and (iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the

Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the referent Person or any of its Subsidiaries following the Calculation Date.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the date of this Indenture.

"Global Note" means a Note that contains the paragraph referred to in footnote 1 and the additional schedule referred to in footnote 3 to the form of the Note attached hereto as Exhibit A.

"Government Securities" means: (i) securities that are (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof; and (ii) depository receipts issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any Government Security which is specified in clause (i) above and held by such bank for the account of the holder of such depository receipt, or with respect to any specific payment of principal or interest on any Government Security which is so specified and held; PROVIDED, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Security or the specific payment of principal or interest of the Government Security evidenced by such depository receipt.

"Guarantee" or "guarantee" (unless the context requires otherwise) means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness. The term "guarantee" used as a verb shall have a correlative meaning.

"Guarantor" means (i) each of the Company's Subsidiaries which becomes a guarantor of the Notes pursuant to Article XI and (ii) each of the Company's Subsidiaries executing a supplemental indenture in which such Subsidiary agrees to be bound by the terms of this Indenture; PROVIDED, that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Subsidiary Guarantee is released in accordance with the terms hereof.

"Guarantor Senior Indebtedness" means, with respect to any Guarantor, (i) the guarantee of such Guarantor of the Company's Obligations under the Credit Agreement and (ii) any other Indebtedness permitted to be incurred by such Guarantor under the terms of this Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Guarantee of such Guarantor.

Notwithstanding anything to the contrary in the foregoing, Guarantor Senior Indebtedness will not include (u) any Indebtedness of such Guarantor representing a guarantee of Indebtedness of the Company or any other Guarantor which is subordinate or junior to, or PARI PASSU with, the Notes or the Subsidiary Guarantee of such other Guarantor, as the case may be, (v) any Indebtedness that is expressly subordinate or junior in right of payment to any other Indebtedness of such Guarantor, (w) any liability for federal, state, local or other taxes owed or owing by such Guarantor, (x) any Indebtedness of such Guarantor to any of its Subsidiaries or other Affiliates, (y) any trade payables or (z) that portion of any Indebtedness that is incurred in violation of this Indenture.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (ii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates and the value of foreign currencies purchased by the Company or any of its Subsidiaries in the ordinary course of business.

"Holder" means a Person in whose name one of the Notes is registered.

"incur" has the meaning set forth in Section 4.09 hereof.

"Indebtedness" means, with respect to any Person, any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or banker's acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, as well as all indebtedness of others secured by a Lien on any asset of such Person (whether or not such indebtedness is assumed by such Person) and, to the extent not otherwise included, the guarantee by such Person of any indebtedness of any other Person.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Independent" means, with respect to the Company and its Subsidiaries, any person who (i) is in fact independent, (ii) does not directly or indirectly have any material financial interest in the Company or any of its Subsidiaries, or in any Affiliate of the Company or any of its Subsidiaries (other than as a result of holding securities of the Company) and (iii) is not an officer, employee, promoter, underwriter, trustee, partner or person performing similar functions for the Company or any of its Subsidiaries.

"Initial Notes" has the meaning set forth in the Recitals.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business),

purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; PROVIDED, that an acquisition of assets, Equity Interests or other securities by the Company for consideration consisting of common equity securities of the Company shall not be deemed to be an Investment.

"Legal Defeasance" has the meaning set forth in Section 8.02 hereof.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

"Like Kind Exchange" means the exchange pursuant to Section 1031 of the Code of (i) any real property (other than any speedway that is owned on or acquired after the date of this Indenture by the Company or any Subsidiary) used or to be used in connection with the business of the Company or (ii) any other real property to be used in connection with the business of the Company.

"Liquidated Damages" means all liquidated damages then owing pursuant to Section 5 of the Registration Rights Agreement.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (i) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (a) any Asset Sale (including, without limitation, dispositions pursuant to sale and leaseback transactions) or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries and (ii) any extraordinary or nonrecurring gain (but not loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (but not loss).

"Net Proceeds" means the aggregate cash proceeds (or in the case of any Asset Sale involving the Unrestricted Subsidiary, the amount of such aggregate cash proceeds that equals the aggregate amount of all Restricted Investments in the Unrestricted Subsidiary that have not been repaid prior to the date of such Asset Sale) received by the Company or any of its Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and

investment banking fees and sales commissions), any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP. Notwithstanding the foregoing, in the event the Company or any of its Subsidiaries engages in a Like Kind Exchange, Net Proceeds shall not include any cash proceeds with respect to such Like Kind Exchange that are reinvested in or used to purchase pursuant to Section 1031 of the Code like kind real property used or to be used in the business of the Company.

"Non-Recourse Debt" means Indebtedness: (i) as to which neither the Company nor any of its Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable (as a guarantor or otherwise), or (c) constitutes the lender; and (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against the Unrestricted Subsidiary) would permit (upon notice or lapse of time or both) any holder of any other Indebtedness of the Company or any of its Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity.

"Note" or "Notes" have the meaning set forth in the Recitals.

"Note Custodian" means the Trustee, as custodian with respect to the Global Notes, or any successor entity thereto.

"Obligations" means any principal, interest, premium, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offer Amount" has the meaning set forth in Section 4.10(c) hereof.

"Offer Period" has the meaning set forth in Section 4.10(c) hereof.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements of Section 12.05 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 12.05 hereof. The counsel may be an employee of or counsel to the Company or the Trustee.

"Paying Agent" has the meaning set forth in Section 2.03 hereof.

"Payment Blockage Notice" has the meaning set forth in Section 10.03 hereof.

"Permitted Investments" means: (i) any Investment in the Company or in a Wholly Owned Subsidiary of the Company; (ii) any Investment in Cash Equivalents; (iii) any Investment by the Company or any Subsidiary of the Company in a Person, if as a result of such Investment (y) such Person becomes a Wholly Owned Subsidiary of the Company or (z) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Wholly Owned Subsidiary of the Company; and (iv) any Restricted Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof.

"Permitted Liens" means: (i) Liens on assets of the Company securing Senior Indebtedness and Liens on assets of a Guarantor securing Guarantor Senior Indebtedness of such Guarantor; PROVIDED, that such Senior Indebtedness or Guarantor Senior Indebtedness, as the case may be, was permitted by the terms of this Indenture to be incurred; (ii) Liens in favor of the Company; (iii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company, PROVIDED that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company; (iv) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company, PROVIDED that such Liens were in existence prior to the contemplation of such acquisition; (v) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business; (vi) Liens relating to judgments to the extent permitted under this Indenture; and (vii) Liens existing on the date of this Indenture.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Subsidiaries; PROVIDED, that: (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Company or by the Subsidiary which is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency

or any political subdivision thereof (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

"Purchase Date" has the meaning set forth in Section 4.10(c) hereof.

"Registrar" has the meaning set forth in Section 2.03 hereof.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of August 4, 1997, by and among the Company and the other parties named on the signature pages thereof, as such agreement may be amended, modified or supplemented from time to time.

"Related Parties" means, when used with respect to any individual: the spouse, lineal descendants, parents and siblings of any such individual; the estates, heirs, legatees and legal representatives of any such individual and any of the foregoing; and all trusts established by any such individual and any of the foregoing for estate planning purposes of which any such individual and any of the foregoing are the sole beneficiaries or grantors.

"Representative" means the indenture trustee or other trustee, agent or representative for any Senior Indebtedness.

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer or employee to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Payments" has the meaning set forth in Section 4.07 hereof.

"Restricted Investment" means an Investment other than a Permitted Investment.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Indebtedness" means (i) Indebtedness under the Credit Agreement (including interest in respect thereof accruing after the commencement of any bankruptcy or similar proceeding to the extent that such interest is allowable as a bankruptcy claim in such proceeding) and (ii) any other Indebtedness permitted to be incurred by the Company under the terms of this Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes. Notwithstanding anything to the contrary in the foregoing, Senior Indebtedness will not include (v) any Indebtedness that is expressly subordinate or junior in right of payment to any other Indebtedness of the Company, (w) any liability for federal, state, local or other taxes owed or owing by the Company, (x) any Indebtedness of the Company to any of its Subsidiaries, the Unrestricted Subsidiary or other Affiliates, (y) any trade payables or (z) that portion of Indebtedness that is incurred in violation of this Indenture.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Stated Maturity" means, with respect to any payment of interest on or principal of any Indebtedness, the date on which such payment was scheduled to be made in the documentation governing such Indebtedness without regard to the occurrence of any subsequent event or contingency.

"Subsidiary" means, with respect to any Person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (ii) any partnership of which (a) the sole general partner or the managing general partner is such Person or a Subsidiary of such Person or (b) the only general partners are such Person or of one or more Subsidiaries of such Person (or any combination thereof). Notwithstanding the foregoing, the Unrestricted Subsidiary shall not, while designated as an unrestricted subsidiary under Section 11.07 hereof, be a Subsidiary of the Company for any purposes of this Indenture.

"Subsidiary Guarantee" means, individually and collectively, the guarantees given by the Guarantors pursuant to Article XI hereof, including a notation in the Notes substantially in the form included in Exhibit A.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbb) as in effect on the date on which this Indenture is qualified under the TIA.

"Transfer Restricted Securities" means securities that bear or are required to bear the legend set forth in Section 2.06(g) hereof.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Subsidiary" means Oil-Chem Research Corp. and its Subsidiaries taken as a whole.

"Voting Stock" means, with respect to any Person as of any date, the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date

and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person. Notwithstanding the foregoing, the Unrestricted Subsidiary shall not, while designated as an unrestricted subsidiary under Section 11.07 hereof, be included in the definition of Wholly Owned Subsidiary for any purposes of this Indenture.

#### SECTION 1.02. INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes and the Subsidiary Guarantees;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Notes means the Company and any successor obligor upon the Notes or any Guarantor.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

#### SECTION 1.03. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) "or" is not exclusive;
- (d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions; and

(f) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

## **ARTICLE II THE NOTES**

### **SECTION 2.01. FORM AND DATING.**

The Notes and the certificate of authentication of the Trustee thereon shall be substantially in the form included in Exhibit A hereto, which is incorporated in and expressly made a part of this Indenture. The Subsidiary Guarantees shall be substantially in the form included in Exhibit A hereto, the terms of which are incorporated in and made part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of \$1,000 and integral multiples thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the text referred to in footnotes 1 and 3 thereto). Notes issued in certificated form shall be substantially in the form of Exhibit A attached hereto (but without including the text referred to in footnotes 1 and 3 thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

### **SECTION 2.02. EXECUTION AND AUTHENTICATION.**

Two Officers shall sign the Notes for the Company by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall, upon a written order of the Company signed by two Officers, authenticate Notes for original issue up to the aggregate principal amount stated in paragraph 4

of the Notes. The aggregate principal amount of Notes outstanding at any time may not exceed such amount except as provided in Sections 2.07 and 9.01(f) hereof. The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

#### SECTION 2.03. REGISTRAR AND PAYING AGENT.

The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

#### SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Liquidated Damages, if any, or interest on the Notes, and will notify the Trustee of any default by the Company or any Guarantor in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money received from the Company or a Subsidiary. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company or a Guarantor, the Trustee shall serve as Paying Agent for the Notes.

## SECTION 2.05. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA ss. 312(a). If the Trustee is not the Registrar, the Company shall, or shall cause the Registrar to, furnish to the Trustee at least seven Business Days before each interest payment date, and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company and the Guarantors shall otherwise comply with TIA ss. 312(a).

## SECTION 2.06. TRANSFER AND EXCHANGE.

(a) Transfer and Exchange of Certificated Notes. When Certificated Notes are presented by a Holder to the Registrar with a request:

(i) to register the transfer of the Certificated Notes; or

(ii) to exchange such Certificated Notes for an equal principal amount of Certificated Notes of other authorized denominations,

the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met; PROVIDED, HOWEVER, that the Certificated Notes presented or surrendered for register of transfer or exchange:

(A) shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing; and

(B) in the case of a Certificated Note that is a Transfer Restricted Security, such request shall be accompanied by the following additional information and documents, as applicable:

(1) if such Transfer Restricted Security is being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification to that effect from such Holder (in substantially the form of Exhibit B hereto); or

(2) if such Transfer Restricted Security is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in accordance with Rule 144A under the Securities Act or pursuant to an exemption from registration in accordance with Rule 144 or Rule 904 under the Securities Act or pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form of Exhibit B hereto); or

(3) if such Transfer Restricted Security is being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect from such Holder (in substantially the form of Exhibit B hereto) and an Opinion of Counsel from such Holder or the transferee reasonably acceptable to the Company and to the Registrar to the effect that such transfer is in compliance with the Securities Act.

(b) Transfer of a Certificated Note for a Beneficial Interest in a Global Note. A Certificated Note may not be exchanged for a beneficial interest in a Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Certificated Note, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(i) if such Certificated Note is a Transfer Restricted Security, a certification from the Holder thereof (in substantially the form of Exhibit B hereto) to the effect that such Certificated Note is being transferred by such Holder to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in accordance with Rule 144A under the Securities Act; and

(ii) whether or not such Certificated Note is a Transfer Restricted Security, written instructions from the Holder thereof directing the Trustee to make, or to direct the Note Custodian to make, an endorsement on the Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note,

in which case the Trustee shall cancel such Certificated Note in accordance with Section 2.11 hereof and cause, or direct the Note Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Note Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased accordingly. If no Global Notes are then outstanding, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate a new Global Note in the appropriate principal amount; PROVIDED, HOWEVER, that if a Global Note was outstanding and all beneficial interests thereunder were exchanged for a Certificated Note or Certificated Notes, then the Company shall not have any obligation to issue, and the Trustee shall not have any obligation to authenticate, a new Global Note under this Section 2.06(b).

(c) Transfer and Exchange of Global Notes. The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depository, in accordance with this Indenture and the procedures of the Depository therefor, which shall include restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act.

(d) Transfer of a Beneficial Interest in a Global Note for a Certificated Note.

(i) Any Person having a beneficial interest in a Global Note may upon request exchange such beneficial interest for a Certificated Note. Upon receipt by the Trustee of written instructions or such other form of instructions as is customary for the Depository, from the Depository or its nominee on behalf of any Person having a beneficial interest in a Global Note, and, in the case of a Transfer Restricted Security, the following additional information and documents (all of which may be submitted by facsimile):

(A) if such beneficial interest is being transferred to the Person designated by the Depository as being the beneficial owner, a certification to that effect from such Person (in substantially the form of Exhibit B hereto); or

(B) if such beneficial interest is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in accordance with Rule 144A under the Securities Act or pursuant to an exemption from registration in accordance with Rule 144 or Rule 904 under the Securities Act or pursuant to an effective registration statement under the Securities Act, a certification to that effect from the transferor (in substantially the form of Exhibit B hereto); or

(C) if such beneficial interest is being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect from the transferor (in substantially the form of Exhibit B hereto) and an Opinion of Counsel from the transferee or transferor reasonably acceptable to the Company and to the Registrar to the effect that such transfer is in compliance with the Securities Act,

in which case the Trustee or the Note Custodian, at the direction of the Trustee, shall, in accordance with the standing instructions and procedures existing between the Depository and the Note Custodian, cause the aggregate principal amount of Global Notes to be reduced accordingly and, following such reduction, the Company shall execute and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate and deliver to the transferee a Certificated Note in the appropriate principal amount.

(ii) Certificated Notes issued in exchange for a beneficial interest in a Global Note pursuant to this Section 2.06(d) shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Certificated Notes to the Persons in whose names such Notes are so registered.

(e) Restrictions on Transfer and Exchange of Global Notes. Notwithstanding any other provision of this Indenture (other than the provisions set forth in subsection (f) of this Section 2.06), a Global Note may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(f) Authentication of Certificated Notes in Absence of Depository. If at any time:

(i) the Depository for the Notes notifies the Company that the Depository is unwilling or unable to continue as Depository for the Global Notes and a successor Depository for the Global Notes is not appointed by the Company within 90 days after delivery of such notice; or

(ii) the Company, at its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Certificated Notes under this Indenture,

then the Company shall execute, and the Trustee shall, upon receipt of an authentication order in accordance with Section 2.02 hereof, authenticate and deliver, Certificated Notes in an aggregate principal amount equal to the principal amount of the Global Notes in exchange for such Global Notes.

(g) Legends.

(i) Except as permitted by the following paragraphs

(ii) and (iii), each certificate evidencing Global Notes and Certificated Notes (and all Notes issued in exchange therefor or substitution thereof) shall bear legends in substantially the following form:

"THE NOTE (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE NOTE EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE NOTE EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT. THE HOLDER OF THE NOTE EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1) (a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER

THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE NOTE EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN (1) ABOVE."

(ii) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Note) pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act:

(A) in the case of any Transfer Restricted Security that is a Certificated Note, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Certificated Note that does not bear the first legend set forth in (i) above and rescind any restriction on the transfer of such Transfer Restricted Security; and

(B) in the case of any Transfer Restricted Security represented by a Global Note, such Transfer Restricted Security shall not be required to bear the first legend set forth in (i) above, but shall continue to be subject to the provisions of Section 2.06(c) hereof; PROVIDED, HOWEVER, that with respect to any request for an exchange of a Transfer Restricted Security that is represented by a Global Note for a Certificated Note that does not bear the first legend set forth in (i) above, which request is made in reliance upon Rule 144, the Holder thereof shall certify in writing to the Registrar that such request is being made pursuant to Rule 144 (such certification to be substantially in the form of Exhibit B hereto).

(iii) Notwithstanding the foregoing, upon consummation of the Exchange Offer, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate Exchange Notes in exchange for Initial Notes accepted for exchange in the Exchange Offer, which Exchange Notes shall not bear the legend set forth in (i) above, and the Registrar shall rescind any restriction on the transfer of such Notes, in each case unless the Holder of such Initial Notes is either (A) a broker-dealer, (B) a Person participating in the distribution of the Initial Notes or (C) a Person who is an affiliate (as defined in Rule 144A) of the Company.

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in Global Notes have been exchanged for Certificated Notes, redeemed, repurchased or cancelled, all Global Notes shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Certificated Notes, redeemed, repurchased or cancelled, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee or the Note Custodian, at the direction of the Trustee, to reflect such reduction.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Certificated Notes and Global Notes at the Registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.07, 4.10, 4.15 and 9.05 hereto).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Certificated Notes and Global Notes issued upon any registration of transfer or exchange of Certificated Notes or Global Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Certificated Notes or Global Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required:

(A) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection; or

(B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of, principal of and interest on such Notes, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Certificated Notes and Global Notes in accordance with the provisions of Section 2.02 hereof.

#### SECTION 2.07. REPLACEMENT NOTES.

If any mutilated Note is surrendered to the Trustee, or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

#### SECTION 2.08. OUTSTANDING NOTES.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this

Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, such Note ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, the Note ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

#### SECTION 2.09. TREASURY NOTES.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, any Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Trustee knows are so owned shall be so disregarded.

#### SECTION 2.10. TEMPORARY NOTES.

Until definitive Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes upon a written order of the Company signed by two Officers of the Company. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

#### SECTION 2.11. CANCELLATION.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee (and no one else) shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy cancelled Notes (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all cancelled Notes shall be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

#### SECTION 2.12. DEFAULTED INTEREST.

If the Company defaults in a payment of interest on the Notes, the Company shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof, and such defaulted interest shall cease to be payable to the Persons who were Holders on the relevant regular record date. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date; PROVIDED, that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

**ARTICLE III**  
**REDEMPTION AND PREPAYMENT**

**SECTION 3.01. NOTICES TO TRUSTEE.**

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, the Company shall furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

**SECTION 3.02. SELECTION OF NOTES TO BE REDEEMED.**

If less than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes to be redeemed among the Holders of the Notes in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a PRO RATA basis, by lot or in accordance with any other method the Trustee considers fair and appropriate. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$1,000 or integral multiples thereof; PROVIDED, that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of \$1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

**SECTION 3.03. NOTICE OF REDEMPTION.**

At least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed and shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; PROVIDED, HOWEVER, that the Company shall have delivered to the Trustee, at least 45 days prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

#### SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

#### SECTION 3.05. DEPOSIT OF REDEMPTION PRICE.

One Business Day prior to the redemption date, the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

SECTION 3.06. NOTES REDEEMED IN PART.

Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon the Company's written request, the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07. OPTIONAL REDEMPTION.

(a) The Company shall not have the option to redeem the Notes pursuant to this Section 3.07 prior to August 15, 2002. Thereafter, the Company shall have the option to redeem the Notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the applicable redemption date, if redeemed during the 12-month period beginning on August 15 of the years indicated below:

YEAR	PERCENTAGE
2002.....	104.250%
2003.....	102.830%
2004.....	101.420%
2005 and thereafter.....	100.000%

(b) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06 hereof.

SECTION 3.08. MANDATORY REDEMPTION.

Except as set forth under Sections 4.10 and 4.15 hereof, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

**ARTICLE IV  
COVENANTS**

SECTION 4.01. PAYMENT OF NOTES.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. The Company shall pay all Liquidated Damages, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace period) at the same rate to the extent lawful.

#### SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

The Company shall maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company also from time to time may designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and from time to time may rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

#### SECTION 4.03. REPORTS.

(a) Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company shall furnish to the Trustee and to all Holders within 15 days after it is or would have been required to file such with the SEC (i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report thereon by the Company's certified independent accountants and (ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports. In addition, whether or not required by the rules and regulations of the SEC, at any time after the Company files a registration statement with respect to the Exchange Offer or a Shelf Registration Statement (as defined in the Registration Rights Agreement), the Company shall file a copy of all such information and reports with the SEC for public availability (unless the SEC will not accept such filing) and shall promptly make such information available to all securities analysts and prospective

investors who request it in writing. The Company and the Guarantors shall at all times comply with TIA ss. 314(a). Notwithstanding anything to the contrary set forth in this Section 4.03, the Trustee shall have no duty to review the reports required to be provided by this Section 4.03 for purposes of determining compliance with any provisions of this Indenture.

(b) For so long as any Notes remain outstanding, the Company and the Guarantors shall furnish to all Holders and prospective purchasers of the Notes designated by the Holders of Notes, promptly upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

#### SECTION 4.04. COMPLIANCE CERTIFICATE.

(a) The Company shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.03(a) above shall be accompanied by a written statement of the Company's independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Article IV or Article V hereof or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon the Company or any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

#### SECTION 4.05. TAXES.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies, except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

#### SECTION 4.06. STAY, EXTENSION AND USURY LAWS.

The Company and each Guarantor covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

#### SECTION 4.07. RESTRICTED PAYMENTS.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly: (i) declare or pay any dividend or make any other payment or distribution on account of the Equity Interests of the Company or any of its Subsidiaries (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Subsidiaries) or to the direct or indirect holders of the Equity Interests of the Company or any of its Subsidiaries in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company, dividends or distributions payable to the Company or any Subsidiary of the Company or dividends or distributions made by a Subsidiary of the Company to all holders of its Common Stock on a PRO RATA basis); (ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company, any Subsidiary of the Company, the Unrestricted Subsidiary or any direct or indirect parent of the Company (other than any such Equity Interests owned by the Company or any Subsidiary of the Company); (iii) make any principal payment on, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Notes (other than the Notes), except at Stated Maturity; or (iv) make any Restricted Investment (all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

- (a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and
- (b) the Company would, at the time of such Restricted Payment and after giving PRO FORMA effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 of this Indenture; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Subsidiaries after the date of this Indenture (excluding Restricted Payments permitted by clauses (v), (w) and (x) of the next succeeding paragraph), is less than the sum of (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) commencing April 1, 1997 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus (ii) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Board of Directors of the Company, of marketable securities received by the Company from the issue or sale since the date of this Indenture of Equity Interests of the Company or of debt securities of the Company that have been converted into such Equity Interests (other than Equity Interests (or convertible debt securities) sold to a Subsidiary of the Company or the Unrestricted Subsidiary and other than Disqualified Stock or debt securities that have been converted into Disqualified Stock), plus (iii) to the extent that any Restricted Investment that was made after the date of this Indenture is sold for cash or otherwise liquidated or repaid for cash, the lesser of (A) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (B) the initial amount of such Restricted Investment, plus (iv) the amount resulting from designation of the Unrestricted Subsidiary as a Subsidiary or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of this Indenture (such amount to be valued as provided in the second succeeding paragraph) not to exceed the amount of Investments previously made by the Company or any Subsidiary in the Unrestricted Subsidiary and which was, while the Unrestricted Subsidiary was treated as an unrestricted subsidiary for purposes of this Indenture, treated as a Restricted Payment under this Indenture.

The foregoing provisions will not prohibit: (u) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture; (v) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company or the Unrestricted Subsidiary) of other Equity Interests of the Company (other than any Disqualified Stock); PROVIDED, that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c) (ii) of the preceding paragraph; (w) the defeasance, redemption or repurchase of PARI PASSU or subordinated Indebtedness with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or the substantially concurrent sale (other than to a Subsidiary of the Company or the Unrestricted Subsidiary) of Equity Interests of the Company (other than Disqualified Stock); PROVIDED, that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)

(ii) of the preceding paragraph; (x) the making of any Restricted Investments after the date of this Indenture not exceeding in the aggregate \$25.0 million; and (y) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Subsidiary of the Company held by any member of the Company's (or any of its Subsidiaries') management pursuant to any management equity subscription agreement or stock option agreement; PROVIDED, that (A) the aggregate price paid for all such repurchased,

redeemed, acquired or retired Equity Interests shall not exceed \$1.0 million in any 12-month period plus the aggregate cash proceeds received by the Company during such 12-month period from any reissuance of Equity Interests by the Company to members of management of the Company and its Subsidiaries, and (B) no Default or Event of Default shall have occurred and be continuing immediately after such transaction.

In connection with the designation of the Unrestricted Subsidiary as a Subsidiary or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of this Indenture, all outstanding Investments previously made by the Company or any Subsidiary in the Unrestricted Subsidiary will be deemed to constitute Investments in an amount equal to the greater of (x) the net book value of such Investments at the time of such designation or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of this Indenture and (y) the fair market value of such Investments at the time of such designation or the Unrestricted Subsidiary ceasing to be an unrestricted subsidiary for purposes of this Indenture.

The amount of all Restricted Payments (other than cash) shall be the fair market value (evidenced by a resolution of the Board of Directors of the Company set forth in an Officers' Certificate delivered to the Trustee) on the date of the Restricted Payment of the asset(s) proposed to be transferred by the Company or such Subsidiary, as the case may be, pursuant to the Restricted Payment. Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.07 were computed, which calculations may be based upon the Company's latest available financial statements.

#### SECTION 4.08. DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (i)(a) pay dividends or make any other distributions to the Company or any of its Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (b) pay any indebtedness owed to the Company or any of its Subsidiaries, (ii) make loans or advances to the Company or any of its Subsidiaries or (iii) transfer any of its properties or assets to the Company or any of its Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (a) applicable law, (b) this Indenture, (c) the Credit Agreement as in effect on the date of this Indenture (and thereafter only to the extent such encumbrances or restrictions are no more restrictive than those in effect under the Credit Agreement as in effect on the date of this Indenture), (d) Existing Indebtedness, (e) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, (f) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (g) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (iii) above on the property so acquired, or (h) Permitted Refinancing

Indebtedness; PROVIDED, that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced.

#### SECTION 4.09. INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Indebtedness) and that the Company will not issue any Disqualified Stock and will not permit any of its Subsidiaries to issue any shares of preferred stock; PROVIDED, HOWEVER, that (x) the Company may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock and (y) a Guarantor may incur Acquired Indebtedness, in each case if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.0 to 1.0 prior to and including December 31, 1998 and 2.25 to 1.0 after January 1, 1999, determined on a PRO FORMA basis (including a PRO FORMA application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The foregoing provisions will not apply to:

- (i) the incurrence by the Company of Indebtedness under the Credit Agreement (and guarantees thereof by the Guarantors) in an aggregate principal amount at any time outstanding (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Subsidiaries thereunder) not to exceed \$175.0 million less the aggregate amount of all Net Proceeds of Asset Sales applied to permanently reduce the commitments with respect to such Indebtedness pursuant to Section 4.10 hereof;
- (ii) the incurrence by the Company of Indebtedness represented by the Notes, excluding any Additional Notes, and the incurrence by the Guarantors of Indebtedness represented by the Subsidiary Guarantees;
- (iii) the incurrence by the Company or any of its Subsidiaries of Indebtedness represented by Capital Lease Obligations (whether or not incurred pursuant to sale and leaseback transactions), mortgage financings or purchase money obligations, in each case incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Subsidiary, in an aggregate principal amount not to exceed \$10.0 million at any time outstanding;
- (iv) the incurrence by the Company or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, Existing Indebtedness or Indebtedness that was permitted by this Indenture to be incurred (other than any such

Indebtedness incurred pursuant to clause (i), (iii), (v), (vi), (vii), (viii), (ix) or (x) of this paragraph);

(v) the incurrence by the Company or any of its Wholly Owned Subsidiaries of intercompany Indebtedness between or among the Company and any of its Wholly Owned Subsidiaries; PROVIDED, HOWEVER, that (i) if the Company is the obligor on such Indebtedness, such Indebtedness is expressly subordinate to the payment in full of all Obligations with respect to the Notes and (ii)(A) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Wholly Owned Subsidiary and (B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Wholly Owned Subsidiary shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Subsidiary, as the case may be;

(vi) the incurrence by the Company of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to Indebtedness that is permitted by the terms of this Indenture to be incurred;

(vii) the incurrence by the Company of Hedging Obligations under currency exchange agreements; PROVIDED, that such agreements were entered into in the ordinary course of business;

(viii) the incurrence of Indebtedness of a Guarantor represented by guarantees of Indebtedness of the Company that has been incurred in accordance with the terms of this Indenture;

(ix) Indebtedness for letters of credit relating to workers' compensation claims and self-insurance or similar requirements in the ordinary course of business; and

(x) the incurrence by the Company of Indebtedness (in addition to Indebtedness permitted by any other clause of this paragraph) in an aggregate principal amount (or accreted value, as applicable) at any time outstanding not to exceed \$15.0 million.

#### SECTION 4.10. ASSET SALES.

(a) The Company will not, and will not permit any of its Subsidiaries to, consummate an Asset Sale unless (i) the Company (or the Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a resolution of the Board of Directors of the Company, set forth in an Officers' Certificate delivered to the Trustee, or by an independent appraisal by an accounting, appraisal or investment banking firm of national standing) of the assets or Equity Interests issued or sold or otherwise disposed of and (ii) at least 75% of the consideration therefor received by the Company or such Subsidiary is in the form of cash or Cash Equivalents; PROVIDED, HOWEVER, that (x) clause (ii) of this paragraph shall not apply to any Asset Sale involving the Company's Unrestricted Subsidiary and (y) this paragraph shall not apply to any Like Kind Exchange.

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds, at its option, (i) to permanently reduce Senior Indebtedness (and correspondingly reduce commitments with respect thereto in the case of any reduction of borrowings under the Credit Agreement), (ii) to the acquisition of a controlling interest in another business, the making of a capital expenditure or the acquisition of other long-term assets, in each case, in the same or a similar line of business as the Company was engaged in on the date of this Indenture or (iii) to reimburse the Company or its Subsidiaries for expenditures made, and costs incurred, to repair, rebuild, replace or restore property subject to loss, damage or taking to the extent that the Net Proceeds consist of insurance proceeds received on account of such loss, damage or taking. Pending the final application of any such Net Proceeds, the Company may temporarily reduce Senior Indebtedness or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the first sentence of this clause (b) will be deemed to constitute "Excess Proceeds." Within five days of when the aggregate amount of Excess Proceeds exceeds \$5.0 million, the Company shall make an Asset Sale Offer to purchase the maximum principal amount of Notes that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase, in accordance with the procedures set forth in this Indenture. To the extent that the aggregate amount of Notes tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a PRO RATA basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the foregoing, the Company and its Subsidiaries will be permitted to consummate one or more Asset Sales with respect to assets or properties with an aggregate fair market value (evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee) not in excess of \$7.5 million with respect to all such Asset Sales made subsequent to the date of this Indenture without complying with the provisions of clause (a) of this Section 4.10 or of the immediately preceding paragraph.

In the event of the transfer of substantially all (but not all) of the property and assets of the Company as an entirety to a Person in a transaction permitted under Section 5.01 hereof, the successor corporation shall be deemed to have sold the properties and assets of the Company not so transferred for purposes of this covenant and shall comply with the provisions of this covenant with respect to such deemed sale as if it were an Asset Sale. In addition, the fair market value of such properties and assets of the Company or its Subsidiaries deemed to be sold shall be deemed to be Net Proceeds for purposes of this covenant.

If at any time any non-cash consideration received by the Company in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash, then such

conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Proceeds thereof shall be applied in accordance with this covenant.

(c) In the event that, pursuant to Section 4.10(b) hereof, the Company shall be required to commence an offer to all Holders to purchase Notes (an "Asset Sale Offer"), the Company shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10(b) hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made. If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company shall send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(i) that the Asset Sale Offer is being made pursuant to this Section 4.10 and the length of time the Asset Sale Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may only elect to have all of such Note purchased and may not elect to have only a portion of such Note purchased;

(vi) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, a depository, if appointed by the

Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Company, the depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Company shall select the Notes to be purchased on a PRO RATA basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of \$1,000, or integral multiples thereof, shall be purchased); and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Company shall, to the extent lawful, accept for payment, on a PRO RATA basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 4.10. The Company, the Depository or the Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company shall promptly issue a new Note, and the Trustee, upon written request from the Company shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 4.10, any purchase pursuant to this Section 4.10 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

(d) The Company will comply with the requirements of Section 14(e) of, and Rule 14e-1, under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to an Asset Sale Offer.

#### SECTION 4.11. TRANSACTIONS WITH AFFILIATES.

The Company will not, and will not permit any of its Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (i) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Subsidiary with an unrelated Person, (ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$2.5 million, the Company delivers to the Trustee a resolution of the Board of Directors of the Company set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (i) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company or, if there are no such disinterested directors, by a majority of the members of the Board of Directors of the Company and (iii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, the Company delivers to the Trustee an opinion as to the fairness to the Holders of Notes of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing; PROVIDED, that (w) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors of the Company or the payment of fees and indemnities of directors of the Company and its Subsidiaries in the ordinary course of business and consistent with the past practices of the Company or such Subsidiary, (x) loans or advances to employees in the ordinary course of business, (y) transactions between or among the Company and/or its Wholly Owned Subsidiaries and (z) Restricted Payments (other than Restricted Investments) that are permitted by the provisions of Section 4.07 hereof, in each case, shall not be deemed Affiliate Transactions.

#### SECTION 4.12. LIENS.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien securing Indebtedness on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens, unless all payments due under this Indenture and the Notes are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien; PROVIDED, that if such Indebtedness is by its terms expressly subordinated to the Notes or any Subsidiary Guarantee, the Lien securing such Indebtedness shall be subordinate and junior to the Lien securing the Notes and the Subsidiary Guarantees with the same relative priority as such subordinate or junior Indebtedness shall have with respect to the Notes and the Subsidiary Guarantees.

#### SECTION 4.13. GUARANTEES OF CERTAIN INDEBTEDNESS.

The Company will not permit any of its Subsidiaries that is not a Guarantor to incur, guarantee or secure through the granting of Liens the payment of any Senior Indebtedness, and the Company will not, and will not permit any of its Subsidiaries to, pledge any intercompany notes representing obligations of any of its Subsidiaries, to secure the payment of any Senior Indebtedness, in each case unless such Subsidiary, the Company and the Trustee execute and deliver a supplemental indenture to this Indenture evidencing such Subsidiary's Subsidiary Guarantee (providing for the unconditional guarantee by such Subsidiary, on a senior subordinated basis, of the Notes).

#### SECTION 4.14. CORPORATE EXISTENCE.

Subject to Article V hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (a) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary and (b) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; PROVIDED, HOWEVER, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

#### SECTION 4.15. OFFER TO REPURCHASE UPON CHANGE OF CONTROL.

(a) Upon the occurrence of a Change of Control, each Holder of Notes will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of such Holder's Notes pursuant to the offer described below (the "Change of Control Offer") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Liquidated Damages, if any, thereon (the "Change of Control Payment") to the date of purchase (the "Change of Control Payment Date"). Within 15 days following any Change of Control, the Company will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes pursuant to the procedures required by this Indenture and described in such notice. The Change of Control Payment Date shall be a Business Day not less than 30 days nor more than 60 days after such notice is mailed. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful, (i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered

and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent will promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; PROVIDED, that each such new Note will be in a principal amount of \$1,000 or an integral multiple thereof. Prior to complying with the provisions of this Section 4.15, but in any event within 90 days following a Change of Control, the Company will either repay all outstanding Senior Indebtedness or obtain the requisite consents, if any, under all agreements governing outstanding Senior Indebtedness to permit the repurchase of Notes required by this Section 4.15. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements of this Section 4.15 applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

#### SECTION 4.16. LIMITATION ON LAYERING.

Notwithstanding the provisions of Section 4.09 hereof, (a) the Company shall not incur any Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company and senior in any respect in right of payment to the Notes, and (b) no Guarantor shall incur any Indebtedness that is subordinate or junior in right of payment to any Indebtedness of such Guarantor and senior in any respect in right of payment to the Subsidiary Guarantee of such Guarantor.

#### SECTION 4.17. SALE AND LEASEBACK TRANSACTIONS.

The Company will not, and will not permit any of its Subsidiaries to, enter into any sale and leaseback transaction; PROVIDED, that the Company or one of its Subsidiaries may enter into a sale and leaseback transaction if (a) the Company or such Subsidiary could have (i) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such sale and leaseback transaction pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof and (ii) incurred a Lien to secure such Indebtedness pursuant to Section 4.12, (b) the gross cash proceeds of such sale and leaseback transaction are at least equal to the fair market value (as determined in good faith by the Board of Directors of the Company and set forth in an Officers' Certificate delivered to the Trustee) of the property that is the subject of such sale and leaseback transaction and (c) the transfer of assets in such sale and leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, Section 4.10 hereof.

#### SECTION 4.18. LIMITATION ON ISSUANCES AND SALES OF CAPITAL STOCK OF WHOLLY OWNED SUBSIDIARIES.

The Company (a) will not, and will not permit any Wholly Owned Subsidiary of the Company to, transfer, convey, sell, lease or otherwise dispose of any Capital Stock of any Wholly Owned Subsidiary of the Company to any Person (other than the Company or a Wholly Owned Subsidiary of the Company), unless (i) such transfer, conveyance, sale, lease or other disposition is of all the Capital Stock of such Wholly Owned Subsidiary and (ii) the cash Net Proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with Section 4.10 and (b) will not permit any Wholly Owned Subsidiary of the Company to issue any of its Equity Interests (other than, if necessary, shares of its Capital Stock constituting directors' qualifying shares) to any Person other than to the Company or a Wholly Owned Subsidiary of the Company.

#### SECTION 4.19. PAYMENTS FOR CONSENT.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

#### SECTION 4.20. FUTURE GUARANTORS.

The Company and each Guarantor shall cause each domestic Subsidiary of the Company or such Guarantor, as the case may be, that, after the date of this Indenture, becomes a Subsidiary to execute and deliver (a) an indenture supplemental to this Indenture and thereby become a Guarantor that shall be bound by the Subsidiary Guarantee of the Notes in the form set forth in this Indenture (without such Guarantor being required to execute and deliver the Subsidiary Guarantee endorsed on the Notes) and (b) an Opinion of Counsel to the effect that such supplemental indenture has been duly authorized and executed by such Person and constitutes the legal, valid, binding and enforceable obligation of such Person (subject to such customary exceptions concerning fraudulent conveyance laws, creditors' rights and equitable principles as may be acceptable to the Trustee in its discretion).

#### SECTION 4.21. INVESTMENT COMPANY ACT.

The Company shall not, and shall not permit any of its Subsidiaries to, become an investment company subject to registration under the Investment Company Act of 1940, as amended.

**ARTICLE V  
SUCCESSORS**

**SECTION 5.01. MERGER, CONSOLIDATION OR SALE OF ASSETS.**

The Company may not consolidate or merge with or into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another corporation, Person or entity unless: (i) the Company is the surviving corporation or the entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the entity or Person formed by or surviving any such consolidation or merger (if other than the Company) or the entity or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; (iii) immediately after such transaction no Default or Event of Default exists; and (iv) except in the case of a merger of the Company with or into a Wholly Owned Subsidiary of the Company, the Company or the entity or Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) will have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction and (B) will, at the time of such transaction and after giving PRO FORMA effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof.

**SECTION 5.02. SUCCESSOR CORPORATION SUBSTITUTED.**

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation and not to the Company, other than for purposes of calculating Consolidated Net Income in connection with Section 4.07), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; PROVIDED, HOWEVER, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets that meets the requirements of Section 5.01 hereof.

**ARTICLE VI  
DEFAULTS AND REMEDIES**

**SECTION 6.01. EVENTS OF DEFAULT.**

Each of the following constitutes an "Event of Default":

- (a) default for 30 days in the payment when due of interest on, or Liquidated Damages, if any, with respect to, the Notes (whether or not prohibited by the subordination provisions of this Indenture);
- (b) default in payment when due of the principal of or premium, if any, on the Notes (whether or not prohibited by Article X of this Indenture);
- (c) failure by the Company to comply with the provisions described under Section 4.10 or 4.15;
- (d) failure by the Company to comply with Section 4.07 or 4.09 hereof and the continuance of such failure for a period of 30 days after notice is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes then outstanding;
- (e) failure by the Company for 60 days after notice is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the Company's other covenants or other agreements in this Indenture or the Notes;
- (f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Subsidiaries (or the payment of which is guaranteed by the Company or any of its Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of this Indenture, which default (i) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity (after the expiration of any applicable grace period) or (ii) results in the acceleration of such Indebtedness prior to its maturity and, in each case, the principal amount of which Indebtedness, together with the principal amount of any other such Indebtedness described in clauses (i) and (ii) above, aggregates \$5.0 million or more;
- (g) a final judgment or final judgments for the payment of money are entered by a court or courts of competent jurisdiction against the Company or any of its Subsidiaries and such judgment or judgments remain undischarged for a period (during which execution shall not be effectively stayed) of 60 days; PROVIDED, that the aggregate of all such undischarged judgments exceeds \$5.0 million (net of amounts covered by insurance);

(h) the Company or any of its Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a "Significant Subsidiary" pursuant to or within the meaning of Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors, or

(v) generally is not paying its debts as they become due;

(i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company or any of its Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(ii) appoints a Custodian of the Company or any of its Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a "Significant Subsidiary"; or

(iii) orders the liquidation of the Company or any of its Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days; or

(j) the Subsidiary Guarantee of any Guarantor is held in judicial proceedings to be unenforceable or invalid or ceases for any reason to be in full force and effect (other than in accordance with the terms of this Indenture) or any Guarantor or any Person acting on behalf of any Guarantor denies or disaffirms such Guarantor's obligations under its Subsidiary Guarantee (other than by reason of a release of such Guarantor from its Subsidiary Guarantee in accordance with the terms of this Indenture).

#### SECTION 6.02. ACCELERATION.

If any Event of Default (other than an Event of Default specified in clause (h) or (i) of Section 6.01 hereof with respect to the Company, any Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary) occurs and is

continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately; PROVIDED, HOWEVER, that if any Senior Indebtedness is outstanding under the Credit Agreement, upon a declaration of acceleration, the Notes shall be payable upon earlier of (a) the day which is five Business Days after the provision to the Company and the agent under the Credit Agreement of written notice of such declaration and (b) the date of acceleration of any Indebtedness under the Credit Agreement. Notwithstanding the foregoing, if an Event of Default specified in clause (h) or (i) of Section 6.01 hereof occurs with respect to the Company, any Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, all outstanding Notes shall be due and payable immediately without further action, notice or declaration on the part of the Trustee or any Holder. The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of all of the Holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 hereof, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes. If an Event of Default occurs prior to August 15, 2002, by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Notes prior to August 15, 2002, upon the acceleration of the Notes an additional premium shall also become and be immediately due and payable to the extent permitted by law in an amount, for each of the years beginning on August 15 of years, set forth below:

YEAR	PERCENTAGE
1997	111.330%
1998	109.920%
1999	108.500%
2000	107.080%
2001	105.670%

#### SECTION 6.03. OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not

impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

#### SECTION 6.04. WAIVER OF PAST DEFAULTS.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes (including in connection with an offer to purchase); PROVIDED, HOWEVER, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

#### SECTION 6.05. CONTROL BY MAJORITY.

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it; PROVIDED, HOWEVER, the Trustee may refuse to follow any direction that conflicts with law or this Indenture which the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

#### SECTION 6.06. LIMITATION ON SUITS.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

- (a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;
- (b) the Holders of at least 25% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;
- (c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and
- (e) during such 60-day period the Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

#### SECTION 6.07. RIGHTS OF HOLDERS OF NOTES TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium and Liquidated Damages, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall be absolute and unconditional and shall not be impaired or affected without the consent of such Holder.

#### SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company or any Guarantor for the whole amount of principal of, premium and Liquidated Damages, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

#### SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under

Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

#### SECTION 6.10. PRIORITIES.

If the Trustee collects any money pursuant to this Article VI, it shall pay out the money in the following order:

FIRST: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

SECOND: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and Liquidated Damages, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and Liquidated Damages, if any and interest, respectively; and

THIRD: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

#### SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

#### SECTION 6.12. RESTORATION OF RIGHTS AND REMEDIES.

If the Trustee or any Holder of Notes has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

#### SECTION 6.13. RIGHTS AND REMEDIES CUMULATIVE.

Except as otherwise provided in Section 7.07 hereof, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and

in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**SECTION 6.14. DELAY OR OMISSION NOT WAIVER.**

No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VI or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

**ARTICLE VII  
TRUSTEE**

**SECTION 7.01. DUTIES OF TRUSTEE.**

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) The Trustee shall not be deemed to have knowledge of any Default or Event of Default unless (i) the Trustee or a Responsible Officer shall have actual knowledge of a Default or an Event of Default, (ii) the Trustee or a Responsible Officer shall have received notice of a Default or an Event of Default in accordance with the provisions of this Indenture or (iii) a Default or an Event of Default occurred or is occurring pursuant to Sections 4.01 or 6.01 hereof.

#### SECTION 7.02. RIGHTS OF TRUSTEE.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. Except as provided in Section 7.01(b), the Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, the Trustee may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture; PROVIDED, that the Trustee's conduct does not constitute willful misconduct or negligence.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company or Guarantor shall be sufficient if signed by an Officer of the Company or such Guarantor.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order, demand or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request, order, demand or direction.

#### SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee; PROVIDED, HOWEVER, in the event that the Trustee acquires any conflicting interest, the Trustee must (a) eliminate such conflict within 90 days, (b) if a registration statement with respect to the Notes is effective, apply to the SEC for permission to continue as Trustee or (c) resign as Trustee. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

#### SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

#### SECTION 7.05. NOTICE OF DEFAULTS.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

#### SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS OF THE NOTES.

Within 60 days after May 15 of each year commencing with the year 1998, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA ss. 313(a) (but if no event described in TIA ss. 313(a) has occurred within the 12 months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA ss. 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA ss. 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA ss. 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any stock exchange.

#### SECTION 7.07. COMPENSATION AND INDEMNITY.

The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder (except to the extent such failure prejudices the Company). The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel, and the Company shall pay the reasonable fees and expenses of one such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(h) or (i) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA ss. 313(b)(2) to the extent applicable.

#### SECTION 7.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of Notes of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.10 hereof;
- (b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (c) a Custodian or public officer takes charge of the Trustee or its property; or
- (d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the

Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee; PROVIDED, all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

#### SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee; PROVIDED, that such corporation shall be otherwise qualified and eligible under this Article VII and under the TIA, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes. In the event that any Notes shall not have been authenticated by such predecessor Trustee, any such successor Trustee may authenticate and deliver such Notes, in either its own name or that of its predecessor Trustee, with the full force and effect which this Indenture provides for the certificate of authentication of the Trustee.

#### SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus (with its affiliates) of at least \$50 million as set forth in its most recent published annual report of condition.

If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 7.10, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. None of the Company or any of its Affiliates shall serve as Trustee hereunder. If at any time the Trustee shall cease to be eligible to serve as Trustee hereunder pursuant to the provisions of this Section 7.10, it shall resign immediately in the manner and with the effect specified in this Article VII.

This Indenture shall always have a Trustee who satisfies the requirements of TIA ss. 310(a)(1), (2) and (5). The Trustee is subject to TIA ss. 310(b).

#### SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee is subject to TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated therein.

**ARTICLE VIII**  
**LEGAL DEFEASANCE AND COVENANT DEFEASANCE**

**SECTION 8.01. OPTION TO EFFECT LEGAL DEFEASANCE OR COVENANT DEFEASANCE.**

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

**SECTION 8.02. LEGAL DEFEASANCE AND DISCHARGE.**

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest and Liquidated Damages, if any, on such Notes when such payments are due; (b) the Company's obligations with respect to such Notes under Article II and Section 4.02 hereof; (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith; and (d) this Article VIII. Subject to compliance with this Article VIII, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

**SECTION 8.03. COVENANT DEFEASANCE.**

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18 and 4.20 hereof with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant

or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(c) through 6.01(g) hereof shall not constitute Events of Default.

#### SECTION 8.04. CONDITIONS TO LEGAL OR COVENANT DEFEASANCE.

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

- (a) the Company must irrevocably deposit or cause to be deposited with the Trustee, in trust, for the benefit of the Holders, cash in United States dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium and Liquidated Damages, if any, and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;
- (b) in the case of an election under Section 8.02 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that
  - (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (c) in the case of an election under Section 8.03 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which will be used to defease the Notes pursuant to this Article VIII concurrently with such incurrence) or insofar as Sections 6.01(h) or 6.01(i) hereof is concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit or on the day after the last day of the applicable preference period under Bankruptcy Law following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(g) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary Guarantor with the intent of defeating, hindering, delaying or defrauding any creditors of the Company, any Guarantor of the Company or others; and

(h) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

#### SECTION 8.05. DEPOSITED MONEY AND GOVERNMENT SECURITIES TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS.

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

#### SECTION 8.06. REPAYMENT TO COMPANY.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a secured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; PROVIDED, HOWEVER, that the Trustee or such Paying Agent, before being required to make any such repayment to the Company, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

#### SECTION 8.07. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; PROVIDED, HOWEVER, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

### **ARTICLE IX AMENDMENT, SUPPLEMENT AND WAIVER**

#### SECTION 9.01. WITHOUT CONSENT OF HOLDERS OF NOTES.

Notwithstanding Section 9.02 of this Indenture, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Subsidiary Guarantees or the Notes without the consent of any Holder of a Note:

- (a) to cure any ambiguity, defect or inconsistency;
- (b) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (c) to provide for the assumption of the Company's or Guarantor's obligations to the Holders of the Notes in the case of a merger or consolidation in accordance with this Indenture;

(d) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Notes;

(e) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA; or

(f) to provide for the issuance of Additional Notes pursuant to this Indenture to the extent permitted under the restrictions contained in the Credit Agreement and described under Section 4.09 hereof.

Upon the request of the Company and the Guarantors accompanied by a resolution of their respective Boards of Directors authorizing the execution of any such amended or supplemental Indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company and the Guarantors in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

#### SECTION 9.02. WITH CONSENT OF HOLDERS OF NOTES.

Except as provided below in this Section 9.02, this Indenture (including Sections 4.10 and 4.15 hereof), the Notes and the Subsidiary Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes).

Upon the request of the Company and the Guarantors accompanied by a resolution of their respective Boards of Directors authorizing the execution of any such amended or supplemental Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company and the Guarantors in the execution of such amended or supplemental Indenture unless such amended or supplemental Indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental Indenture. It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Trustee and the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture, the Notes or the Subsidiary Guarantees. However, without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

- (a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (b) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption or repurchase of the Notes (other than with respect to Sections 4.10 and 4.15 hereof);
- (c) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);
- (e) make any Note payable in money other than that stated in the Notes;
- (f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, premium, if any, or interest on the Notes;
- (g) waive a redemption payment with respect to any Note (other than a payment required by Section 4.10 or 4.15 hereof);
- (h) release any Guarantor from any of its obligations under its Subsidiary Guarantee or this Indenture, except in accordance with the terms of this Indenture; or
- (i) make any change in Section 6.04 or 6.07 hereof or in the foregoing amendment and waiver provisions.

In addition, any amendment to the provisions of Article X of this Indenture or the related definitions will require the consent of the Holders of at least 75% in aggregate principal amount of the Notes then outstanding if such amendment would adversely affect the rights of Holders of Notes.

Upon the execution of any supplemental indenture under this Article IX, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

#### SECTION 9.03. COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment or supplement to this Indenture, the Subsidiary Guarantees or the Notes shall be set forth in an amended or supplemental Indenture that complies with the TIA as then in effect.

#### SECTION 9.04. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

#### SECTION 9.05. NOTATION ON OR EXCHANGE OF NOTES.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

#### SECTION 9.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company and each Subsidiary Guarantor may not sign an amendment or supplemental Indenture until each of their respective Boards of Directors approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

## ARTICLE X SUBORDINATION

### SECTION 10.01. AGREEMENT TO SUBORDINATE.

The Company agrees, and each Holder by accepting a Note agrees, that the Indebtedness evidenced by the Note is subordinated in right of payment, to the extent and in the manner provided in this Article X, to the prior payment in full of all Senior Indebtedness (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of the holders of Senior Indebtedness.

### SECTION 10.02. LIQUIDATION; DISSOLUTION; BANKRUPTCY.

Upon any distribution to creditors of the Company in a liquidation or dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, in an assignment for the benefit of creditors or any marshaling of the Company's assets and liabilities:

(a) holders of Senior Indebtedness shall be entitled to receive payment in full of all Obligations due in respect of such Senior Indebtedness (including, in the case of Senior Indebtedness under the Credit Agreement, interest after the commencement of any such proceeding at the rate specified in the Credit Agreement) before Holders of Notes shall be entitled to receive any payment with respect to the Notes (except that Holders may receive (i) Equity Interests or debt securities that are subordinated to at least the same extent as the Notes to (A) Senior Indebtedness and (B) any securities issued in exchange for Senior Indebtedness and (ii) payments and other distributions made from any defeasance trust created pursuant to Section 8.01 hereof); and

(b) until all Obligations with respect to Senior Indebtedness (as provided in subsection (a) above) are paid in full, any distribution to which Holders would be entitled but for this Article X shall be made to holders of Senior Indebtedness (except that Holders may receive (i) Equity Interests or debt securities that are subordinated to at least the same extent as the Notes to (A) Senior Indebtedness and (B) any securities issued in exchange for Senior Indebtedness and (ii) payments and other distributions made from any defeasance trust created pursuant to Section 8.01 hereof), as their interests may appear.

### SECTION 10.03. DEFAULT ON DESIGNATED SENIOR INDEBTEDNESS.

The Company may not make any payment or distribution to the Trustee or any Holder in respect of Obligations with respect to the Notes and may not acquire from the Trustee or any Holder any Notes for cash or property (other than (i) Equity Interests or debt securities that are subordinated to at least the same extent as the Notes to (A) Senior Indebtedness and (B) any securities issued in exchange for Senior Indebtedness and (ii) payments and other distributions made from any defeasance trust created pursuant to Section 8.01 hereof) until all principal and other Obligations with respect to the Senior Indebtedness have been paid in full if:

(a) a default in the payment of any principal of or other Obligations with respect to Designated Senior Indebtedness occurs and is continuing beyond any applicable grace period in the agreement, indenture or other document governing such Designated Senior Indebtedness; or

(b) a default, other than a payment default under clause (a) above, on Designated Senior Indebtedness occurs and is continuing that then permits holders of the Designated Senior Indebtedness as to which such default relates to accelerate its maturity and the Trustee receives a notice of the default (a "Payment Blockage Notice") from a Representative with respect to such Designated Senior Debt. If the Trustee receives any such Payment Blockage Notice, no subsequent Payment Blockage Notice shall be effective for purposes of this Section unless and until (i) at least 360 days shall have elapsed since the effectiveness of the immediately prior Payment Blockage Notice and (ii) all scheduled payments of principal, premium, if any, and interest on the Notes that have come due have been paid in full in cash. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been waived for a period of not less than 90 days.

The Company may and shall resume payments on and distributions in respect of the Notes and may acquire them upon the earlier of:

(1) the date upon which the default is cured or waived, or

(2) in the case of a default referred to in clause (b) of the preceding paragraph, 179 days pass after notice is received if the maturity of such Designated Senior Indebtedness has not been accelerated,

if this Article X otherwise permits the payment, distribution or acquisition at the time of such payment or acquisition.

#### SECTION 10.04. ACCELERATION OF NOTES.

If payment of the Notes is accelerated because of an Event of Default, the Company shall promptly notify holders of Senior Indebtedness of the acceleration.

#### SECTION 10.05. WHEN DISTRIBUTION MUST BE PAID OVER.

In the event that the Trustee or any Holder receives any payment of any Obligations with respect to the Notes at a time when the Trustee or such Holder, as applicable, has actual knowledge that such payment is prohibited by Section 10.03 hereof, such payment shall be held by the Trustee or such Holder, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to, the holders of Senior Indebtedness as their interests may appear or their Representative under the indenture or other agreement (if any) pursuant to which Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Obligations with respect to Senior Indebtedness remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms,

after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article X, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Company or any other Person money or assets to which any holders of Senior Indebtedness shall be entitled by virtue of this Article X, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

#### SECTION 10.06. NOTICE BY COMPANY.

The Company shall promptly notify the Trustee and the Paying Agent of any facts known to the Company that would cause a payment of any Obligations with respect to the Notes to violate this Article X, but failure to give such notice shall not affect the subordination of the Notes to the Senior Indebtedness as provided in this Article X.

#### SECTION 10.07. SUBROGATION.

After all Senior Indebtedness is paid in full and until the Notes are paid in full, Holders shall be subrogated (equally and ratably with all other Indebtedness PARI PASSU with the Notes) to the rights of holders of Senior Indebtedness to receive distributions applicable to Senior Indebtedness to the extent that distributions otherwise payable to the Holders have been applied to the payment of Senior Indebtedness. A distribution made under this Article X to holders of Senior Indebtedness that otherwise would have been made to Holders is not, as between the Company and Holders, a payment by the Company on the Notes.

#### SECTION 10.08. RELATIVE RIGHTS.

This Article X defines the relative rights of Holders and holders of Senior Indebtedness. Nothing in this Indenture shall:

- (a) impair, as between the Company and Holders, the obligation of the Company, which is absolute and unconditional, to pay principal of and interest on the Notes in accordance with their terms;
- (b) affect the relative rights of Holders and creditors of the Company other than their rights in relation to holders of Senior Indebtedness; or
- (c) prevent the Trustee or any Holder from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Indebtedness to receive distributions and payments otherwise payable to Holders.

If the Company fails because of this Article X to pay principal of or interest on a Note on the due date, the failure is still a Default or Event of Default.

#### SECTION 10.09. SUBORDINATION MAY NOT BE IMPAIRED BY COMPANY.

No right of any holder of Senior Indebtedness to enforce the subordination of the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by the Company or any Holder or by the failure of the Company or any Holder to comply with this Indenture.

#### SECTION 10.10. DISTRIBUTION OR NOTICE TO REPRESENTATIVE.

Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness, the distribution may be made and the notice given to their Representative.

Upon any payment or distribution of assets of the Company referred to in this Article X, the Trustee and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such Representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article X.

#### SECTION 10.11. RIGHTS OF TRUSTEE AND PAYING AGENT.

Notwithstanding the provisions of this Article X or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless the Trustee shall have received at its Corporate Trust Office at least five Business Days prior to the date of such payment written notice of facts that would cause the payment of any Obligations with respect to the Notes to violate this Article X. Only the Company, the Representative of Designated Senior Indebtedness or a Representative may give the notice. Nothing in this Article X shall impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof.

The Trustee in its individual or any other capacity may hold Senior Indebtedness with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

#### SECTION 10.12. AUTHORIZATION TO EFFECT SUBORDINATION.

Each Holder of a Note by the Holder's acceptance thereof authorizes and directs the Trustee on the Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article X, and appoints the Trustee to act as the Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in

Section 6.09 hereof at least 30 days before the expiration of the time to file such claim, each of the Representative of Designated Senior Indebtedness and a Representative, if any, are hereby authorized to file an appropriate claim for and on behalf of the Holders of the Notes.

#### SECTION 10.13. AMENDMENTS.

The provisions of this Article X shall not be amended or modified without the written consent of the holders of all Senior Indebtedness.

### **ARTICLE XI SUBSIDIARY GUARANTEES**

#### SECTION 11.01. SUBSIDIARY GUARANTEES.

Each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that: (a) the principal of and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. The Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Subsidiary Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or Guarantors, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor agrees that they shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article VI for

the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article VI, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Subsidiary Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Guarantee.

#### SECTION 11.02. EXECUTION AND DELIVERY OF SUBSIDIARY GUARANTEE.

To evidence its Subsidiary Guarantee set forth in Section 11.01, each Guarantor hereby agrees that a notation of such Subsidiary Guarantee substantially in the form included in Exhibit A shall be endorsed by an officer of such Subsidiary Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Guarantor by its President or one of its Vice Presidents and attested to by an Officer.

Each Guarantor hereby agrees that its Subsidiary Guarantee set forth in Section 11.01, shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

If an officer or Officer whose signature is on this Indenture or on the Subsidiary Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Subsidiary Guarantee is endorsed, the Subsidiary Guarantee shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Subsidiary Guarantee set forth in this Indenture on behalf of the Guarantors.

#### SECTION 11.03. GUARANTORS MAY CONSOLIDATE OR MERGER ON CERTAIN TERMS.

(a) Except as set forth in Articles IV and V, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into the Company or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety, to the Company.

(b) Except as set forth in Article IV, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into a corporation or corporations other than the Company (whether or not affiliated with the Guarantor), or successive consolidations or mergers in which a Guarantor or its successor or successors shall be a party or parties, or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety, to a corporation other than the Company (whether or not affiliated with the Guarantor) authorized to acquire and operate the same; PROVIDED, HOWEVER, that (i) each Guarantor hereby covenants and agrees that, upon any such consolidation, merger, sale or conveyance, the Subsidiary Guarantee endorsed on the Notes, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by such Guarantor, shall be expressly assumed (in the event that the

Guarantor is not the surviving corporation in the merger) by supplemental indenture reasonably satisfactory in form to the Trustee, executed and delivered to the Trustee, by the corporation formed by such consolidation, or into which the Guarantor shall have been merged, or by the corporation which shall have acquired such property and (ii) immediately after giving effect to such transaction, no Default or Event of Default would exist. In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor corporation shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under this Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

#### SECTION 11.04. RELEASES OF SUBSIDIARY GUARANTEES.

Concurrently with any sale of assets (including, if applicable, all of the capital stock of any Guarantor), any Liens in favor of the Trustee in the assets sold thereby shall be released; PROVIDED, that in the event of an Asset Sale, the Net Proceeds from such sale or other disposition are treated in accordance with the provisions of Section 4.10 hereof. If the assets sold in such sale or other disposition include all or substantially all of the assets of any Guarantor or all of the capital stock of any Guarantor, then such Guarantor (in the event of a sale or other disposition of all of the capital stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of a Guarantor) shall be released and relieved of its obligations under its Subsidiary Guarantee or Section 11.03, hereof, as the case may be; PROVIDED, that in the event of an Asset Sale, the Net Proceeds from such sale or other disposition are treated in accordance with the provisions of Section 4.10 hereof. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of this Indenture, including without limitation

Section 4.10 hereof, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Subsidiary Guarantee.

Upon the release by all holders of Senior Indebtedness and Guarantor Senior Indebtedness of all guarantees issued by a Guarantor relating to such Senior Indebtedness and Guarantor Senior Indebtedness and all Liens on the property and assets of such Guarantor relating to Senior Indebtedness and Guarantor Senior Indebtedness, then such Guarantor shall be released and relieved of any obligations under its Subsidiary Guarantee. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that all holders of Senior Indebtedness and Guarantor Senior Indebtedness have released all

guarantees issued by a Guarantor and all Liens on the property and assets of such Guarantor relating to such Senior Indebtedness and Guarantor Senior Indebtedness, the Trustee shall execute any documents reasonably required in order to evidence the release of such Guarantor from its obligations under its Subsidiary Guarantee.

Any Guarantor not released from its obligations under its Subsidiary Guarantee pursuant to either of the preceding paragraphs of this Section 11.04 shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article XI.

#### SECTION 11.05. TRUSTEE TO INCLUDE PAYING AGENT.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article XI, shall in such case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully and for all intents and purposes as if such Paying Agent were named, in this Article XI, in place of the Trustee.

#### SECTION 11.06. SUBORDINATION OF SUBSIDIARY GUARANTEES.

The obligations of each Guarantor under its Subsidiary Guarantee pursuant to this Article XI shall be junior and subordinated to the Guarantor Senior Indebtedness of such Guarantor on the same basis as the Notes are junior and subordinated to Senior Indebtedness. For the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by any of the Guarantors only at such times as they may receive and/or retain payments in respect of the Notes pursuant to this Indenture, including Article X hereof.

#### SECTION 11.07. UNRESTRICTED SUBSIDIARY.

The Board of Directors of the Company may at any time designate the Unrestricted Subsidiary to be a Subsidiary; PROVIDED, that such designation shall be deemed to be an incurrence of Indebtedness by a Subsidiary of the Company of any outstanding Indebtedness of the Unrestricted Subsidiary and such designation shall only be permitted if (a) such Indebtedness is permitted under Section 4.09 hereof, calculated on a PRO FORMA basis as if such designation had occurred at the beginning of the four-quarter reference period, and (b) no Default or Event of Default would be in existence following such designation. In addition, the Unrestricted Subsidiary shall continue to be an unrestricted subsidiary for purposes of this Indenture only if it: (i) has no Indebtedness other than Non-Recourse Debt; (ii) is a Person with respect to which neither the Company nor any of its Subsidiaries has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and (iii) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Subsidiaries. If, at any time, the Unrestricted Subsidiary fails to meet the requirements described in the preceding sentence, the Unrestricted Subsidiary shall thereafter cease to be an unrestricted subsidiary for purposes of this Indenture and any Indebtedness of the Unrestricted Subsidiary shall be deemed to be

incurred by a Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09 hereof, the Company shall be in default of such covenant). In the event the Unrestricted Subsidiary is designated as a Subsidiary or ceases to be an unrestricted subsidiary for purposes of this Indenture, the Company shall cause the Unrestricted Subsidiary to execute and deliver to the Trustee a supplemental indenture pursuant to which the Unrestricted Subsidiary will become a Guarantor.

#### SECTION 11.08. LIMITS ON SUBSIDIARY GUARANTEES.

Notwithstanding anything to the contrary in this Article XI, the aggregate amount of the Obligations guaranteed under this Indenture by any Guarantor shall be reduced to the extent necessary to prevent the Subsidiary Guarantee of such Guarantor from violating or becoming voidable under any law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors.

### **ARTICLE XII MISCELLANEOUS**

#### SECTION 12.01. TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA ss.318(c), the imposed duties shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

#### SECTION 12.02. NOTICES.

Any notice or communication by the Company, a Guarantor or the Trustee to the others is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

**If to the Company or a Guarantor:**

Speedway Motorsports, Inc.

Highway 29 North  
Post Office Box 600  
Concord, NC 28026-0600 Telecopier No.: (704) 532-3312 Attention: Mr. William R. Brooks

**If to the Trustee:**

First Trust National Association

180 East Fifth Street  
Suite 200  
St. Paul, MN 55101  
Telecopier No.: (612) 244-0711 Attention: Kathe Barrett

The Company, a Guarantor or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA ss. 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

**SECTION 12.03. COMMUNICATION BY HOLDERS OF NOTES WITH OTHER HOLDERS OF NOTES.**

Holders may communicate pursuant to TIA ss. 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Guarantors, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

**SECTION 12.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.**

Upon any request or application by the Company and/or any Guarantor to the Trustee to take any action or refrain from taking any action under this Indenture, the Company and/or such Guarantor, as the case may be, shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

#### SECTION 12.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA ss. 314(a)(4)) shall comply with the provisions of TIA ss. 314(e) and shall include:

- (a) a statement that the Person making such certificate or opinion has read such covenant or condition;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and
- (d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

#### SECTION 12.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions; PROVIDED, that no such rule shall conflict with the terms of this Indenture or the TIA.

#### SECTION 12.07. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS.

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees, this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

#### SECTION 12.08. GOVERNING LAW.

**THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO**

**CONSTRUE THIS INDENTURE, THE NOTES AND THE SUBSIDIARY GUARANTEES.**

SECTION 12.09. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture, the Notes or the Subsidiary Guarantees.

SECTION 12.10. SUCCESSORS.

All agreements of the Company and the Guarantors in this Indenture, the Subsidiary Guarantees and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 12.11. SEVERABILITY.

In case any provision in this Indenture, the Subsidiary Guarantees or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.12. COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 12.13. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 12.14. FURTHER INSTRUMENTS AND ACTS.

Upon request of the Trustee, the Company and the Guarantors will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**COMPANY:**

Attest: *SPEEDWAY MOTORSPORTS, INC.,  
a Delaware corporation*

*/s/ Randall A. Storey  
Assistant Secretary*

By: */s/ William R. Brooks  
William R. Brooks  
Chief Financial Officer and Vice  
President*

**GUARANTORS:**

Attest: *ATLANTA MOTOR SPEEDWAY, INC.,  
a Georgia corporation*

*/s/ Randall A. Storey  
Assistant Secretary*

By: */s/ William R. Brooks  
William R. Brooks  
Vice President*

Attest: *BRISTOL MOTOR SPEEDWAY, INC.,  
a Tennessee corporation*

*/s/ Randall A. Storey  
Assistant Secretary*

By: */s/ William R. Brooks  
William R. Brooks  
Vice President*

Attest: *CHARLOTTE MOTOR SPEEDWAY, INC.,  
a North Carolina corporation*

*/s/ Randall A. Storey  
Assistant Secretary*

By: */s/ William R. Brooks  
William R. Brooks  
Vice President*

Attest: *SPR ACQUISITION CORPORATION,  
a California corporation*

*/s/ Randall A. Storey  
Secretary*

By: */s/ William R. Brooks  
William R. Brooks  
Vice President*

Attest: TEXAS MOTOR SPEEDWAY, INC.,  
a Texas corporation

/s/ Randall A. Storey  
Assistant Secretary

By: /s/ William R. Brooks  
William R. Brooks  
Vice President

Attest:

600 RACING, INC.,  
a North Carolina corporation

/s/ Randall A. Storey  
Assistant Secretary

By: /s/ William R. Brooks  
William R. Brooks  
Vice President

Attest:

SONOMA FUNDING CORPORATION,  
a California corporation

/s/ Randall A. Storey  
Secretary

By: /s/ William R. Brooks  
William R. Brooks  
Vice President

Attest:

SPEEDWAY CONSULTING & DESIGN, INC.,  
a North Carolina corporation

/s/ Randall A. Storey  
Assistant Secretary

By: /s/ William R. Brooks  
William R. Brooks  
Vice President

Attest:

THE SPEEDWAY CLUB, INC.,  
a North Carolina corporation

/s/ Randall A. Storey  
Assistant Secretary

By: /s/ William R. Brooks  
William R. Brooks  
Vice President

Attest:

INEX CORP.,  
a North Carolina corporation

/s/ Randall A. Storey  
Assistant Secretary

By: /s/ William R. Brooks  
William R. Brooks  
Vice President

Attest:

SPEEDWAY FUNDING CORP.,  
a Delaware corporation

/s/ David L. Lindley  
Secretary

By: /s/ Victoria L. Garrett  
Name: Victoria L. Garrett  
Title: Vice President

**TRUSTEE:**

**FIRST TRUST NATIONAL ASSOCIATION**

*By: /s/ K. Barrett  
Kathe Barrett  
Trust Officer*

STATE OF NORTH CAROLINA     )  
  )  
COUNTY OF MECKLENBURG     )

On the 4th day of August, 1997, before me personally came William R. Brooks, to me known, who, being by me duly sworn, did depose and say that he is the Vice President and Chief Financial Officer of Speedway Motorsports, Inc., one of the corporations described in and which executed the foregoing instrument, and that he signed his name thereto by like authority.

*/s/ Judy L. S. Ballard  
Notary Public*

*State of North Carolina  
My commission expires September 4, 2000*

*[Seal]*

STATE OF NORTH CAROLINA     )  
  )  
COUNTY OF MECKLENBURG     )

On the 4th day of August, 1997, before me personally came William R. Brooks, to me known, who, being by me duly sworn, did depose and say that he is the Vice President of each of Atlanta Motor Speedway, Inc., Bristol Motor Speedway, Inc., Charlotte Motor Speedway, Inc., SPR Acquisition Corporation, Texas Motor Speedway, Inc., 600 Racing, Inc., Sonoma Funding Corporation, Speedway Consulting & Design, Inc., The Speedway Club, Inc. and INEX Corp., each of which corporations is described in and which executed the foregoing instrument as one of the Guarantors, (other than Speedway Funding Corp.), and that he signed his name thereto by like authority.

*/s/ Judy L. S. Ballard  
Notary Public*

*State of North Carolina  
My commission expires September 4, 2000*

*[Seal]*

**STATE OF DELAWARE ) COUNTY OF NEW CASTLE )**

On the day of 30th day of July, 1997, before me personally came Victoria L. Garrett, to me known, who, being by me duly sworn, did depose and say that he is the Vice President of Speedway Funding Corp., one of the corporations described in and which executed the foregoing instrument, and that he signed his name thereto by like authority.

*/s/ Janette H. Gordon  
Notary Public*

*State of Delaware  
My commission expires 5-3-2001*

*[Seal]*

STATE OF NORTH CAROLINA            )  
  )  
COUNTY OF MECKLENBURG            )

On the 4th day of August, 1997, before me personally came Kathe Barrett, to me known, who, being by me duly sworn, did depose and say that she is a trust officer of First Trust National Association, one of the parties described in and which executed the foregoing instrument, and that she signed her name thereto by like authority.

*/s/ Judy L. S. Ballard*  
*Notary Public*

*State of North Carolina*  
*My commission expires September 4, 2000*

*[Seal]*

**EXHIBIT A**

**CUSIP NUMBER 847788AD8**

(Face of Note)

**SPEEDWAY MOTORSPORTS, INC.**

**8 1/2% [INITIAL] [EXCHANGE] SENIOR SUBORDINATED NOTES DUE 2007**

**No.** \_\_\_\_\_ **\$** \_\_\_\_\_

SPEEDWAY MOTORSPORTS, INC., a Delaware corporation, for value received, hereby promises to pay to or registered assigns, the principal sum of \$ \_\_\_\_\_ on August 15, 2007.

Interest Payment Dates: February 15, and August 15

Record Dates: January 31, and July 31

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purposes.

IN WITNESS WHEREOF, Speedway Motorsports, Inc. has caused this Note to be duly executed by its duly authorized officer this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**SPEEDWAY MOTORSPORTS, INC.**

By:  
Name:  
Title:

**Attest:**

**Secretary**

Dated: \_\_\_\_\_, \_\_\_\_\_

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION:**

FIRST TRUST NATIONAL ASSOCIATION, as Trustee, certifies that this is one of the Notes referred to in the Indenture.

By: \_\_\_\_\_  
Name:  
Title:

**SPEEDWAY MOTORSPORTS, INC.**

**8 1/2% [INITIAL] [EXCHANGE] SENIOR SUBORDINATED NOTES DUE 2007**

[Unless and until it is exchanged in whole or in part for Notes in certificated form, this Note may not be transferred except as a whole by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC (and any payment is made to Cede & Co. or such other entity as may be requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]1

**[THE NOTE (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY**  
ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE NOTE EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE NOTE EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT. THE HOLDER OF THE NOTE EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT  
(A) SUCH NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1)  
(a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION 1This paragraph should be included only if the Note is issued in Global Form.

STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE NOTE EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN (1) ABOVE.]2

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. Speedway Motorsports, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture, being herein called the ("Company")), promises to pay interest on the principal amount of this Note at 8 1/2% per annum from August 4, 1997 until maturity and shall pay the Liquidated Damages, if any, payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company will pay interest and Liquidated Damages semi-annually on February 15 and August 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; PROVIDED, that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; PROVIDED, FURTHER, that the first Interest Payment Date shall be February 15, 1998. The Company shall pay, to the extent lawful, interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) and Liquidated Damages, if any, to the Persons who are registered Holders of Notes at the close of business on the January 31 or July 31 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, interest and Liquidated Damages at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available will be required with respect to principal of and interest, premium and Liquidated Damages, if any, on all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin 2 This paragraph should be included only if the Note is a Transfer Restricted Security.

or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, First Trust National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity; PROVIDED that if the Company or such Subsidiary is acting as Paying Agent, the Company or such Affiliate shall segregate all funds held by it as Paying Agent and hold them in trust for the benefit of the Holders or the Trustee.

4. Indenture. The Company issued the Notes under an Indenture dated as of August 4, 1997 (the "Indenture"), among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code ss.ss. 77aaa-77bbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. The Notes are unsecured obligations of the Company limited to \$125.0 million in aggregate principal amount.

The summary of the terms of this Note contained herein does not purport to be complete and is qualified by reference to the Indenture. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture shall control.

The Indenture restricts, among other things, the Company's ability to incur additional indebtedness and issue preferred stock, pay dividends or make certain other restricted payments, incur liens to secure PARI PASSU or subordinated indebtedness, engage in any sale and leaseback transaction, sell stock of Subsidiaries, incur indebtedness that is subordinate in right of payment to any Senior Indebtedness and senior in right of payment to the Notes, apply net proceeds from certain asset sales, merge or consolidate with any other person, sell, assign, transfer, lease, convey or otherwise dispose of substantially all of the assets of the Company or enter into certain transactions with affiliates.

#### 5. Optional Redemption.

The Company shall not have the option to redeem the Notes prior to August 15, 2002. Thereafter, the Company shall have the option to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the 12-month period beginning on August 15 of the years indicated below:

YEAR	PERCENTAGE
2002.....	104.250%
2003.....	102.830%
2004.....	101.420%
2005 and thereafter.....	100.000%

## 6. Mandatory Redemption.

Except as set forth in paragraph 7 below, the Company shall not be required to make mandatory redemption payments with respect to the Notes.

## 7. Repurchase at Option of Holder.

(a) Upon a Change of Control, each Holder of Notes will have the right to require the Company to make an offer (a "Change of Control Offer") to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase (in either case, the "Change of Control Payment"). Within 15 days following any Change of Control, the Company shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes pursuant to the procedures governing the Change of Control Offer as required by the Indenture and described in such notice.

(b) If the Company or a Subsidiary consummates any Asset Sale, within five days of each date on which the aggregate amount of Excess Proceeds exceeds \$5.0 million, the Company shall commence an offer to all Holders of Notes (an "Asset Sale Offer") pursuant to Section 4.10 of the Indenture to purchase the maximum principal amount of Notes that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use such deficiency for general corporate purposes. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a PRO RATA basis. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" attached to this Note.

8. Notice of Redemption. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date, interest ceases to accrue on Notes or portions thereof called for redemption.

9. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required

by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. Persons Deemed Owners. The registered Holder of a Note may be treated as its owner for all purposes.

11. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's, or any Guarantor's obligations to Holders of the Notes in case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act or to provide for the issuance of Additional Notes pursuant to the Indenture to the extent permitted under the restrictions contained in the Credit Agreement and in the Indenture.

12. Defaults and Remedies. The Events of Default provided by the Indenture include, without limitation:

- (a) default for 30 days in the payment when due of interest on, or Liquidated Damages, if any, with respect to, the Notes (whether or not prohibited by the subordination provisions of the Indenture);
- (b) default in payment when due of the principal of or premium, if any, on the Notes (whether or not prohibited by the subordination provisions of the Indenture);
- (c) failure by the Company to comply with Section 4.10 or 4.15 of the Indenture;
- (d) failure by the Company to comply with Section 4.07 or 4.09 of the Indenture and the continuance of such failure for a period of 30 days after notice is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amounts of the Notes then outstanding;
- (e) failure by the Company for 60 days after notice is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the Company's other covenants or agreements in the Indenture or the Notes;
- (f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Subsidiaries (or the payment of which is guaranteed by the Company or any of its Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, which default (i) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity (after the expiration of any

applicable grace period) or (ii) results in the acceleration of such Indebtedness prior to its maturity and, in each case, the principal amount of which Indebtedness, together with the principal amount of any other such Indebtedness described in clauses (i) and (ii) above, aggregates \$5.0 million or more; (g) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of \$5.0 million (net of amounts covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days; (h) certain events of bankruptcy or insolvency with respect to the Company or any of its Subsidiaries; (i) the Subsidiary Guarantee of any Guarantor is held in judicial proceedings to be unenforceable or invalid or ceases for any reason to be in full force and effect (other than in accordance with the terms of the Indenture) or any Guarantor or any Person acting on behalf of any Guarantor denies or disaffirms such Guarantor's obligations under its Subsidiary Guarantee (other than by reason of a release of such Guarantor from its Subsidiary Guarantee in accordance with the terms of the Indenture). If any Event of Default (other than an Event of Default specified in clause (h) above occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately; PROVIDED, HOWEVER, that if any Senior Indebtedness is outstanding under the Credit Agreement, upon a declaration of acceleration, the Notes shall be payable upon earlier of

(x) the day which is five Business Days after the provision to the Company and the agent under the Credit Agreement of written notice of such declaration and (y) the date of acceleration of any Indebtedness under the Credit Agreement. Notwithstanding the foregoing, in the case of an Event of Default specified in clause (h) of this paragraph 12 occurs with respect to the Company, any Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. Trustee Dealings with Company. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

14. No Recourse Against Others. A director, officer, employee, incorporator or stockholder of the Company, as such, shall not have any liability for any obligations of the

Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder, by accepting a Note, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

15. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. Additional Rights of Holders of Transfer Restricted Securities. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Transferred Restricted Securities shall have all the rights set forth in the Registration Rights Agreement dated as of August 4, 1997, among the Company and the parties named on the signature pages thereof (the "Registration Rights Agreement").

18. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Speedway Motorsports, Inc. Highway 29 North Post Office Box 600 Concord, NC 28026-0600 Attention: Secretary

19. Unclaimed Money. If money for the payment of principal, premium, if any, or interest, or Liquidated Damages, if any, remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless any abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment unless such abandoned property law designates another Person.

20. Discharge and Defeasance. Subject to certain conditions, the Company at any time may terminate some or all of the obligations of the Company under the Notes and the Indenture if the Company irrevocably deposits in trust with the Trustee cash or U.S. Government Obligations for the payment of principal, premium, if any, interest and Liquidated Damages, if any, on the Notes to redemption or maturity, as the case may be.

21. Reports. Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company shall furnish to the Trustee and to the Holders of Notes within 15 days after it is or would have been required to file such with the SEC (i) all quarterly and annual financial information that is or would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report thereon by the Company's certified independent accountants and (ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports. In addition, whether or not required by the rules and regulations of the SEC, at any time after the Company files a registration statement with respect to the Exchange Offer or a Shelf Registration Statement, the Company shall (i) file a copy of all such information and reports with the SEC for public availability (unless the SEC will not accept such a filing) and (ii) if the SEC will not accept such filing, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to securities analysts and prospective investors. In addition, for so long as any Notes remain outstanding, the Company shall furnish to the Trustee, the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Company also shall comply with the other provisions of TIA ss. 314(a).

22. Governing Law. THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SAID STATE.

**FORM OF NOTATION OF SECURITY  
RELATING TO SUBSIDIARY GUARANTEE**

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, (a) the due and punctual payment of the principal of, premium, if any, and interest on the Notes, whether at maturity, by acceleration or otherwise, the due and punctual payment of interest on overdue principal and premium, and, to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee. The Indebtedness evidenced by this Subsidiary Guarantee is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Guarantor Senior Indebtedness (as defined in the Indenture), and this Subsidiary Guarantee is issued subject to such provisions. Each Holder of a Note, by accepting the same,

(a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and

(c) appoints the Trustee attorney-in-fact of such Holder for such purpose; PROVIDED, HOWEVER, that the Indebtedness evidenced by this Subsidiary Guarantee shall cease to be so subordinated and subject in right of payment upon any defeasance of this Note in accordance with the provisions of the Indenture.

**GUARANTORS:**

**ATLANTA MOTOR SPEEDWAY, INC.,**

Attest: a Georgia corporation

Secretary By: Name:

Title:

**BRISTOL MOTOR SPEEDWAY, INC.,**

Attest: a Tennessee corporation

Secretary By: Name:

Title:

**CHARLOTTE MOTOR SPEEDWAY, INC.,**

Attest: a North Carolina corporation

Secretary By: Name:

Title:

**SPR ACQUISITION CORPORATION,**

Attest: a California corporation

Secretary By: Name:

Title:

**TEXAS MOTOR SPEEDWAY, INC.,**

Attest: a Texas corporation

Secretary By: Name:

Title:

**600 RACING, INC.,**

Attest: a North Carolina corporation

Secretary

By:

Name:

Title:

**SONOMA FUNDING CORPORATION,**

Attest: a California corporation

Secretary

By:

Name:

Title:

**SPEEDWAY CONSULTING & DESIGN, INC.,**

Attest: a North Carolina corporation

Secretary

By:

Name:

Title:

**THE SPEEDWAY CLUB, INC.,**

Attest: a North Carolina corporation

Secretary

By:

Name:

Title:

**INEX, CORP.,**

Attest: a North Carolina corporation

Secretary

By:

Name:

Title:

**SPEEDWAY FUNDING CORP.,**

Attest:

a Delaware corporation

Secretary

By:

Name:

Title:

A-14

**ASSIGNMENT**

(To be executed by the registered Holder

if such Holder desires to transfer this Note)

FOR VALUE RECEIVED hereby sells, assigns and transfers unto

**PLEASE INSERT SOCIAL SECURITY OR OTHER  
TAX IDENTIFYING NUMBER OF TRANSFEREE**

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(Please print name and address of transferee)

this Note, together with all right, title and interest herein, and does hereby irrevocably constitute and appoint Attorney to transfer this Note on the Security Register, with full power of substitution.

Dated:

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**Signature of Holder Signature Guaranteed:**

NOTICE: The signature to the foregoing Assignment must correspond to the Name as written upon the face of this Note in every particular way, without alteration or any change whatsoever.

**OPTION OF HOLDER TO ELECT PURCHASE**  
(check as appropriate)

( ) In connection with the Change of Control Offer made pursuant to Section 4.15 of the Indenture, the undersigned hereby elects to have

- ( ) the entire principal amount
- ( ) \$ \_\_\_\_\_ (\$1,000 in principal amount or  
an integral multiple thereof) of this Note

repurchased by the Company. The undersigned hereby directs the Trustee or Paying Agent to pay it or an amount in cash equal to 101% of the principal amount indicated in the preceding sentence plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the Change of Control Payment Date.

( ) In connection with the Asset Sale Offer made pursuant to Section 4.10 of the Indenture, the undersigned hereby elects to have

( ) the entire principal amount

\$ (\$1,000 in principal amount or an ( ) ----- integral multiple thereof) of this Note

repurchased by the Company. The undersigned hereby directs the Trustee or Paying Agent to pay it or an amount in cash equal to 100% of the principal amount indicated in the preceding sentence plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the Asset Sale Purchase Date.

Dated:

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**Signature of Holder Signature Guaranteed:**

NOTICE: The signature to the foregoing must correspond to the Name as written upon the face of this Note in every particular, without alteration or any change whatsoever.

**SCHEDULE OF EXCHANGES OF DEFINITIVE NOTE<sup>3</sup>**

The following exchanges of a part of this Global Note for Certificated Notes have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Note Custodian
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<sup>3</sup>This should be included only if the Note is issued in Global Form.

**EXHIBIT B**

**CERTIFICATE TO BE DELIVERED UPON  
EXCHANGE OR REGISTRATION OF TRANSFER OF NOTES**

**RE: 8 1/2% SENIOR SUBORDINATED NOTES DUE 2007 OF SPEEDWAY MOTORSPORTS, INC.**

THIS CERTIFICATE RELATES TO \$\_\_\_\_\_ PRINCIPAL AMOUNT OF NOTES HELD IN

\* \_\_\_\_\_ BOOK-ENTRY OR \* \_\_\_\_\_ DEFINITIVE FORM BY \_\_\_\_\_ (THE "TRANSFEROR").

**THE TRANSFEROR\*:**

HAS REQUESTED THE TRUSTEE BY WRITTEN ORDER TO DELIVER IN EXCHANGE FOR ITS BENEFICIAL INTEREST IN THE GLOBAL NOTE HELD BY THE DEPOSITORY A NOTE OR NOTES IN DEFINITIVE, REGISTERED FORM OF AUTHORIZED DENOMINATIONS IN AN AGGREGATE PRINCIPAL AMOUNT EQUAL TO ITS BENEFICIAL INTEREST IN SUCH GLOBAL NOTE (OR THE PORTION THEREOF INDICATED ABOVE); OR

HAS REQUESTED THE TRUSTEE BY WRITTEN ORDER TO EXCHANGE OR REGISTER  
**THE TRANSFER OF A NOTE OR NOTES.**

IN CONNECTION WITH SUCH REQUEST AND IN RESPECT OF EACH SUCH NOTE, THE TRANSFEROR DOES HEREBY CERTIFY THAT TRANSFEROR IS FAMILIAR WITH THE INDENTURE RELATING TO THE ABOVE CAPTIONED NOTES AND AS PROVIDED IN SECTION 2.06 OF SUCH INDENTURE, THE TRANSFER OF THIS NOTE DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT (AS DEFINED BELOW) BECAUSE:\*

SUCH NOTE IS BEING ACQUIRED FOR THE TRANSFEROR'S OWN ACCOUNT, WITHOUT TRANSFER (IN SATISFACTION OF SECTION 2.06(A)(II)(A) OR SECTION 2.06(D)(I)(A) OF THE INDENTURE).

SUCH NOTE IS BEING TRANSFERRED TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) IN RELIANCE ON RULE 144A (IN SATISFACTION OF SECTION 2.06(A)(II)(B), SECTION 2.06(B)(I) OR SECTION 2.06(D)(I)(B) OF THE INDENTURE) OR PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT (IN SATISFACTION OF SECTION 2.06(A)(II)(B) OR SECTION 2.06(D)(I)(B) OF THE INDENTURE.)

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**\*CHECK APPLICABLE BOX.**

( ) SUCH NOTE IS BEING TRANSFERRED IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT, OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT (IN SATISFACTION OF SECTION 2.06(A)(II)(B)(2) OR SECTION 2.06(D)(I)(B) OF THE INDENTURE).

( ) SUCH NOTE IS BEING TRANSFERRED IN RELIANCE ON AND IN COMPLIANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OTHER THAN RULE 144A, 144 OR RULE 904 UNDER THE SECURITIES ACT. AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT ACCOMPANIES THIS CERTIFICATE (IN SATISFACTION OF SECTION 2.06(A)(II)(B)(3) OR SECTION 2.06(D)(I)(C) OF THE INDENTURE).

**[INSERT NAME OF TRANSFEROR]**

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

**\*CHECK APPLICABLE BOX.**

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**REGISTRATION RIGHTS AGREEMENT**

dated as of August 4, 1997

by and among

**SPEEDWAY MOTORSPORTS, INC.,**

as Company,

**ATLANTA MOTOR SPEEDWAY, INC.,  
BRISTOL MOTOR SPEEDWAY, INC.,  
CHARLOTTE MOTOR SPEEDWAY, INC.,  
SPR ACQUISITION CORPORATION, TEXAS MOTOR SPEEDWAY, INC.,  
600 RACING, INC, SPEEDWAY FUNDING CORP.,  
SONOMA FUNDING CORPORATION,  
SPEEDWAY CONSULTING & DESIGN, INC.  
THE SPEEDWAY CLUB, INC., AND  
INEX CORP.**

as Guarantors,

and

**NATIONSBANC CAPITAL MARKETS, INC.,  
WHEAT FIRST BUTCHER SINGER,  
MONTGOMERY SECURITIES AND  
J.C. BRADFORD & CO.,**

as **Initial Purchasers**

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## REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of August 4, 1997, by and among Speedway Motorsports, Inc., a Delaware corporation (the "Company"), and each of the domestic subsidiaries of the Company set forth on the signature pages hereto (each, a "Guarantor" and, collectively, the "Guarantors"), and NationsBanc Capital Markets, Inc., Wheat First Butcher Singer, Montgomery Securities and J.C. Bradford & Co. (each, an "Initial Purchaser" and, collectively, the "Initial Purchasers"), each of whom has agreed severally to purchase the Company's 8 1/2% Senior Subordinated Notes due 2007 (the "Notes") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement dated July 30, 1997 (the "Purchase Agreement"), by and among the Company, the Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Notes and the guarantees of the Guarantors (the "Guarantees" and collectively with the Notes, the "Securities"), the Company and the Guarantors (collectively, the "Issuers") have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 7 of the Purchase Agreement.

The parties hereby agree as follows:

### SECTION 1. DEFINITIONS.

Capitalized terms used herein without definition shall have the respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Advice: As defined in Section 6(c).

Agreement: As defined in the preamble hereof.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Closing Date: The date of this Agreement.

Commission: The Securities and Exchange Commission.

Company: As defined in the preamble hereof.

Consummate or Consummation: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the New Securities to be issued in the Exchange Offer, (ii) the maintenance of such Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof and (iii) the delivery by the Issuers to the

registrar under the Indenture of New Securities in the same aggregate principal amount as the aggregate principal amount of Securities that were tendered by Holders thereof pursuant to the Exchange Offer.

Damages Payment Date: With respect to the Securities or the New Securities, each Interest Payment Date.

Effectiveness Target Date: As defined in Section 5.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The registration by the Issuers under the Act of the New Securities pursuant to a Registration Statement pursuant to which the Issuers offer the Holders of all outstanding Transfer Restricted Securities the opportunity to exchange all such outstanding Transfer Restricted Securities held by such Holders for New Securities in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities tendered in such exchange offer by such Holders.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Guarantees: As defined in the preamble hereof.

Guarantor or Guarantors: As defined in the preamble hereof.

Holders: As defined in Section 2(b) hereof.

Indemnified Holder: As defined in Section 8(a) hereof.

Indenture: The Indenture dated as of August 4, 1997, among the Issuers and First Trust National Association, as trustee (the "Trustee"), pursuant to which the Securities and New Securities are to be issued, as such Indenture is amended or supplemented from time to time in accordance with the terms thereof.

Initial Purchaser or Initial Purchasers: As defined in the preamble hereof.

Interest Payment Date: As defined in the Indenture, the Securities and the New Securities.

Issuers: As defined in the preamble hereof.

Liquidated Damages: As defined in Section 5 hereof.

NASD: National Association of Securities Dealers, Inc.

**New Securities:** Debt securities of the Company and related guarantees of the Guarantors identical in all material respects to the Securities and the Guarantees, respectively (except that the transfer restrictions pertaining to such Securities and Guarantees will be eliminated), to be issued under the Indenture.

**Notes:** As defined in the preamble hereof.

**Person:** An individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

**Prospectus:** The prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

**Purchase Agreement:** As defined in the preamble hereof.

**Record Holder:** With respect to any Damages Payment Date relating to the Securities or the New Securities, each Person who is a Holder of Securities or New Securities, as the case may be, on the record date with respect to the Interest Payment Date on which such Damages Payment Date shall occur.

**Registrar:** As defined in the Indenture.

**Registration Default:** As defined in Section 5 hereof.

**Registration Statement:** Any registration statement of the Issuers relating to (a) an offering of New Securities pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, which is filed pursuant to the provisions of this Agreement, in each case, including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

**Securities:** As defined in the preamble hereof.

**Shelf Filing Deadline:** As defined in Section 4(a)(x) hereof.

**Shelf Registration Statement:** As defined in Section 4(a)(x) hereof.

**TIA:** The Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture.

**Transfer Restricted Securities:** Each Security, until the earliest to occur of (a) the date on which such Security is exchanged by a person other than a Broker-Dealer for a New Security in the Exchange Offer, (b) following the exchange by a Broker-Dealer in the Exchange Offer of a Security for a New Security, the date on which such New Security is sold to a purchaser who receives from such Broker-Dealer on or prior to the date of such sale a copy

of the Prospectus contained in the Exchange Offer Registration Statement, (c) the date on which such Security has been effectively registered under the Act and disposed of in accordance with a Shelf Registration Statement or (d) the date on which such Security is distributed to the public pursuant to Rule 144 under the Act.

Underwritten Registration or Underwritten Offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

## SECTION 2. SECURITIES SUBJECT TO THIS AGREEMENT.

(a) Transfer Restricted Securities. The securities entitled to the benefits of this Agreement are the Transfer Restricted Securities.

(b) Holders of Transfer Restricted Securities. A Person is deemed to be a holder of Transfer Restricted Securities (each, a "Holder") whenever such Person owns Transfer Restricted Securities.

## SECTION 3. REGISTERED EXCHANGE OFFER.

(a) Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (after the procedures set forth in Section 6 (a) below have been complied with), the Issuers shall (i) cause to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 60 days after the Closing Date, a Registration Statement under the Act relating to the New Securities and the Exchange Offer, (ii) use their best efforts to cause such Registration Statement to become effective at the earliest practicable time, but in no event later than 120 days after the Closing Date, (iii) in connection with the foregoing, file (A) all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to become effective, (B) if applicable, a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings in connection with the registration and qualification of the New Securities to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer and (iv) upon the effectiveness of such Registration Statement, commence the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting registration of the New Securities to be offered in exchange for the Transfer Restricted Securities and to permit resales of New Securities held by Broker-Dealers as contemplated by Section 3(c) below.

(b) The Company shall cause the Exchange Offer Registration Statement to be effective continuously and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; PROVIDED, HOWEVER, that in no event shall such period be less than 20 business days. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than New Securities shall be included in the Exchange Offer Registration Statement. The Company shall use its best efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 business days thereafter.

(c) The Company shall indicate in a "Plan of Distribution" section contained in the Prospectus contained in the Exchange Offer Registration Statement that any Broker-Dealer who holds Securities that are Transfer Restricted Securities and that were acquired for its own account as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from the Company), may exchange such Securities pursuant to the Exchange Offer; PROVIDED, HOWEVER, such Broker-Dealer may be deemed to be an underwriter within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with any resales of the New Securities received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement. Such "Plan of Distribution" section shall also contain all other information with respect to such resales by Broker-Dealers that the Commission may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Securities and New Securities held by any such Broker-Dealer except to the extent required by the Commission.

The Issuers shall use their best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended, as required by the provisions of Section 6(c) below, to the extent necessary to ensure that it is available for resales of the New Securities acquired by Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of one year from the date on which the Exchange Offer Registration Statement is declared effective. The Issuers will be permitted to suspend use of the Prospectus included in the Exchange Offer Registration Statement during periods of time and in circumstances relating to pending corporate developments and public filings with the Commission and similar events in which the use of the Prospectus for the offer or sale of the Securities, in the reasonable opinion of the Issuers, may give rise to claims of liability against the Issuers under applicable federal or state securities law.

The Issuers shall provide sufficient copies of the latest version of such Prospectus to Broker-Dealers promptly upon request at any time during such one-year period in order to facilitate such resales.

#### SECTION 4. SHELF REGISTRATION.

(a) Shelf Registration. If (i) the Issuers are not required to file an Exchange Offer Registration Statement or permitted to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or Commission policy (after the procedures set forth in Section 6(a) below have been complied with) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company within 20 business days of the consummation of the Exchange Offer (A) that such Holder is prohibited by applicable law or Commission policy from participating in the Exchange Offer, or (B) that such Holder may not resell the New Securities acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available

for such resales by such Holder, or (C) that such Holder is a Broker-Dealer and holds Securities acquired directly from the Company or one of its affiliates, then the Issuers shall:

(x) use their best efforts to file a shelf registration statement pursuant to Rule 415 under the Act, which may be an amendment to the Exchange Offer Registration Statement (in either event, the "Shelf Registration Statement") on or prior to the earliest to occur of

(1) the 45th day after the date on which the Company determines that it is not required or permitted to file the Exchange Offer Registration Statement, (2) the 45th day after the date on which the Company receives notice from a Holder of Transfer Restricted Securities as contemplated by clause (ii) above, or (3) the 120th day after the Closing Date (such earliest date being the "Shelf Filing Deadline"), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities the Holders of which shall have provided the information required pursuant to Section 4(b) hereof; and

(y) use their best efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or before the 90th day after the obligation to file such Shelf Registration Statement arises.

The Issuers shall use their best efforts to keep such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 6(b) and 6(c) hereof to the extent necessary to ensure that it is available for resales of Securities by the Holders of Transfer Restricted Securities entitled to the benefit of this

Section 4(a), and to ensure that it conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least three years following the Closing Date or such shorter period that will terminate when there are no Transfer Restricted Securities outstanding. The Issuers will be permitted to suspend use of the Prospectus included in the Shelf Registration Statement during periods of time and in circumstances relating to pending corporate developments and public filings with the Commission and similar events in which the use of the Prospectus for the offer or sale of Securities, in the reasonable opinion of the Issuers, may give rise to claims of liability against the Issuers under applicable federal and state securities laws.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 20 business days after receipt of a request therefor, such information as the Company may reasonably request for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to Liquidated Damages pursuant to Section 5 hereof unless and until such Holder shall have used its best efforts to provide all such reasonably requested information. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

## SECTION 5. LIQUIDATED DAMAGES.

If (i) any of the Registration Statements required by this Agreement is not filed with the Commission on or prior to the date specified for such filing in this Agreement, (ii) any of such Registration Statements has not been declared effective by the Commission on or prior to the date specified for such effectiveness in this Agreement (the "Effectiveness Target Date"), (iii) the Exchange Offer has not been Consummated within 30 business days after the Effectiveness Target Date with respect to the Exchange Offer Registration Statement or (iv) any Registration Statement required by this Agreement is filed and declared effective but shall thereafter cease to be effective or fail to be usable (including as contemplated by the last sentence of the penultimate paragraph of Section 3(c) hereof or the last sentence of Section 4(a) hereof) for its intended purpose without being succeeded immediately by a post-effective amendment to such Registration Statement that cures such failure and that is itself immediately declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Issuers hereby jointly and severally agree to pay liquidated damages ("Liquidated Damages") to each Holder of Transfer Restricted Securities, with respect to the first 90-day period immediately following the occurrence of such Registration Default, in an amount equal to \$.05 per \$1,000 principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues. The amount of the Liquidated Damages shall increase by an additional \$.05 per week per \$1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of Liquidated Damages of \$.30 per week per \$1,000 principal amount of Transfer Restricted Securities. All accrued Liquidated Damages shall be paid to Record Holders by the Company by wire transfer of immediately available funds or by federal funds check on each Damages Payment Date, as provided in the Indenture. Following the cure of all Registration Defaults relating to any particular Transfer Restricted Securities, the accrual of Liquidated Damages with respect to such Transfer Restricted Securities will cease.

All obligations of the Issuers set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such Transfer Restricted Security shall have been satisfied in full.

## SECTION 6. REGISTRATION PROCEDURES.

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Issuers shall comply with all of the provisions of Section 6(c) below, shall use their best efforts to effect such exchange to permit the sale of the Securities and the New Securities in accordance with the intended method or methods of distribution thereof and shall comply with all of the following provisions:

(i) If, in the reasonable opinion of counsel to the Company, there is a question as to whether the Exchange Offer is permitted by applicable law, the Issuers hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Issuers to Consummate an Exchange Offer for such Securities. The Issuers hereby agree to pursue the issuance of such a decision to the Commission staff level but shall not be

required to take commercially unreasonable action to effect a change of Commission policy. The Issuers hereby agree, however, to (A) participate in telephonic conferences with the Commission, (B) deliver to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursue a resolution (which need not be favorable) by the Commission staff of such submission.

(ii) As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Securities shall furnish, upon the request of the Company, prior to the Consummation thereof, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Issuers, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the New Securities to be issued in the Exchange Offer and (C) it is acquiring the New Securities in its ordinary course of business. In addition, all such Holders of Transfer Restricted Securities shall otherwise cooperate in the Issuers' preparations for the Exchange Offer (to meet Commission requirements with respect to the Exchange Offer or otherwise). Each Holder, by its receipt of the Securities, acknowledges and agrees that any Broker- Dealer and any such Holder using the Exchange Offer to participate in a distribution of the New Securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of New Securities obtained by such Holder in exchange for Securities acquired by such Holder directly from the Company.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Issuers shall provide a supplemental letter to the Commission (A) stating that the Issuers are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) and, if applicable, any no-action letter obtained pursuant to clause (i) above and (B) including a representation that neither the Company nor any Guarantor has entered into any arrangement or understanding with any Person to distribute the New Securities to be received in the Exchange Offer and that, to the best of the Company's information and belief (subject to information provided to the Issuers by the Holders), each Holder participating in the Exchange Offer is acquiring the New Securities in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the New Securities received in the Exchange Offer.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Issuers shall comply with all the provisions of Section 6(c) below and shall use their best efforts to effect such registration to permit the sale of the Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto the Issuers will as expeditiously as possible prepare and file with the Commission a Registration Statement relating to the shelf registration on any appropriate form under the Act, which form shall be available for the sale of the Securities in accordance with the intended method or methods of distribution thereof.

(c) General Provisions. In connection with any Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of the Securities or New Securities by Broker-Dealers), the Issuers shall:

(i) use their best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements (including, if required by the Act or any regulation thereunder, financial statements of the Guarantors) for the period specified in Section 3 or 4 of this Agreement, as applicable; upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Issuers shall file promptly an appropriate amendment to such Registration Statement, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use its best efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as applicable, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriter(s), if any, and selling Holders promptly and, if requested by such Persons, to confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the

Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Issuers shall use their best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) furnish to each of the selling Holders and each of the underwriter(s), if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review of such Holders and underwriter(s), if any, for a period of at least three business days, and the Issuers will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which a selling Holder of Transfer Restricted Securities covered by such Registration Statement or the underwriter(s), if any, shall reasonably object within three business days after the receipt thereof;

(v) to the extent practicable, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, make available and, if requested, provide copies of such document to the selling Holders and to the underwriter(s), if any, make the Issuers' representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such selling Holders or underwriter(s), if any, reasonably may request;

(vi) make available at reasonable times for inspection by the selling Holders, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such selling Holders or any of the underwriter(s), all financial and other records, pertinent corporate documents and properties of the Issuers and cause the Issuers' officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement subsequent to the filing thereof and prior to its effectiveness;

(vii) if requested by any selling Holders or the underwriter(s), if any, promptly incorporate in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities, information with respect to the principal amount of Transfer Restricted Securities being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Issuers are notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(viii) use their best efforts to cause the Transfer Restricted Securities covered by the Registration Statement to be rated with the appropriate rating agencies, if not rated, and so requested by the Holders of a majority in aggregate principal amount of the Securities and New Securities covered thereby or the underwriter(s), if any;

(ix) furnish to each selling Holder and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) deliver to each selling Holder and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Issuers hereby consent to the use of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(xi) enter into such agreements (including an underwriting agreement), and make such representations and warranties, and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any Registration Statement contemplated by this Agreement, all to such extent as may be reasonably requested by any Initial Purchaser or by any Holder of Transfer Restricted Securities or underwriter in connection with any sale or resale pursuant to any Registration Statement contemplated by this Agreement; and whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, the Issuers shall:

(A) furnish to each Initial Purchaser, each selling Holder and each underwriter, if any, in such substance and scope as they may reasonably request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the date of the Consummation of the Exchange Offer and, if applicable, the effectiveness of the Shelf Registration Statement:

(1) a certificate, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, signed by (y) the President or any Vice President and (z) a principal financial or accounting officer of the Company confirming, as of the date thereof, the matters set forth in paragraphs

(b), (c) and (d) of Section 7 of the Purchase Agreement and such other matters as such parties may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Issuers, covering the matters set forth in paragraph (g) of Section 7 of the Purchase Agreement and such other matter as such parties may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Issuers, representatives of the independent public accountants for the Issuers, the Initial Purchasers' representatives and the Initial Purchasers' counsel in connection with the preparation of such Registration Statement and the related Prospectus and have considered the matters required to be stated therein and the statements contained therein, and although such counsel has not independently verified the accuracy, completeness or fairness of such statements, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective, and, in the case of the Prospectus included in the Exchange Offer Registration Statement, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. In connection with the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of exhibits, the financial statements, notes and schedules and other financial and statistical data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated as of the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Issuers' independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters by underwriters in

connection with primary underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 7(l) of the Purchase Agreement, without exception;

(B) set forth in full or incorporate by reference in the underwriting agreement, if any, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section; and

(C) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Issuers pursuant to this clause

(xi), if any.

If at any time the Issuers become aware that the representations and warranties of the Issuers contemplated in clause (A)(1) above cease to be true and correct, the Issuers shall so advise the Initial Purchasers and the underwriter(s), if any, and each selling Holder promptly and, if requested by such Persons, shall confirm such advice in writing;

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders or underwriter(s) may reasonably request and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; PROVIDED, HOWEVER, that neither the Company nor any of the Guarantors shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(xiii) issue, upon the request of any Holder of Securities covered by the Shelf Registration Statement, New Securities having an aggregate principal amount equal to the aggregate principal amount of Securities surrendered to the Company by such Holder in exchange therefor or being sold by such Holder; such New Securities to be registered in the name of such Holder or in the name of the purchaser(s) of such Securities or New Securities, as the case may be; in return, the Securities held by such Holder shall be surrendered to the Company for cancellation;

(xiv) cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request at least two business days prior to any sale of Transfer Restricted Securities made by such underwriter(s);

(xv) use its best efforts to cause the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities, if any, as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (xii) above;

(xvi) if any fact or event contemplated by clause (c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading;

(xvii) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of the Registration Statement and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(xviii) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any qualified independent underwriter) that is required to be retained in accordance with the rules and regulations of the NASD, and use its reasonable best efforts to cause such Registration Statement to become effective and approved by such governmental agencies or authorities as may be necessary to enable the Holders selling Transfer Restricted Securities to consummate the disposition of such Transfer Restricted Securities;

(xix) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) for the twelve-month period (A) commencing at the end of any fiscal quarter in which Transfer Restricted Securities are sold to underwriters in a firm or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement;

(xx) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the Holders of the Securities and New Securities to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute, and use their best efforts to cause the Trustee to execute all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xxi) provide promptly to each Holder upon request each document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act.

Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice from the Company of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xvi) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the Issuers' expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(c)(iii)(D) hereof to and including the date when each selling Holder covered by such Registration Statement shall have received copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xvi) hereof or shall have received the Advice.

#### SECTION 7. REGISTRATION EXPENSES.

(a) All expenses incident to the Issuers' performance of or compliance with this Agreement will be borne by the Company or the respective Guarantor, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses (including filings made by any Initial Purchaser or Holder with the NASD (and, if applicable, the fees and expenses of any qualified independent underwriter and its counsel that may be required by the rules and regulations of the NASD)); (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the New Securities to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company and, subject to Section 7(b) below, the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing the Securities and New Securities on a national securities exchange or automated quotation system; and (vi) all fees and disbursements of independent certified public accountants of the Issuers (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Issuers will bear their internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by any Issuer.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Issuers will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Fennebresque, Clark, Swindell & Hay or such other counsel as may be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

#### SECTION 8. INDEMNIFICATION.

(a) The Issuers, jointly and severally, agree to indemnify and hold harmless (i) each Holder and (ii) each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) any Holder (any of the persons referred to in this clause (ii) being hereinafter referred to as a controlling person) and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including without limitation and as soon as reasonably practicable, reimbursement of all reasonable costs of investigating, preparing, pursuing or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder) directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (or any amendment or supplement thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by any of the Holders expressly for use therein. This indemnity agreement will be in addition to any liability that the Issuers otherwise may have.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Issuers, such Indemnified Holder shall promptly notify the Issuers in writing (PROVIDED, that the failure to give such notice (i) will not relieve the Issuers from liability under paragraph (a) above unless and only to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) above). Such Indemnified Holder shall have the right to employ its own counsel in any such action and the fees and expenses of such counsel shall be paid, as soon as reasonably practicable after they are incurred, by the Issuers (regardless of whether it is ultimately determined that an Indemnified Holder is not entitled to indemnification hereunder). The Issuers

shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for the Indemnified Holders, which firm shall be designated by the Holders. The Issuers shall be liable for any settlement of any such action or proceeding effected with the Issuers' prior written consent, which consent shall not be withheld unreasonably, and the Issuers agree to indemnify and hold harmless any Indemnified Holder from and against any loss, claim, damage, liability or expense by reason of any settlement of any action effected with the written consent of the Issuers. The Issuers shall not, without the prior written consent of each Indemnified Holder, settle or compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Issuers, and their respective directors, officers, and any person controlling (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Issuers, and the respective officers, directors, partners, employees, representatives and agents of each such person, to the same extent as the foregoing indemnity from the Issuers to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In case any action or proceeding shall be brought against any of the Issuers or their directors or officers or any such controlling person and in respect of which indemnity may be sought against a Holder of Transfer Restricted Securities, such Holder shall have the rights and duties given the Issuers, and the Issuers or their directors or officers or such controlling person shall have the rights and duties given to each Holder by the second paragraph of Section 8(a). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Transfer Restricted Securities giving rise to such indemnification obligation.

(c) If the indemnification provided for in this Section 8 is unavailable to an indemnified party under Section 8(a) or Section 8(b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received by the Issuers on the one hand and the Holders on the other hand from the sale by the Company of the Securities or if such allocation is not permitted by applicable law, the relative fault of the Issuers, on the one hand, and of the Indemnified Holders, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of the Issuers, on the one hand, and of the Indemnified Holder, on the other hand, shall be determined by reference to, among other things,

whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers or by the Indemnified Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of Section 8(a), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Issuers and each Holder of Transfer Restricted Securities agree that it would not be just and equitable if contribution pursuant to this Section 8(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, in no case shall any Initial Purchaser or any Holder of any Security or New Security be responsible, in the aggregate, for any amount in excess of the purchase discount or commission applicable to such Security, or in the case of a New Security, applicable to the Security that was exchangeable into such New Security, nor shall any underwriter be responsible for any amount in excess of the underwriting discount or commission applicable to the securities purchased by such underwriter under the Registration Statement that resulted in such damages. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(c) are several in proportion to the respective principal amount of Securities held by each of the Holders hereunder and not joint.

#### SECTION 9. RULE 144A.

The Issuers hereby agree with each Holder, for so long as any Transfer Restricted Securities remain outstanding as Transfer Restricted Securities, to make available to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities from such Holder or beneficial owner, the information required by Rule 144A(d) (4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A.

#### SECTION 10. PARTICIPATION IN UNDERWRITTEN REGISTRATIONS.

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney,

indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

#### SECTION 11. SELECTION OF UNDERWRITERS.

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such offering; PROVIDED, that such investment bankers and managers must be reasonably satisfactory to the Company.

#### SECTION 12. MISCELLANEOUS.

(a) Remedies. Each of the Issuers agrees that monetary damages (including the Liquidated Damages contemplated hereby) would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. Each of the Issuers will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Neither the Company nor any of the Guarantors is subject to or bound by any agreement granting any registration rights with respect to its securities to any Person. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Issuers' securities under any agreement in effect on the date hereof.

(c) Adjustments Affecting the Securities or New Securities. Each of the Issuers will not take any action, or permit any change to occur, with respect to the Securities or New Securities that would materially and adversely affect the ability of the Holders to Consummate any Exchange Offer.

(d) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, unless the Issuers have obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Securities are being tendered pursuant to the Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose Securities are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities being tendered or registered.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telecopier or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture and to each of the Initial Purchasers;

(ii) if to the Initial Purchasers, initially at the respective address of such Initial Purchasers set forth in the Purchase Agreement; and

(iii) if to the Issuers, initially at the Company's address set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; PROVIDED, HOWEVER, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and only to the extent such successor or assign acquired Transfer Restricted Securities from such Holder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Securities Held by the Issuers. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities or New Securities is required hereunder, Securities or New Securities, as applicable, held by the Issuers or their Affiliates (other than subsequent Holders of Securities or New Securities if such subsequent Holders are deemed to be Affiliates solely by reason of their holdings of such Securities or New Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(l) Entire Agreement. This Agreement (together with the Purchase Agreement, the Indenture and the other documents referenced therein) is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein (or therein) with respect to the registration rights granted by the Issuers with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**COMPANY:**

**SPEEDWAY MOTORSPORTS, INC.,**  
a Delaware corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President and Chief Financial Officer

**GUARANTORS:**

**ATLANTA MOTOR SPEEDWAY, INC.,**  
a Georgia corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**BRISTOL MOTOR SPEEDWAY, INC.,**  
a Tennessee corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**CHARLOTTE MOTOR SPEEDWAY, INC.,**  
a North Carolina corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**SPR ACQUISITION CORPORATION,**  
a California corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**TEXAS MOTOR SPEEDWAY, INC.,**  
a Texas corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**600 RACING, INC.,**  
a North Carolina corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**SPEEDWAY FUNDING CORP.,**  
a Delaware corporation

By: /s/ Victoria L. Garrett  
-----  
Victoria L. Garrett  
Vice President

**SONOMA FUNDING CORPORATION,**  
a California corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**SPEEDWAY CONSULTING & DESIGN, INC.,**  
a North Carolina corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**THE SPEEDWAY CLUB, INC.,**  
a North Carolina corporation

By: /s/ William R. Brooks  
-----  
William R. Brooks  
Vice President

**INEX CORP.,**  
a North Carolina corporation

By: /s/ William R. Brooks

-----  
William R. Brooks  
Vice President

**INITIAL PURCHASERS:**

**NATIONSBANC CAPITAL MARKETS, INC.**

By: /s/ Gary R. Wolfe  
-----  
Gary R. Wolfe  
Director

**WHEAT FIRST BUTCHER SINGER**

By: /s/ R. Walter Jones, IV  
-----  
R. Walter Jones, IV  
Managing Director

**MONTGOMERY SECURITIES**

By: /s/ Bernard Notus  
-----  
Bernard Notus  
Managing Director

**J.C. BRADFORD & CO.**

By: /s/ David A. Jones  
-----  
David A. Jones  
Partner

**SECOND AMENDMENT TO  
CREDIT AGREEMENT**

This Second Amendment to Credit Agreement (this "Amendment") is entered into as of June 30, 1997 among SPEEDWAY MOTORSPORTS, INC., a Delaware corporation ("Speedway Motorsports"), SPEEDWAY FUNDING CORP., a Delaware corporation ("Speedway Funding" - each a "Borrower" and collectively the "Borrowers"), certain of Speedway Motorsports' Subsidiaries and related parties (individually a "Guarantor" and collectively the "Guarantors"), NATIONSBANK, N.A., as Agent, and the Lenders party to the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

**RECITALS**

1. The Borrowers, the Guarantors, the Agent and the Lenders entered into that certain Credit Agreement dated as of March 7, 1996, as amended as of September 24, 1996 (as amended, modified or supplemented from time to time, the "Credit Agreement").
2. The Borrowers have requested, and the Lenders have agreed, to amend certain terms of the Credit Agreement as set forth below.

**AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A. Amendments. Section 8.1 of the Credit Agreement is amended as follows:

1. The word "or" at the end of Section 8.1(g) is deleted in its entirety;
2. The period at the end of Section 8.1(h) is deleted and replaced with a semicolon and the word "or"; and
3. A new Section 8.1(i) is added to read as follows:

"(i) Indebtedness of the Borrowers to NationsBank, N.A. pursuant to a promissory note dated as of June 30, 1997 in the original principal amount of \$30,000,000."

B. Representations and Warranties. The Borrowers hereby represent and warrant to the Agent and the Lenders that (a) no Default or Event of Default exists under the Credit Agreement or any of the other Credit Documents; (b) all of the provisions of the Credit Documents, except as

amended hereby, are in full force and effect; (c) no liens securing borrowed money indebtedness have been placed on either of the Borrower's assets; and (d) since March 31, 1997, no Material Adverse Effect has occurred in the business, financial or other conditions of the Borrowers.

C. Acknowledgment of Guarantors. The Guarantors acknowledge and consent to all of the terms and conditions of this Amendment and agree that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge the Guarantors' obligations under the Credit Agreement.

D. Effect of Amendment. Except as expressly modified and amended in this Amendment, all of the terms, provisions and conditions of the Credit Agreement are and shall remain in full force and effect and are incorporated herein by reference. The Credit Agreement and any and all other documents heretofore, now or hereafter executed and delivered pursuant to the terms of the Credit Agreement are hereby amended so that any reference to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.

E. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

F. Entirety. This Amendment and the other Credit Documents embody the entire agreement between the parties and supersede all prior agreements and understandings, if any, relating to the subject matter hereof. These Credit Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no oral agreements between the parties.

G. Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of North Carolina.

The parties below have executed this Amendment as of the day and year first above written.

**BORROWERS:**

**SPEEDWAY MOTORSPORTS, INC., a Delaware  
corporation**

*By: /s/ William R. Brooks*

*Title: Chief Financial Officer and  
Vice President*

**SPEEDWAY FUNDING CORP., a Delaware  
corporation**

*By: /s/ David J. Lindley*

*Title: Secretary*

**GUARANTORS:**

**ATLANTA MOTOR SPEEDWAY, INC., a Georgia  
corporation**

*By: /s/ William R. Brooks*

*Title: Vice President*

**CHARLOTTE MOTOR SPEEDWAY, INC., a North  
Carolina corporation**

*By: /s/ William R. Brooks*

*Title: Vice President*

**[SIGNATURES CONTINUE]**

**TEXAS MOTOR SPEEDWAY, INC., a Texas  
corporation**

*By: /s/ William R. Brooks*

*Title: Vice President*

600 RACING, INC., a North Carolina corporation

*By: /s/ William R. Brooks*

*Title: Vice President*

**BRISTOL MOTOR SPEEDWAY, INC., a Tennessee  
corporation**

*By: /s/ William R. Brooks*

*Title: Vice President*

**SPR ACQUISITION CORPORATION,  
a California corporation**

*By: /s/ William R. Brooks*

*Title: Vice President*

**LENDERS:**

**BANK ONE, TEXAS, N.A.**

*By: /s/ [illegible]*

*Title: Vice President*

**[SIGNATURES CONTINUE]**

**FIRST AMERICAN NATIONAL BANK**

*By: /s/ H. Hope Stewart*

*Title: A.V.P.*

**FIRST UNION NATIONAL BANK  
OF NORTH CAROLINA**

*By: /s/ William [illegible]*

*Title: S.V.P.*

**FLEET NATIONAL BANK**

*By: /s/ [illegible]*

*Title: S.V.P.*

**NATIONSBANK, N.A.**

*By: /s/ James E. Nash, Jr.*

*Title: Senior Vice President*

**SOUTHTRUST BANK**

*By: /s/ Mark R. [illegible]*

*Title: Group Vice President*

**[SIGNATURES CONTINUE]**

**AGENT:**

**NATIONSBANK, N.A.**

*By: /s/ James E. Nash, Jr.*

*Title: Senior Vice President*

## PROMISSORY NOTE

\$30,000,000 June 30, 1997 Charlotte, North Carolina

SPEEDWAY MOTORSPORTS, INC., a Delaware corporation ("Speedway Motorsports"), and SPEEDWAY FUNDING CORP., a Delaware corporation ("Speedway Funding") (each a "Borrower" and collectively the "Borrowers") hereby jointly and severally promise to pay to the order of NATIONSBANK, N.A., a national banking association (including successors and assigns, the "Bank"), in lawful money of the United States of America, at its office indicated above or such other office as the Bank may specify, the principal sum of up to THIRTY MILLION DOLLARS (\$30,000,000), together with interest thereon at the rate and on the terms provided herein.

Definitions. As used herein:

"Applicable Percentage" shall have the meaning set forth in the Existing Credit Agreement.

"Base Rate Loan" means any Loan bearing interest at a rate determined by reference to the Base Rate.

"Base Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the greater of (a) the Federal Funds Rate in effect on such day plus 1/2 of 1% or (b) the Prime Rate in effect on such day. If for any reason the Bank shall have determined (which determination shall be conclusive absent manifest error) that it is unable after due inquiry to ascertain the Federal Funds Rate for any reason, including the inability or failure of the Bank to obtain sufficient quotations in accordance with the terms hereof, the Base Rate shall be determined without regard to clause (a) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Rate, respectively.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Charlotte, North Carolina are authorized or required by law to close, except that, when used in connection with a Eurodollar Loan, such day shall also be a day on which dealings between banks are carried on in U.S. dollar deposits in London, England and New York, New York.

"Commitment Period" means the period from and including the date of this Note to but excluding the earlier of (i) the Termination Date, or (ii) the date on which the

commitments hereunder shall have been terminated in accordance with the provisions hereof.

"Eurodollar Loan" means any Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"Eurodollar Rate" means for the Interest Period for each Eurodollar Loan comprising part of the same borrowing (including conversions, extensions and renewals), a per annum interest rate determined pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Interbank Offered Rate}}{1 - \text{Eurodollar Reserve Percentage}}$$

"Eurodollar Reserve Percentage" means for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as such regulation may be amended from time to time or any successor regulation, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or marginal reserves) applicable with respect to Eurocurrency Liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of Eurodollar Loans is determined), whether or not Lender has any Eurocurrency Liabilities subject to such reserve requirement at that time. Eurodollar Loans shall be deemed to constitute Eurocurrency Liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to a Lender. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Existing Credit Agreement" means that Credit Agreement dated as of March 7, 1996, as amended as of September 24, 1996 and as of the date hereof among the Borrowers, the Guarantors and Lenders identified therein and NationsBank, N.A., as Agent, as amended and modified from the date hereof.

"Federal Funds Rate" means, for any day, the rate of interest per annum (rounded, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (A) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day and (B) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Bank on such day on such transactions as determined by the Bank.

"Governmental Authority" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Interest Payment Date" means (i) as to any Base Rate Loan the last day of each June, September, December and March, the date of repayment of principal of such Loan and the Termination Date and (ii) as to any Eurodollar Loan, the last day of each Interest Period for such Loan and the Termination Date. If an Interest Payment Date falls on a date which is not a Business Day, such Interest Payment Date shall be deemed to be the next succeeding Business Day, except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day.

"Interest Period" means, (i) as to Eurodollar Loans, a period of one, two or three months' duration, as the Borrowers may elect, commencing in each case, on the date of the borrowing (including conversions, extensions and renewals); provided, however, (A) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (B) no Interest Period shall extend beyond the Termination Date, and (C) in the case of Eurodollar Loans, where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last day of such calendar month and (ii) as to Prime Rate Loans, a period of one month.

"Loan" or "Loans" means the revolving credit loans made under this Note.

"Prime Rate" means the per annum rate of interest established from time to time by the Bank at its principal office in Charlotte, North Carolina as its Prime Rate with each change in the Prime Rate being effective on the date such change is publicly announced as effective (it being understood and agreed that the Prime Rate is a reference rate used by the Bank in determining interest rates on certain loans and is not intended to be the lowest rate of interest charged on any extension of credit by the Bank to any debtor).

"Prime Rate Loan" means any Loan bearing interest at a rate determined by reference to the Prime Rate.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Termination Date" means September 30, 1997.

Commitment. Subject to the terms and conditions hereof, the Bank agrees to make Loans to the Borrowers upon request during the Commitment Period in an aggregate principal amount

up to the amount of this Note (the "Committed Amount") shown above. Amounts repaid hereunder may, subject to the terms and conditions set forth herein, be reborrowed.

Termination Date. This Note shall be due and payable in full, including all principal and accrued interest evidenced hereby, on the Termination Date.

Interest Rate. The unpaid principal balance of this Note shall bear interest at a per annum rate (computed on the basis of actual number of days elapsed over a year of 360 days) equal (i) for such periods as Loans shall be comprised of Base Rate Loans, the sum of the Base Rate plus the Applicable Percentage or (ii) for such periods as Loans shall be comprised of Eurodollar Loans, the Eurodollar Rate plus the Applicable Percentage. Accrued interest shall be paid on each Interest Payment Date and on the Termination Date.

Advances. To select the interest rate applicable to an advance hereunder (or an extension or conversion of an existing advance), the Borrowers shall give the Bank prior notice not later than 11:00 a.m. (Charlotte, North Carolina time) on the Business Day prior to the date of the requested borrowing in the case of Base Rate Loans, and on the third Business Day prior to the date of the requested borrowing in the case of Eurodollar Loans. Each such request for borrowing shall be irrevocable and shall specify (A) that a Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day), (C) the aggregate principal amount to be borrowed and (D) whether the borrowing shall be comprised of Base Rate Loans, Eurodollar Loans or a combination thereof, and if Eurodollar Loans are requested, the Interest Period(s) therefor. If any such notice shall fail to specify (I) an applicable Interest Period in the case of a Eurodollar Loan, then such notice shall be deemed to be a request for an Interest Period of one month, or (II) the type of Loan requested, then such notice shall be deemed to be a request for a Base Rate Loan hereunder. The notice shall specify the aggregate amount of the proposed borrowing which shall be in a minimum aggregate amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof (or the remaining amount of the Committed Amount), the date of the proposed borrowing, extension, or conversion, as applicable (which shall be a Business Day), the Interest Period with respect thereto. No more than six Eurodollar Rate Loans in the aggregate shall be in effect on this Note at any one time.

Extension and Conversion. The Borrowers shall have the option on any Business Day, to extend existing Loans into a subsequent permissible Interest Period or to convert Loans into Loans of another type; provided, however, that (i) Eurodollar Loans may be converted into Base Rate Loans only on the last day of the Interest Period applicable thereto, (ii) Eurodollar Loans may be extended, and Base Rate Loans may be converted into Eurodollar Loans, only if no Event of Default is in existence on the date of extension or conversion, (iii) Loans extended as, or converted into, Eurodollar Loans shall be subject to the terms of the definition of "Interest Period" and shall be in such minimum amounts as provided herein, and (iv) any request for extension or conversion of a Eurodollar Loan which shall fail to specify an Interest Period shall be deemed to be a request for an Interest Period of one month. Each such extension or conversion shall be effected by the Borrowers by giving a notice of extension/conversion (or telephone notice promptly confirmed in writing) to the Bank prior to 11:00 A.M. (Charlotte, North Carolina time) on the Business Day of, in the case of the conversion of a Eurodollar Loan into a Base Rate Loan

and on the third Business Day prior to, in the case of the extension of a Eurodollar Loan as, or conversion of a Base Rate Loan into a Eurodollar Loan, the date of the proposed extension or conversion, specifying the date of the proposed extension or conversion, the Loans to be so extended or converted, the types of Loans into which such Loans are to be converted and, if appropriate, the applicable Interest Periods with respect thereto. In the event the Borrowers fail to request extension or conversion of any Eurodollar Loan in accordance with this Section, or any such conversion or extension is not permitted or required by this Section, then such Loan shall be automatically converted into a Base Rate Loan at the end of the Interest Period applicable thereto. The Bank shall give each Lender notice as promptly as practicable of any such proposed extension or conversion affecting any Loan.

**Default Rate.** During such period if an Event of Default shall exist, the unpaid principal balance of this Note, and to the extent permitted by applicable law, accrued but unpaid interest, shall bear interest, payable on demand, at a per annum rate 2% in excess of the rate which would otherwise be applicable.

**Conditions to Advances.** The obligation of the Bank to make any advance under this Note shall be subject to the following conditions:

- (a) the representations and warranties set forth herein are true and correct in all material respects as of the date of such advance; and
- (b) no Event of Default shall exist as of the date of such advance.

Each request for, and acceptance of, an advance under this Note shall be deemed to constitute a representation and warranty by the Borrowers that the conditions set forth above are satisfied.

**Prepayments.** The Borrowers shall have the right to prepay Loans in whole or in part from time to time without premium or penalty; provided, however, that (i) Eurodollar Loans may only be prepaid on three Business Days' prior written notice to the Bank specifying the applicable Loans to be prepaid,

(ii) any prepayment of Eurodollar Loans will be subject to any breakage costs set forth herein; and (iii) each such partial prepayment of Loans shall be in a minimum principal amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof. Subject to the foregoing terms, amounts prepaid hereunder shall be applied as the Borrowers may elect; provided, that if the Borrowers fail to specify a voluntary prepayment then such prepayment shall be applied first to Base Rate Loans and then to Eurodollar Loans in direct order of Interest Period maturities. Such voluntary prepayments shall not reduce the Committed Amount.

**Breakage Costs.** The Borrowers shall reimburse the Bank on demand for any loss incurred or to be incurred by it in the reemployment of the funds released by any payment of any Eurodollar Loan on any date prior to the last day of the Interest Period applicable to such Eurodollar Loan. Such loss shall be the difference as reasonably determined by the Bank between the amount that would have been realized by the Bank for the remainder of the Interest Period for such Eurodollar Loan based on the interest rate applicable thereto hereunder and any lesser amount that would be realized by the Lender in reemploying the funds received in connection with

such prepayment by making a loan of the same type in the principal amount prepaid during the period from the date of prepayment to the last day of such Interest Period. The Bank will use its best efforts to reemploy the funds as soon as possible.

**Unavailability of Interest Rate.** If the Bank shall have determined (which determination shall be conclusive and binding upon the Borrowers) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate, the Bank shall give telecopy or telephonic notice thereof to the Borrowers as soon as practicable thereafter, and the unpaid principal balance of this Note shall bear interest at a per annum rate equal to the Prime Rate until the condition or circumstances giving rise thereto no longer exist.

**Capital Adequacy.** If the Bank has determined, after the date hereof, that the adoption or the becoming effective of, or any change in, or any change by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof in the interpretation or administration of, any applicable law, rule or regulation regarding capital adequacy, or compliance by the Bank with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bank's capital or assets as a consequence of its commitments or obligations hereunder to a level below that which the Bank could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration the Bank's policies with respect to capital adequacy), then, upon notice from the Bank to the Borrowers, the Borrowers shall be obligated to pay to the Bank such additional amount or amounts as will compensate the Bank for such reduction. Each determination by the Bank of amounts owing under this

Section shall, absent manifest error, be conclusive and binding on the parties hereto; provided, however, that such determinations are made on a reasonable basis.

**Guaranty.** The Borrowers will cause all guarantors of the Existing Credit Agreement to give a guaranty relating to this Note.

**Incorporation of Representations, Warranties and Covenants.** The Borrowers hereby (i) reaffirm to the Bank that the representations and warranties (the "Incorporated Representations") set forth in Section 6 of the Existing Credit Agreement are true and correct in all material respects and are hereby made with the same effect. Further, the Affirmative and Negative Covenants (the "Incorporated Covenants") set out in Sections 7 and 8 of the Existing Credit Agreement are hereby incorporated by reference and shall run in favor of the Bank hereunder, and the undersigned Borrowers hereby agree to be bound by the terms thereof, as if set forth fully herein.

**Use of Proceeds.** Proceeds of advances hereunder may be used for general corporate and working capital purposes.

**Events of Default.** Each of the following shall constitute an event of default hereunder (each an "Event of Default"): (a) the failure by the Borrowers to make payment of principal, interest, fees or other amounts owing hereunder when due, (b) any representation or warranty

made by the Borrowers herein or in connection herewith shall prove to be false or incorrect in any material respect, (c) failure to observe or comply with any other covenant or provision contained herein and such failure shall continue for 30 days, (d) the filing of an action in bankruptcy or insolvency by any Borrower, (e) the filing of an action in bankruptcy or insolvency against any Borrower and the continuance of such action undismissed, unstayed and in effect for 60 days from the date of filing, and (f) the occurrence of an event of default under the Existing Credit Agreement.

**Remedies.** The Bank may at any time after the occurrence of an Event of Default, terminate the commitments hereunder and declare all amounts owing under this Note to be immediately due and payable without presentment, demand, protest or notice of any kind, all of which are waived by the Borrowers; provided that upon the occurrence of any event of bankruptcy or insolvency described in clauses (d) or (e) under Events of Default, the commitments hereunder shall be immediately terminated and all amounts owing under this Note shall be immediately due and payable without notice or other action by the Bank.

**Attorneys' Fees and Costs of Collection.** In the event payment of amounts evidenced by this Note is not made at any stated or accelerated maturity, the undersigned Borrowers agree to pay, in addition to principal and interest, all costs of collection, including reasonable attorneys' fees.

**Usury.** Notwithstanding anything contained herein, if for any reason the effective interest payable hereunder shall exceed the maximum lawful amount, the amount in excess of the maximum lawful amounts shall be applied to payment of principal or returned to the Borrowers, at their election.

**Notices.** Notices hereunder shall be deemed given and be effective (i) when delivered, (ii) when transmitted via telecopy to the number set out below, (iii) the day following the day on which delivered to a reputable national overnight air courier service, or (iv) the third business day following the day on which sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address set forth below, or at such other address as may be specified by notice to the other parties:

if to the Borrowers:

Speedway Motorsports, Inc.  
P.O. Box 18747  
Charlotte, North Carolina 28218  
Attn: Chief Financial Officer  
Phone: (704) 532-3306  
Fax: (704) 532-3312

Speedway Funding Corp.  
900 North Market Street, Suite 200  
Wilmington, Delaware 19801  
Attn: Vice President  
Phone: (302) 421-7352  
Fax: (302) 421-7378

if to the Bank:

NationsBank, N.A.  
NationsBank Corporate Center  
NC1-007-08-08  
100 North Tryon Street  
Charlotte, North Carolina 28255  
Attn: Sports Finance Group  
Phone: (704) 386-5474

Fax: (704) 386-1270

No Waiver. No delay or omission by the Bank in exercising any right hereunder shall operate as a waiver of any rights hereunder, nor shall any delay, omission or waiver on any particular occasion be deemed a bar to or waiver of the same or any other right on a future occasion. The Borrowers assent to one or more extensions or postponements of the time of payment or any other indulgences and to the addition or release of any other parties or persons primarily or secondarily liable hereunder or relating hereto.

Assignment. The Bank and any subsequent holder of this Note may, from time to time, sell or offer to sell the Loans, or interests therein, to one or more assignees or participants and is hereby authorized to disseminate any information it now has or hereafter obtains pertaining to the Loans, including, without limitation, any security for this Note and credit or other information on Borrowers, any of their principals and any guarantor of this Note, to any assignee or participant or prospective assignee or prospective participant, the Bank's affiliates, including NationsBanc Capital Markets, Inc., any regulatory body having jurisdiction over the Bank and to any other parties as necessary or appropriate in the Bank's reasonable judgment. Borrowers shall execute, acknowledge and deliver any and all instruments reasonably requested by the Bank in connection therewith and to the extent, if any, specified in any such assignment or participation, such companies, assignee(s) or participant(s) shall have the rights and benefits with respect to this Note as such person(s) would have if such person(s) were the Bank hereunder.

Counterparts. This Note may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of North Carolina. The Borrowers hereby consent to the jurisdiction of federal and state courts located in Mecklenburg County, North Carolina.

IN WITNESS WHEREOF, the undersigned Borrowers have caused this Note to be executed as of the date first above written.

**SPEEDWAY MOTORSPORTS, INC.**

**ATTEST:**

*By: /s/ Randall A. Storey*

*By: /s/ William R. Brooks*

*Title: Asst. Secretary*

*Title: Chief Financial Officer and  
Vice President*

(Corporate Seal)

**SPEEDWAY FUNDING CORP.**

**ATTEST:**

*By: David L. Lindley*

*By: /s/ Victoria L. Garrett*

*Title: Secretary*

*Title: Vice President*

(Corporate Seal)

## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of June 30, 1997 (the "Guaranty"), is given by

ATLANTA MOTOR SPEEDWAY, INC., a Georgia corporation, CHARLOTTE MOTOR SPEEDWAY, INC., a North Carolina corporation, TEXAS MOTOR SPEEDWAY, INC., a Texas corporation, 600 RACING, INC., a North Carolina corporation, BRISTOL MOTOR SPEEDWAY, INC., a Tennessee corporation, and SPR ACQUISITION CORPORATION, a California corporation (each a "Guarantor" and collectively the "Guarantors"); and extended to

NATIONSBANK, N.A., a national banking association (the "Bank") for the benefit of

SPEEDWAY MOTORSPORTS, INC., a Delaware corporation, and SPEEDWAY FUNDING CORP., a Delaware corporation (each a "Borrower" and collectively the "Borrowers").

### RECITALS:

1. The Bank has agreed to make loans to the Borrowers pursuant to the terms of a promissory note of the Borrowers dated as of the date hereof in the original principal amount of \$30,000,000 (the "Note").
2. The Guarantors are subsidiaries of the Borrowers or related parties of the Borrowers.
3. Without this Guaranty the Bank would be unwilling to make the loans to the Borrowers evidenced by the Note.
4. Because of the direct benefit to the Guarantors from the loans to the Borrowers, the Guarantors agree to guarantee the payment to the Bank of the obligations of the Borrowers as set forth herein.

NOW, THEREFORE, in consideration of the Bank making the loan to the Borrowers:

1. Guaranty of Payment. The Guarantors hereby unconditionally and jointly and severally guarantee to the Bank the payment, when due, by acceleration or otherwise, of the Indebtedness strictly in accordance with the terms of such Indebtedness. For the purposes hereof, the term "Indebtedness" means any and all indebtedness of the Borrowers to the Bank, including without limitation all principal, interest and fees evidenced by the Note plus any and all other indebtedness of the Borrowers to the Bank, howsoever evidenced, whether existing now or arising hereafter, as such Indebtedness may be modified, extended or renewed from time to time.

This guaranty of the Guarantors as set forth in this section is a guaranty of payment and not of collection.

2. Release of Collateral, Parties Liable, etc. The Guarantors agree that the whole or any part of the security now or hereafter held for the Indebtedness may be exchanged, compromised, or surrendered from time to time; that the Bank shall have no obligation to protect, perfect, secure or insure any such security interests, liens or encumbrances now or hereafter held for the Indebtedness or the properties subject thereto; that the time or place of payment of the Indebtedness may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; that the Borrowers may be granted indulgences generally; that any of the provisions of the Note or any other documents executed in connection with this transaction, may be modified, amended or waived; that any party liable for the payment thereof may be granted indulgences or released; and that any deposit balance for the credit of the Borrowers or any other party liable for the payment of the Indebtedness or liable upon any security therefor may be released, in whole or in part, at, before and/or after the stated, extended or accelerated maturity of the Indebtedness, all without notice to or further assent by the Guarantors, who shall remain bound thereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence or release.

3. Waiver of Rights. Each of the Guarantors expressly waives: (a) notice of acceptance of this Guaranty by the Bank and of all extensions of credit to the Borrowers by the Bank; (b) presentment and demand for payment of any of the Indebtedness; (c) protest and notice of dishonor or of default to such Guarantor or to any other party with respect to the Indebtedness or with respect to any security therefor; (d) notice of the Bank obtaining, amending, substituting for, releasing, waiving or modifying any security interest, liens, or the encumbrances now or hereafter securing the Indebtedness, or the Bank's subordinating, compromising, discharging or releasing such security interests, liens or encumbrances; (e) all other notices to which such Guarantor might otherwise be entitled; (f) demand for payment under this Guaranty; and (g) any right to assert against the Bank, as a defense, counterclaim, set-off, or cross-claim any defense (legal or equitable), set-off, counterclaim or claim which such Guarantor may now or hereafter have against the Bank or the Borrowers, but such waiver shall not prevent such Guarantor from asserting against the Bank in a separate action, any claim, action, cause of action, or demand that such Guarantor might have, whether or not arising out of this Guaranty.

4. Primary Liability of Guarantors. The Guarantors agree that this Guaranty may be enforced by the Bank without the necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to the Note or any collateral now or hereafter securing the Indebtedness or otherwise, and the Guarantors hereby waive the right to require the Bank to proceed against the Borrowers or any other person (including a co-guarantor) or to require the Bank to pursue any other remedy or enforce any other right. Without limiting the generality of the foregoing, each of the Guarantors hereby specifically waives the benefits of N.C. Gen. Stat. Sections 26-7 through 26-9, inclusive. Each of the Guarantors further agrees that such Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever, nor any right of recourse to security for the debts and obligations of the Borrowers to the Bank so long as the Note remains outstanding. The Guarantors further agree

that nothing contained herein shall prevent the Bank from suing on the Note or foreclosing its security interest in or lien on any collateral now or hereafter securing the Indebtedness or from exercising any other rights available to it under the Note, or any other instrument of security if neither the Borrowers nor the Guarantors timely perform the obligations of the Borrowers thereunder, and the exercise of any of the aforesaid rights and the completion of any foreclosure proceedings shall not constitute a discharge of any of the Guarantors' obligations hereunder; it being the purpose and intent of the Guarantors that the Guarantors' obligations hereunder shall be absolute, joint and several and unconditional under any and all circumstances. Neither the Guarantor's obligations under this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of the Borrowers or by reason of either Borrower's bankruptcy or insolvency. The Guarantors acknowledge that the term "Indebtedness" as used herein includes any payments made by either of the Borrowers to the Bank and subsequently recovered by either of the Borrowers or a trustee for either of the Borrowers pursuant to either of the Borrower's bankruptcy or insolvency.

5. Attorneys' Fees and Costs of Collection. If at any time or times hereafter the Bank employs counsel to pursue collection, to intervene, to sue for enforcement of the terms hereof or of the Note, or to file a petition, complaint, answer, motion or other pleading in any suit or proceeding relating to this Guaranty, the Note, then in such event, all of the reasonable attorneys' fees relating thereto shall be an additional liability of the Guarantors to the Bank, payable on demand.

6. Security Interests and Setoff. As security for the Guarantors' obligations hereunder, each of the Guarantors agrees that (a) in the event such Guarantor fails to pay its obligations hereunder when due and payable under this Guaranty, any of the Guarantor's assets of any kind, nature or description (including, without limitation, deposit accounts) in the possession, control or custody of the Bank, may, without notice to such Guarantor, be reduced to cash or the like and applied by the Bank in reduction or payment of such Guarantor's obligations hereunder; (b) all security interests, liens and encumbrances heretofore, now and at any time or times hereafter granted by such Guarantor to the Bank shall also secure such Guarantor's obligations hereunder; and (c) the Bank shall have the right, immediately and without further action by it, to set off against the Indebtedness all money owed by the Bank in any capacity to such Guarantor, whether or not due, and the Bank shall be deemed to have made a charge against any such money immediately upon the occurrence of such obligation becoming due even though such charge is made or entered on the books of the Bank subsequent thereto.

7. Term of Guaranty; Warranties. This Guaranty shall continue in full force and effect until the Indebtedness is fully paid, performed and discharged. This Guaranty covers the Indebtedness whether presently outstanding or arising subsequent to the date hereof including all amounts advanced by the Bank in stages or installments. Notwithstanding the foregoing, this Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Indebtedness is rescinded or must otherwise be restored or returned by the Bank upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of either of the Borrowers, or upon or as a result of the appointment of a receiver,

intervenor or conservator of, or trustee or similar officer for, either of the Borrowers or any substantial part of its property, or otherwise, all as though such payments had not been made. Each of the Guarantors warrants and represents to the Bank (i) that this Guaranty is binding upon and enforceable against such Guarantor, in accordance with its terms, (ii) that the execution and delivery of this Guaranty do not violate or constitute a breach of any agreement to which such Guarantor is a party or of any applicable laws, (iii) except as previously disclosed to the Bank, that there is no litigation, claim, action or proceeding pending, or, to the best knowledge of such Guarantor, threatened against such Guarantor which would materially adversely affect the financial condition of such Guarantor or its ability to fulfill its obligations hereunder and (iv) that such Guarantor will furnish financial statements to the Bank annually. This Guaranty is binding on and enforceable against the Guarantors and their successors and assigns.

8. Further Representations and Warranties. Each of the Guarantors further represents to the Bank that such Guarantor has knowledge of the Borrowers' financial condition and affairs and represents and agrees that it will keep so informed while this Guaranty is in force. Such Guarantor agrees that the Bank will have no obligation to investigate the financial condition or affairs of either of the Borrowers for the benefit of such Guarantor nor to advise such Guarantor of any fact respecting, or any change in, the financial condition or affairs of either of the Borrowers which might come to the knowledge of the Bank at any time, whether or not the Bank knows or believes or has reason to know or believe that any such fact or change is unknown to such Guarantor or might (or does) materially increase the risk of such Guarantor as guarantor or might (or would) affect the willingness of such Guarantor to continue as guarantor with respect to the Indebtedness.

9. Additional Liability of Guarantors. If either of the Guarantors is or becomes liable for any indebtedness owing by the Borrowers to the Bank by endorsement or otherwise than under this Guaranty, such liability shall not be in any manner impaired or reduced hereby but shall have all and the same force and effect it would have had if this Guaranty had not existed and such Guarantor's liability hereunder shall not be in any manner impaired or reduced thereby.

10. Cumulative Rights. All rights of the Bank hereunder or otherwise arising under any documents executed in connection with or as security for the Indebtedness are separate and cumulative and may be pursued separately, successively or concurrently, or not pursued, without affecting or limiting any other right of the Bank and without affecting or impairing the liability of the Guarantors.

11. Usury. Notwithstanding any other provisions herein contained, no provision of this Guaranty shall require or permit the collection from the Guarantors of interest in excess of the maximum rate or amount that the Guarantors may be required or permitted to pay pursuant to any applicable law. In the event any such interest is collected, it shall be applied in reduction of the Guarantors' obligations hereunder, and the remainder of such excess collected shall be returned to the Guarantors once such obligations have been fully satisfied.

12. Multiple Counterparts; Pronouns, Captions; Severability. This Guaranty may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall

constitute but one and the same document. The pronouns used in this instrument shall be construed as masculine, feminine or neuter as the occasion may require. Captions are for reference only and in no way limit the terms of the Guaranty. Invalidation of any one or more of the provisions of this Guaranty shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

13. Bank Assigns. This Guaranty is intended for and shall inure to the benefit of the Bank and each and every person who shall from time to time be or become the owner or holder of any of the Indebtedness, and each and every reference herein to "Bank" shall include and refer to each and every successor or assignee of the Bank at any time holding or owning any part of or interest in any part of the Indebtedness. This Guaranty shall be transferable and negotiable with the same force and effect, and to the same extent, that the Indebtedness is transferable and negotiable, it being understood and stipulated that upon assignment or transfer by the Bank of any of the Indebtedness the legal holder or owner of said Indebtedness (or a part thereof or interest therein thus transferred or assigned by the Bank) shall (except as otherwise stipulated by the Bank in its Assignment) have and may exercise all of the rights granted to the Bank under this Guaranty to the extent of that part of or interest in the Indebtedness thus assigned or transferred to said person. The Guarantors expressly waive notice of transfer or assignment of the Indebtedness, or any part thereof, or of the rights of the Bank hereunder. Failure to give notice will not affect the liabilities of the Guarantors hereunder.

14. Application of Payments. The Bank may apply any payments received by it from any source against that portion of the Indebtedness (principal, interest, court costs, attorneys' fees or other) in such priority and fashion as it may deem appropriate.

15. Notices. Any notice shall be conclusively deemed to have been received by either party hereto and be effective on the day on which delivered to such party at the address set forth below or such other address as such party shall specify to the other party in writing, or if sent prepaid by certified or registered mail on the third day after the day on which mailed, addressed to such party at such address:

a. if to the Guarantors:

c/o Speedway Motorsports, Inc. P.O. Box 18747 Charlotte, North Carolina 28218 Attn: Chief Financial Officer

b. if to the Bank:

NationsBank, N.A.

NationsBank Corporate Center  
NC1-007-08-08  
100 N. Tryon Street  
Charlotte, North Carolina 28255

Attn: Sports Finance Group

This section shall not be construed in any way to affect or impair any waiver of notice or demand herein provided or to require giving of notice or demand to or upon Guarantors in any situation or for any reason.

16. Assignment. The Bank, and any subsequent holder of the Note, may, from time to time, sell or offer to sell the Loan or interests in the Loan to one or more assignees or participants and may disclose and disseminate to any such assignee or participant or prospective assignee or participant, the Bank's affiliates, including NationsBanc Capital Markets, Inc. and NationsBanc Mortgage Capital Corporation, any regulatory body having jurisdiction over the Bank and to any other parties as necessary or appropriate in the Bank's reasonable judgment, any information the Bank now has or hereafter obtains pertaining to the Indebtedness, the Borrower, this Guaranty, or the Guarantors, including, without limitation, information regarding any security for the Indebtedness, the Borrower, this Guaranty, credit or other information relating to the Guarantors, the Borrowers, any of the Guarantor's or Borrower's principals and/or any other party liable, directly or indirectly, for any part of the Indebtedness. The Guarantors hereby authorize the Bank to disclose and disseminate such information to such parties. The Guarantors shall execute, acknowledge and deliver any and all instruments reasonable requested by the Bank in connection therewith and to the extent, if any, specified in any such assignment or participation, such companies, assignees or participants shall have the rights and benefits with respect to the Note and this Guaranty (including this paragraph) as such persons would have if such persons were the Bank hereunder.

17. Governing Law. This Guaranty shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the internal laws and judicial decisions of the State of North Carolina. The Guarantors and the Bank agree that any dispute arising out of this Guaranty shall be subject to the jurisdiction of both the state and federal courts in North Carolina. For that purpose, each of the Guarantors hereby submits to the jurisdiction of the state and federal courts of North Carolina. Each of the Guarantors further agrees to accept service of process out of any of the beforementioned courts in any such dispute by registered or certified mail addressed to such Guarantor.

IN WITNESS WHEREOF, the Guarantors have caused this Guaranty Agreement to be duly executed under seal as of the date first above written.

ATLANTA MOTOR SPEEDWAY, INC., a  
Georgia corporation

**ATTEST:**

*By: /s/ Randall A. Storey*

*By: /s/ William R. Brooks*

*Title: Asst. Sec.*

*Title: VP*

(Corporate Seal)

**CHARLOTTE MOTOR SPEEDWAY, INC.**  
a North Carolina corporation

**ATTEST:**

*By: /s/ Randall A. Storey*

*By: /s/ William R. Brooks*

*Title: Asst. Sec.*

*Title: VP*

(Corporate Seal)

**TEXAS MOTOR SPEEDWAY, INC., a Texas**  
corporation

**ATTEST:**

*By: /s/ Randall A. Storey*

*By: /s/ William R. Brooks*

*Title: Asst. Sec.*

*Title: VP*

(Corporate Seal)

600 RACING, INC., a North Carolina corporation

**ATTEST:**

*By: /s/ Randall A. Storey*

*By: /s/ William R. Brooks*

*Title: Asst. Sec.*

*Title: V.P.*

(Corporate Seal)

**BRISTOL MOTOR SPEEDWAY, INC., a  
Tennessee corporation**

**ATTEST:**

*By: /s/ Randall A. Storey*

*By: /s/ William R. Brooks*

*Title: Asst. Sec.*

*Title: V.P.*

(Corporate Seal)

**SPR ACQUISITION CORPORATION,  
a California corporation**

**ATTEST:**

*By: /s/ Randall A. Storey*

*By: /s/ William R. Brooks*

*Title: Asst. Sec.*

*Title: V.P.*

(Corporate Seal)

**Exhibit 10.35**  
**SPEEDWAY MOTORSPORTS, INC.**

\$125,000,000  
**8 1/2% SENIOR SUBORDINATED NOTES DUE 2007**

**PURCHASE AGREEMENT**

July 30, 1997

NationsBanc Capital Markets, Inc.  
Wheat First Butcher Singer  
Montgomery Securities  
J.C. Bradford & Co.

c/o NationsBanc Capital Markets, Inc.

NationsBank Corporate Center  
100 North Tryon Street, NC1-007-07-01 Charlotte, North Carolina 28255

Ladies and Gentlemen:

Speedway Motorsports, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to you (the "Initial Purchasers") \$125,000,000 principal amount of its 8 1/2% Senior Subordinated Notes due 2007 (the "Notes"). The Notes will be fully and unconditionally guaranteed (the "Guarantees" and collectively with the Notes, the "Securities"), jointly and severally, on a senior subordinated basis by each existing and future domestic subsidiary (other than Oil-Chem Research Corp. and its subsidiaries) of the Company (the "Guarantors" and collectively with the Company, the "Issuers"). The Securities are to be issued under an indenture (the "Indenture") to be dated as of August 4, 1997, among the Issuers and First Trust National Association, as trustee (the "Trustee").

The sale of the Securities to the Initial Purchasers will be made without registration of the Securities under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon exemptions from the registration requirements of the Securities Act. You have advised the Issuers that the Initial Purchasers will offer and sell the Securities purchased by them hereunder in accordance with Section 4 hereof as soon as you deem advisable.

In connection with the sale of the Securities, the Issuers have prepared a preliminary offering memorandum dated July 10, 1997 (the "Preliminary Memorandum"), and a final offering memorandum dated July 30, 1997 (the "Final Memorandum"). Each of the Preliminary Memorandum and the Final Memorandum sets forth certain information concerning the Issuers and the Securities. The Issuers hereby confirm that they have authorized the use of the Preliminary Memorandum and the Final Memorandum, and any amendment or supplement thereto, in connection with the offer and sale of the Securities by the Initial Purchasers. Unless stated to the contrary, all references herein to the Final Memorandum are to the Final Memorandum at the time of execution and delivery (the "Execution Time") of this Purchase Agreement (the "Agreement") and are not meant to include any amendment or supplement, or any information incorporated by reference therein, subsequent to the Execution Time.

The Initial Purchasers and their direct and indirect transferees will be entitled to the benefits of the Registration Rights Agreement, substantially in the form attached hereto as Exhibit A (the "Registration Rights Agreement"), pursuant to which the Issuers will agree to use their best efforts (i) to commence an offer to exchange the Securities for debt securities of the Company and guarantees of the Guarantors (collectively, the "Exchange Securities") identical in all material respects to the Notes and the Guarantees, respectively (except that the transfer restrictions pertaining to such Notes and Guarantees will be eliminated), that have been registered under the Securities Act, or (ii) to cause a shelf registration statement to become effective under the Securities Act and to remain effective for the period designated in such Registration Rights Agreement.

1. REPRESENTATIONS AND WARRANTIES. The Issuers jointly and severally represent and warrant to each Initial Purchaser as follows:

(a) The Preliminary Memorandum, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Final Memorandum, at the date hereof, does not, and at the Closing Date (as defined below) will not (and any amendment or supplement thereto, at the date thereof and at the Closing Date, will not), contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Issuers make no representation or warranty as to the information contained in or omitted from the Preliminary Memorandum or the Final Memorandum, or any amendment or supplement thereto, in reliance upon and in conformity with information furnished in writing to the Issuers by or on behalf of the Initial Purchasers relating to the Initial Purchasers specifically for inclusion therein.

(b) Neither the Issuers, nor any of their "Affiliates" (as defined in Rule 501(b) of Regulation D under the Securities Act ("Regulation D")), nor any person acting on their behalf has, directly or indirectly, made offers or sales of any security, or solicited offers to buy any security (as defined in the Securities Act), under circumstances that would require the registration of the Securities under the Securities Act. Neither the Issuers, nor any of their Affiliates, nor any person acting on their behalf has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Securities (other than press releases issued by the Issuers pursuant to Rule 135c under the Securities Act). The Securities satisfy the eligibility requirements of Rule 144A(d)(3). The Company is subject to Section 13 of the Exchange Act. The Issuers have been advised by the National Association of Securities Dealers, Inc. Private Offerings, Resales and Trading through the Automated Linkages Market ("PORTAL") that the Securities have been designated PORTAL eligible securities in accordance with the rules and regulations of the National Association of Securities Dealers, Inc.

(c) None of the Issuers or any of their respective subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the

"Investment Company Act"), without taking account of any exemption arising out of the number of holders of any Issuer's or its respective subsidiaries' securities.

(d) Assuming that the representations, warranties, agreements and covenants of the Initial Purchasers contained in Section 3 hereof are true, correct and complete, (i) neither registration under the Securities Act of the Securities nor qualification of the Indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), is required in connection with the offer and sale of the Securities to the Initial Purchasers in the manner contemplated by the Final Memorandum or this Agreement, and (ii) neither registration under the Securities Act of the Securities nor qualification of the Indenture under the Trust Indenture Act is required in connection with the initial resales of the Securities by the Initial Purchasers on the terms and in the manner set forth in the Final Memorandum.

(e) Since the respective dates as of which information is given in the Preliminary Memorandum and the Final Memorandum, except as otherwise stated therein or in any supplement or amendment thereto or information incorporated by reference therein, (i) there has been no material adverse change in the condition (financial or otherwise), earnings, affairs or business prospects of the Company and its subsidiaries considered as a whole, whether or not arising in the ordinary course of business, and (ii) there have been no material transactions entered into by the Company or any Guarantor (collectively, a "Material Adverse Change").

(f) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Preliminary Memorandum and the Final Memorandum. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which it owns or leases properties or in which the conduct of its business requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings, affairs or business prospects of the Company and its subsidiaries considered as a whole (a "Material Adverse Effect").

(g) Each of the Guarantors has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and conduct its business as described in the Preliminary Memorandum and the Final Memorandum and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which it owns or leases properties or in which the conduct of its business requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) The authorized and outstanding capital stock of the Company at March 31, 1997 was as set forth under the caption "Capitalization" in the Preliminary Memorandum

and the Final Memorandum. All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable. All of the issued and outstanding capital stock of each Guarantor has been duly authorized and validly issued and is fully paid and nonassessable, and, except as described in the Preliminary Memorandum and the Final Memorandum, all such capital stock of each Guarantor is owned by the Company, directly or through subsidiaries, free and clear of any mortgage, pledge, lien, encumbrance, claim or equity. The Guarantors are all of the subsidiaries of the Company whose capital stock is owned, directly or through subsidiaries, by the Company (other than Oil-Chem Research Corp., an Illinois corporation, and its wholly-owned subsidiaries (collectively, "Oil-Chem")).

(i) This Agreement has been duly authorized, executed and delivered by each of the Issuers and constitutes the valid and binding agreement of each of the Issuers, enforceable against each of the Issuers in accordance with its terms, except that (i) enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and

(ii) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws.

(j) The Notes have been duly authorized by the Company, and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with this Agreement, will constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms and will be entitled to the benefits of the Indenture, except that (i) enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (ii) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws.

(k) The Guarantees endorsed on the Notes have been duly authorized by each of the Guarantors and, when the Notes are executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with this Agreement, the Guarantees will constitute the valid and binding obligation of each of the Guarantors enforceable against each of the Guarantors in accordance with their terms and will be entitled to the benefits of the Indenture, except that (i) enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (ii) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws.

(l) The Indenture has been duly authorized, executed and delivered by each of the Issuers and (assuming the due execution and delivery thereof by the Trustee) is a legally valid and binding agreement of each of the Issuers, enforceable against each of the Issuers in accordance with its terms, except that (i) enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (ii) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws.

(m) The Exchange Securities have been duly authorized, and, when duly executed, authenticated, issued and delivered, will be validly issued and outstanding, and will constitute the valid and binding obligations of each of the Issuers, entitled to the benefits of the Indenture and enforceable against each of the Issuers in accordance with their terms, except that (i) enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (ii) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws.

(n) The Registration Rights Agreement has been duly authorized by each of the Issuers, and, when duly executed and delivered by each of the Issuers (assuming the due execution and delivery by each of the Initial Purchasers), will constitute a valid and binding agreement of each of the Issuers, enforceable against each of the Issuers in accordance with its terms, except that (i) enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (ii) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws.

(o) On the Closing Date, the "1997 Credit Facility" (as defined in the Final Memorandum under the caption "Description of Notes - Certain Definitions"): (i) shall have been duly authorized, executed and delivered by each of the Issuers (to the extent each is a party thereto) and will constitute the valid and binding agreement of each of the Issuers, enforceable against each of the Issuers in accordance with its terms, except that (A) enforcement thereof may be subject to (1) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (2) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (B) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws; and (ii) shall be in full force and effect. On the Closing Date, no event of default or event

which, with the giving of notice or passage of time or both, would constitute an event of default under the 1997 Credit Facility shall have occurred, all conditions to the extension of credit thereunder shall have been satisfied and written notice of any waivers related thereto shall have been given to the Initial Purchasers.

(p) The execution, delivery and performance of this Agreement, the Indenture, the Registration Rights Agreement and the 1997 Credit Facility (and all other agreements and instruments contemplated thereby) by each of the Issuers (to the extent each is a party thereto), and the consummation of the transactions contemplated hereby and thereby and the issuance and sale of the Securities and Exchange Securities by the Issuers will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument to which either the Company or any of the Guarantors is a party or by which the Company or any of the Guarantors is bound or to which any of the properties or assets of the Company or any of the Guarantors are subject, nor will such actions result in any violation of (A) the provisions of the charter or by-laws of the Company or any of the Guarantors or (B) any statute to which the Company or any of the Guarantors may be subject or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of the Guarantors or any of their properties or assets (except to the extent any such conflict, breach, violation or default singly or in the aggregate, would not reasonably be expected to have a Material Adverse Effect).

(q) Except for such consents, approvals, authorizations, registrations or qualifications as may be required under applicable state securities and Blue Sky laws in connection with the purchase and distribution of the Securities by the Initial Purchasers or as set forth in the Registration Rights Agreement, no consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body is required for the execution, delivery and performance of this Agreement, the Indenture, the Registration Rights Agreement and the 1997 Credit Facility by the Issuers, the consummation of the transactions contemplated hereby and thereby, and the issuance and sale of the Securities and Exchange Securities by the Issuers. The execution and delivery of this Agreement, the Securities, the Indenture, the Registration Rights Agreement and the 1997 Credit Facility will not involve any prohibited transaction within the meaning of Section 406 of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended.

(r) Neither the Company nor any of the Guarantors is in breach or violation of any of the terms or provisions of any material indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of the Guarantors is a party or by which the Company or any of the Guarantors is bound or to which any of the properties or assets of the Company or any of its subsidiaries are subject, nor is the Company or any of the Guarantors in violation of the provisions of its respective charter or by-laws or any material statute or any material judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, any of the Guarantors or any of their properties or assets.

(s) This Agreement, the Securities, the Indenture, the Registration Rights Agreement and the 1997 Credit Facility conform in all material respects to the descriptions thereof contained in the Final Memorandum, and such descriptions are accurate in all material respects.

(t) Except as set forth in (i) the Registration Rights Agreement and (ii) the Registration Rights Agreement dated April 16, 1996 entered into in connection with the acquisition of Oil-Chem, there are no contracts, agreements or understandings between the Company or any of the Guarantors and any person granting such person the right to require the Company or any of the Guarantors to file a registration statement under the Securities Act with respect to any securities owned or to be owned by such person or to require the Company or any of the Guarantors to include such securities with any securities being registered pursuant to any registration statement filed by the Company or any of the Guarantors under the Securities Act.

(u) Except as set forth in the Preliminary Memorandum and the Final Memorandum or in any supplement or amendment thereto or information incorporated by reference therein, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending or, to the knowledge of the Issuers, threatened against or affecting the Company or any of the Guarantors, which could reasonably be expected to result in a Material Adverse Change or, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect or materially and adversely affect the offering of the Securities.

(v) Each of the Company and the Guarantors has good and indefeasible title in fee simple to all real property and good and indefeasible title to all personal property owned by it and necessary in the conduct of the business of the Company or such Guarantor in each case free and clear of all liens, encumbrances and defects, except (i) such as are referred to in the Final Memorandum or (ii) such as do not materially adversely affect the value of such property to the Company or such Guarantor, and do not interfere with the use made and proposed to be made of such property by the Company or such Guarantor to an extent that such interference would, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect. All leases to which any of the Company or the Guarantors is a party are valid and binding, no default has occurred or is continuing thereunder which could, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect or materially and adversely affect the offering of the Securities, and the Issuers enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee, except with respect to such factors as would not have a Material Adverse Effect. Each of the Company and the Guarantors possesses all material certificates, authorizations or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by each of them. Neither the Company nor any of the Guarantors has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(w) Deloitte and Touche LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants within the meaning of the Securities Act and the rules and regulations thereunder. The audited and unaudited consolidated financial statements included in the Preliminary Memorandum and the Final Memorandum present fairly in all material respects the financial position of the Company and its subsidiaries, on a consolidated basis, as at the dates indicated and the results of their operations and the changes in their consolidated financial position for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis during the periods involved, except as indicated therein. The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(x) Neither the Company nor any of the Guarantors is now or, after giving effect to the issuance of the Securities and the application of the proceeds therefrom, will be (i) insolvent, (ii) left with unreasonably small capital with which to engage in its anticipated businesses or (iii) incurring debts beyond its ability to pay such debts as they become due.

(y) Each of the Company and the Guarantors owns or otherwise possesses, or can acquire on reasonable terms, the right to use all material patents, trademarks, service marks, trade names and copyrights, all applications and registrations for each of the foregoing, and all other material proprietary rights and confidential information necessary to the conduct of its respective businesses as currently conducted. Except as otherwise disclosed in the Final Memorandum, neither the Company nor any of the Guarantors has received any notice or is otherwise aware of any infringement of or conflict with the rights of any third party with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to have a Material Adverse Effect.

(z) Except as otherwise disclosed in the Final Memorandum, each of the Company and the Guarantors is (i) in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its respective businesses and (iii) is in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(aa) Except as described in the Final Memorandum, no labor problem or disturbance with the employees of the Company or any of the Guarantors exists or, to the knowledge of the Issuers, is threatened which, singly or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(ab) Each of the Company and the Guarantors is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which it is engaged. Neither the Company nor any of the Guarantors has been refused any insurance coverage sought or applied for. Neither the Company nor any of the Guarantors has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(ac) Neither the Company nor any of the Guarantors, nor, to any Issuers' knowledge, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of the Guarantors, has used any corporate funds during the last five years for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, made any unlawful payment to any foreign or domestic government official or employee from corporate funds, violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977 or made any bribe, payoff, influence payment, kickback or other unlawful payment.

(ad) Neither the Company nor any of the Guarantors has taken, and none of them will take, any action that would cause this Agreement or the issuance or sale of the Securities and Exchange Securities to violate Regulation G, T, U or X of the Board of Governors of the Federal Reserve System or analogous foreign laws and regulations.

(ae) The documents incorporated by reference in the Preliminary Memorandum and the Final Memorandum as of the dates they were filed with the Securities and Exchange Commission (the "SEC") were responsive in all material respects to the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the SEC thereunder. No Issuer is a party to any contract or agreement that would be required to be filed with the SEC as an exhibit to a registration statement on Form S-1 pursuant to entries (2), (4) and (10) of the Exhibit Table of Item 601 of Regulation S-K under the Securities Act, except those which have been previously filed with the SEC and those agreements constituting the 1997 Credit Facility.

(af) No Issuer is a "public utility" or a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(ag) Assuming that Oil-Chem is a Guarantor for purposes of this Section 1 ah) only, the representations and warranties set forth in Section 1 (g), (h), (r), (t), (u), (v), (x), (y), (z), (aa), (ab), (ac) and (ad) hereof are true and correct with respect to Oil-Chem.

(ah) As of the respective dates of the Preliminary Memorandum and the Final Memorandum, (i) neither Dallas Ft. Worth Motor Speedway, Inc., a Texas corporation, nor Dallas Motor Speedway, Inc., a Texas corporation (collectively, the "Texas Entities"), is a Subsidiary (as such term is defined in the Final Memorandum under the caption "Description of Notes - Certain Definitions") of the Company or any of the Guarantors and (ii) none of the Texas Entities (A) has any capital stock outstanding, (B) has any assets or liabilities, (C) has any directors or officers or (D) is involved in any business whatsoever.

2. PURCHASE AND SALE. On the basis of the representations and warranties contained in, and subject to the terms and conditions of, this Agreement, the Issuers agree to sell to the Initial Purchasers, and each of the Initial Purchasers, severally but not jointly, agrees to purchase the aggregate principal amount of Securities set forth opposite its name as shown in Schedule 1 hereto, at a purchase price equal to 97.478% of such principal amount thereof.

The Issuers shall not be obligated to deliver any of the Securities to be delivered, except upon payment for all the Securities to be purchased as provided herein.

3. SALE AND RESALE OF THE SECURITIES BY THE INITIAL PURCHASERS. Each of the Initial Purchasers, severally and not jointly, acknowledges that the Securities have not been registered under the Securities Act and represents and warrants to the Issuers that it will offer the Securities to be purchased hereunder for resale only upon the terms and conditions set forth in this Agreement and in the Final Memorandum. Each of the Initial Purchasers, severally and not jointly, represents and warrants to, and agrees with, the Issuers that such Initial Purchaser (i) will not solicit offers for, or offer or sell, the Securities by means of any form of general solicitation or general advertising within the meaning of Regulation D or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act and (ii) will solicit offers for the Securities only from, and will offer, sell or deliver the Securities, as part of its initial offering, only to the following persons: (A) persons in the United States whom such Initial Purchaser reasonably believes to be qualified institutional buyers ("Qualified Institutional Buyers"), as defined in Rule 144A under the Securities Act, as such rule may be amended from time to time ("Rule 144A"), or, if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to such Initial Purchaser that each such account is a Qualified Institutional Buyer, to whom notice has been given that such sale or delivery is being made in reliance on Rule 144A; and (B) persons who are institutional accredited investors as defined in Rule 501(a)(1), (2), (3) or (7) under Regulation D that, prior to their purchase of the Securities, executes and delivers a letter containing certain representations and agreements in the form attached as Annex A to the Final Memorandum, and in each case, in transactions under Rule 144A or Regulation D in private sales exempt from registration under the Securities Act.

4. DELIVERY OF AND PAYMENT FOR THE NOTES. Delivery of and payment (via wire transfer) for the Securities shall be made at the offices of Fennebresque, Clark, Swindell & Hay, NationsBank Corporate Center, 100 North Tryon Street, Suite 2900, Charlotte, North Carolina 28202-4011, at 9:00 A.M., New York City time, on August 4, 1997 or at such other date (not later than August 11, 1997) as shall be determined by agreement between the Initial Purchasers and the Company (such date and time are sometimes referred to as the "Closing Date"). On the

Closing Date, the Issuers shall deliver or cause to be delivered the Securities to the Initial Purchasers for the account of the Initial Purchasers against payment to or upon the order of the Company of the purchase price by wire transfer of immediately available funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition of the obligation of the Initial Purchasers hereunder. Upon delivery, the Securities shall be in definitive fully registered form and registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), or such other name or names and in such denominations as the Initial Purchasers shall request in writing not less than one business day prior to the Closing Date. For the purpose of expediting the checking and packaging of the Securities, the Issuers shall make the Securities available for inspection by the Initial Purchasers at the offices of Fennebresque, Clark, Swindell & Hay, NationsBank Corporate Center, 100 North Tryon Street, Suite 2900, Charlotte, North Carolina 28202-4011, not later than 2:00 P.M., New York City time, on the business day prior to the Closing Date.

5. FURTHER AGREEMENTS OF THE ISSUERS. The Issuers jointly and severally agree with each Initial Purchaser as follows:

- (a) The Issuers will furnish to the Initial Purchasers, without charge, as many copies of the Preliminary Memorandum and the Final Memorandum and any supplements and amendments thereto as they may reasonably request.
- (b) Prior to making any amendment or supplement to the Final Memorandum, the Issuers shall furnish a copy thereof to the Initial Purchasers and counsel to the Initial Purchasers and will not effect any such amendment or supplement to which the Initial Purchasers shall reasonably object by notice to the Company after a reasonable period to review.
- (c) If, at any time prior to completion of the distribution of the Securities by the Initial Purchasers, any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the Initial Purchasers or counsel for the Issuers, to amend or supplement the Final Memorandum in order that the Final Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances existing at the time it is delivered to a purchaser, or if it is necessary to amend or supplement the Final Memorandum to comply with applicable law, the Issuers will promptly prepare such amendment or supplement as may be necessary to correct such untrue statement or omission or so that the Final Memorandum, as so amended or supplemented, will comply with applicable law and furnish to the Initial Purchasers such number of copies of such amendment or supplement as they may reasonably request.
- (d) So long as any Securities are outstanding and are "Restricted Securities" within the meaning of Rule 144(a)(3) under the Securities Act and during any period in which the Issuers are not subject to Section 13 or 15(d) of the Exchange Act, the Issuers will furnish to holders of the Securities and prospective purchasers of Securities designated by such holders, upon request of such holders or such prospective purchasers, the information, if any, required to be delivered pursuant to Rule 144A(d)(4)

under the Securities Act. Such information, at the date of its provision by the Company to such holders or prospective purchasers, will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. This covenant is intended to be for the benefit of the holders and the prospective purchasers designated by such holders from time to time of such Restricted Securities.

(e) So long as the Securities and Exchange Securities are outstanding, the Issuers will furnish to the Initial Purchasers copies of any annual reports, quarterly reports and current reports filed with the SEC on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the SEC, and such other documents, reports and information as shall be furnished by the Issuers to the Trustee or to the holders of the Securities and Exchange Securities pursuant to the Indenture.

(f) The Issuers will cooperate with the Initial Purchasers and their counsel to ensure offers and sales of the Securities comply with applicable securities or Blue Sky laws of such jurisdictions as the Initial Purchasers reasonably designate and to continue such compliance in effect so long as reasonably required for the distribution of the Securities. The Issuers will promptly advise the Initial Purchasers of the receipt by the Issuers of any notification with respect to any noncompliance in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Issuers will also cooperate with the Initial Purchasers and their counsel in the determination of the eligibility for investment of the Securities under the laws of such jurisdictions as the Initial Purchasers reasonably request. Notwithstanding the foregoing, the Issuers shall not be obligated to qualify as a foreign corporation in any jurisdiction in which it is not so qualified or to file a general consent to service of process or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise subject.

(g) The Issuers will use their best efforts (i) to permit the Securities to be designated PORTAL securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. relating to trading in the PORTAL market and (ii) to permit the Securities to be eligible for clearance and settlement through DTC.

(h) The Issuers will not, and will cause their Affiliates not to, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) in a transaction that could be integrated with the sale of the Securities in a manner which would require the registration of the Securities under the Securities Act.

(i) Except following the effectiveness of any Registration Statement (as defined in the Registration Rights Agreement) and except for such offers as may be made as a result of, or subsequent to, filing such Registration Statement or amendments thereto prior to the effectiveness thereof, the Issuers will not, and will cause their Affiliates not to, solicit any offer to buy or offer to sell the Securities by means of any form of general solicitation or general advertising (as those terms are used in Regulation D under the

Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

(j) The Company will apply the net proceeds from the sale of the Securities as set forth in the Final Memorandum under the caption "Use of Proceeds."

(k) The Issuers will take such steps as shall be necessary to ensure that neither the Company nor any of its subsidiaries shall become (i) an "investment company" within the meaning of the Investment Company Act or (ii) a "holding company" or a "subsidiary company" or an "affiliate" of a holding company within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(l) The Issuers will not, and will cause their Affiliates not to, take any actions which would require the registration under the Securities Act of the Securities (other than pursuant to the Registration Rights Agreement).

(m) Prior to the consummation of the Exchange Offer (as defined in the Final Memorandum) or the effectiveness of an applicable shelf registration statement if, in the reasonable judgment of the Initial Purchasers, the Initial Purchasers or any of their Affiliates are required to deliver an offering memorandum in connection with sales of, or market-making activities with respect to, the Securities, (A) the Issuers will periodically amend or supplement the Final Memorandum so that the information contained in the Final Memorandum complies with the requirements of Rule 144A of the Securities Act, (B) the Issuers will amend or supplement the Final Memorandum when necessary to reflect any material changes in the information provided therein so that the Final Memorandum will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances existing as of the date the Final Memorandum is so delivered, not misleading and (C) the Issuers will provide the Initial Purchasers with copies of each such amended or supplemented Final Memorandum as the Initial Purchasers may reasonably request. The Issuers hereby expressly acknowledge that the indemnification and contribution provisions of Section 8 hereof are specifically applicable and relate to each offering memorandum, registration statement, prospectus, amendment or supplement referred to in this Section 5(m).

(n) The Issuers will not, until 120 days following the Closing Date, without the prior written consent of the Initial Purchasers, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offering of, any securities issued or guaranteed by any of the Issuers (other than the Securities, the Exchange Securities or other securities issued pursuant to employee stock option plans, employee stock purchase plans, warrants or options, if any, outstanding on the date hereof which have been disclosed in the Final Memorandum).

(o) The Issuers will use their best efforts to do all things necessary to satisfy the closing conditions set forth in Section 7 hereof.

6. EXPENSES. The Issuers jointly and severally (without duplication with respect to the provisions of the Registration Rights Agreement) agree to pay (a) the costs incident to the authorization, issuance, sale and delivery of the Securities and Exchange Securities and any issue or stamp taxes payable in connection therewith, (b) the costs incident to the preparation and printing of the Preliminary Memorandum, the Final Memorandum and any amendments, supplements and exhibits thereto, (c) the costs of distributing the Preliminary Memorandum, the Final Memorandum and any amendments or supplements thereto, (d) the fees and expenses of notice filings with respect to the Securities and Exchange Securities under applicable securities laws of the several jurisdictions as provided in Section 5(f) and, if necessary, of preparing a Blue Sky Memorandum (including related fees and expenses of counsel to the Initial Purchasers), (e) the cost of printing the Securities and the Exchange Securities, (f) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of any counsel for the Trustee in connection with the Indenture and the Securities and Exchange Securities, (g) any fees paid to rating agencies in connection with the rating of the Securities and Exchange Securities, (h) the costs and expenses of DTC and its nominee, including its book-entry system, (i) all expenses and listing fees incurred in connection with the application for quotation of the Securities on the PORTAL market and (j) all other costs and expenses incident to the performance of the obligations of the Issuers under this Agreement.

7. CONDITIONS OF INITIAL PURCHASERS' OBLIGATIONS. The obligations of the Initial Purchasers to purchase the Securities shall be subject to the accuracy of the representations and warranties on the part of the Issuers contained herein at the Execution Time and the Closing Date, to the accuracy of the statements of the Issuers made in any certificates pursuant to the provisions hereof, to the performance by the Issuers of their obligations hereunder and to the following additional conditions:

(a) The Initial Purchasers shall not have discovered and disclosed to the Company on or prior to the Closing Date that the Final Memorandum or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of counsel for the Initial Purchasers, is material or omits to state a fact which, in the opinion of such counsel, is material and is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The Final Memorandum shall have been printed and copies distributed to the Initial Purchasers as soon as practicable but in no event later than on the second business day following the date of this Agreement or at such later date and time as to which the Initial Purchasers may agree, and no stop order suspending the qualification or exemption from qualification of the Securities in any jurisdiction referred to in Section 5(f) shall have been issued and no proceeding for that purpose shall have been commenced or shall be pending or threatened.

(c) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency which would, as of the Closing Date, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect; no action, suit or proceeding shall have been commenced and be pending against or affecting or, to the knowledge of the Company, threatened against, the Company or any of the Guarantors before any court or arbitrator or any governmental

body, agency or official that, singly or in the aggregate, if adversely determined, would reasonably be expected to result in a Material Adverse Effect; and no stop order shall have been issued by the SEC or any governmental agency of any jurisdiction referred to in Section 5(f) preventing the use of the Final Memorandum, or any amendment or supplement thereto, which would reasonably be expected to have a Material Adverse Effect.

(d) Since the dates as of which information is given in the Final Memorandum and other than as set forth in the Final Memorandum, (i) there shall not have been any Material Adverse Change, or any development that is reasonably likely to result in a Material Adverse Change, or any material change in the long-term debt, or material increase in the short-term debt, from that set forth in the Final Memorandum, (ii) no dividend or distribution of any kind shall have been declared, paid or made by the Company on any class of its capital stock and (iii) the Company and its subsidiaries shall not have incurred any liabilities or obligations, direct or contingent, that are material, individually or in the aggregate, to the Company and its subsidiaries, taken as a whole, and that are required to be disclosed on a balance sheet or notes thereto in accordance with generally accepted accounting principles and are not disclosed on the latest balance sheet or notes thereto included in the Final Memorandum.

(e) The Initial Purchasers shall have received a certificate, dated the Closing Date, signed on behalf of the Company by (i) Mr. William R. Brooks, Vice President, Treasurer and Chief Financial Officer, and (ii) Ms. Marylaurel E. Wilks, Secretary and Corporate Counsel, confirming that (A) such officers have participated in conferences with other officers and representatives of the Issuers, representatives of the independent public accountants of the Issuers and representatives of counsel to the Issuers at which the contents of the Final Memorandum and related matters were discussed and (B) the matters set forth in paragraphs (b), (c) and (d) of this Section 7 are true and correct as of the Closing Date.

(f) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Securities and Exchange Securities, the Indenture, the Registration Rights Agreement, the Final Memorandum, the 1997 Credit Facility and all other legal matters relating to this Agreement and the transactions contemplated hereby and thereby shall be satisfactory in all material respects to counsel for the Initial Purchasers, and the Issuers shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(g) Parker, Poe, Adams & Bernstein L.L.P., counsel for the Issuers, shall have furnished to the Initial Purchasers its written opinion, addressed to each of the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect that:

(i) Each of the Company and the Guarantors has been duly incorporated, is validly existing as a corporation and is in good standing under the laws of its jurisdiction of incorporation. Each of the Company and the Guarantors

is duly qualified to do business and in good standing as a foreign corporation in each jurisdiction with respect to which, to such counsel's knowledge, it owns property, maintains business or has employees, except where a failure to so qualify would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(ii) Assuming the accuracy of the Initial Purchasers' representations and warranties set forth in Section 3 of this Agreement, the offer, issuance, sale and delivery of the Securities to the Initial Purchasers, and the initial reoffer, resale and delivery of the Securities by the Initial Purchasers, as contemplated by this Agreement and the Final Memorandum, do not require registration under the Securities Act, or qualification of the Indenture under the Trust Indenture Act, it being understood that no opinion is expressed as to any subsequent resale of Securities or any resale of Securities by any person other than the Initial Purchasers;

(iii) Each of the Issuers has the corporate power and authority to execute and deliver, and to consummate the transactions provided for in, this Agreement; and each of the Issuers has the corporate power and authority to issue, sell and deliver the Securities as contemplated by this Agreement;

(iv) The execution and delivery of this Agreement have been duly authorized by all requisite corporate action of each Issuer, and this Agreement has been duly executed and delivered by each Issuer;

(v) The execution and delivery of the Indenture have been duly authorized by all requisite corporate action of each Issuer, and the Indenture has been duly executed and delivered by each Issuer. Assuming due authorization, execution and delivery by the Trustee, the Indenture is a valid and binding agreement of each Issuer, enforceable against each Issuer in accordance with its terms, except that enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law);

(vi) The issuance, execution and delivery of the Securities have been duly authorized by all requisite corporate action of each of the Issuers, and the Notes have been duly executed and delivered by the Company and the Guarantees have been duly executed and delivered by the Guarantors. Assuming due authentication by the Trustee, the Notes and the Guarantees are valid and binding obligations of the Company and the Guarantors, respectively, entitled to the benefits of the Indenture, enforceable against the Company and the Guarantors in accordance with their respective terms, except that enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or

affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law);

(vii) The execution and delivery of the Exchange Securities have been duly authorized by all requisite corporate action of each of the Issuers, and, when duly executed and delivered by the Company and the Guarantors and duly authenticated by the Trustee, the Exchange Securities will be valid and binding obligations of the Company and the Guarantors, entitled to the benefits of the Indenture, enforceable against the Company and the Guarantors in accordance with their respective terms, except that enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law);

(viii) The execution and delivery of the Registration Rights Agreement have been duly authorized by all requisite corporate action of each of the Issuers, and the Registration Rights Agreement has been duly executed and delivered by the Issuers. Assuming due authorization, execution and delivery by the Initial Purchasers, the Registration Rights Agreement is a valid and binding agreement of each of the Issuers, enforceable against each of the Issuers in accordance with its terms, except that (A) enforcement thereof may be subject to (1) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (2) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (B) the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws;

(ix) The execution and delivery of the 1997 Credit Facility have been duly authorized by all requisite corporate action of each of the Issuers (to the extent each is a party thereto), and the 1997 Credit Facility has been duly executed and delivered by each of the Issuers (to the extent each is a party thereto). Assuming the due authorization, execution and delivery by the other parties thereto, the 1997 Credit Facility is a valid and binding agreement of each of the Issuers (to the extent each is a party thereto), enforceable against each of the Issuers (to the extent each is a party thereto) in accordance with its terms, except that enforcement thereof may be subject to (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (B) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law);

(x) The authorized and outstanding capital stock of the Company at March 31, 1997 was as set forth under the caption "Capitalization" in the Preliminary Memorandum and the Final Memorandum. All of the outstanding

shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable;

(xi) All of the capital stock of the Guarantors is owned of record by the Company or a Guarantor. All of the outstanding shares of capital stock of the Guarantors have been duly authorized and validly issued, are fully paid and nonassessable and except as disclosed in the Final Memorandum, to the best knowledge of such counsel, all such shares are owned by the Company or a Guarantor free and clear of any security interests, liens, pledges or encumbrances;

(xii) The execution and delivery by the Issuers of this Agreement, the Indenture, the Registration Rights Agreement and the 1997 Credit Facility, the consummation by the Issuers of the transactions provided for herein and therein and by the Final Memorandum, and the issuance and sale of the Securities and Exchange Securities by the Issuers will not (A) result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material agreement or instrument of the Company or any of the Guarantors or (B) result in any violation of the provisions of the charter or bylaws of the Company or any of the Guarantors, or any applicable law, rule or regulation with respect to the Company or any of the Guarantors or any rule or regulation or order of any court or governmental agency having jurisdiction over the Company or any of the Guarantors, except for such violations that would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except for such consents, approvals or authorizations of, or registrations or qualifications with, governmental authorities as may be required under the Securities Act and the rules and regulations thereunder or applicable state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Initial Purchasers and as set forth in the Registration Rights Agreement, no consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body, is required in connection with the execution and delivery by the Issuers of this Agreement, the Indenture, the Registration Rights Agreement or the 1997 Credit Facility, the consummation by the Issuers of the transactions provided for herein and therein and the issuance and sale of the Securities and Exchange Securities by the Issuers. The execution and delivery of this Agreement, the Securities, the Indenture, the Registration Rights Agreement and the 1997 Credit Facility will not involve any prohibited transaction within the meaning of Section 406 of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended;

(xiii) This Agreement, the Indenture, the Securities, the Registration Rights Agreement and the 1997 Credit Facility conform in all material respects to the descriptions thereof contained in the Final Memorandum and such descriptions are accurate in all material respects;

(xiv) To the best knowledge of such counsel, the statements made in the Final Memorandum under the headings "Risk Factors - Fraudulent Conveyance Statutes" and "- Legal Proceedings" and "Management's Discussion

and Analysis of Financial Condition and Results of Operations

- Liquidity and Capital Resources - Legal Proceedings" and "- Environmental Matters", to the extent they constitute summaries of material statutes, regulatory or legal and governmental proceedings, are fair summaries of such statutes, regulations and proceedings;

(xv) To the best knowledge of such counsel, there are no pending or threatened legal or governmental proceedings to which any Issuer is a party that would be required under the Securities Act to be described in a registration statement or a prospectus delivered at the time of the confirmation of the sale of an offering of securities registered under the Securities Act which are not described in the Final Memorandum, or, to such counsel's best knowledge, which seek to restrain, enjoin, prevent the consummation of or otherwise challenge the issuance or sale of the Securities to the Initial Purchasers;

(xvi) Neither the Company nor any of its subsidiaries is (A) subject to registration and regulation as an "investment company" within the meaning of the Investment Company Act, or (B) a "holding company" or a "subsidiary company" or, to the best knowledge of such counsel after due inquiry, an "affiliate" of a holding company within the meaning of the Public Utility Holding Company Act of 1935, as amended;

(xvii) The documents incorporated by reference in the Preliminary Memorandum and the Final Memorandum (except for the financial statements and other financial or statistical data included therein or omitted therefrom and to the extent that any statement in any such document is modified or superseded in a subsequently filed document or in the Final Memorandum) as of the dates they were filed with the SEC appear on their face to have been appropriately responsive in all material respects to the requirements of the Exchange Act and the rules and regulations of the SEC thereunder.

(xviii) Assuming the Securities are issued and delivered pursuant to this Agreement and the Final Memorandum, such Securities will not be of the same class (within the meaning of Rule 144A(d)(3) under the Securities Act) as securities of any of the Issuers that are listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted on an automated inter-dealer quotation system; and

(xix) Assuming the Initial Purchasers purchase the Securities in accordance with Rule 144A under the Securities Act, neither the issuance or sale of the Securities nor the application by the Company of the net proceeds thereof as set forth in the Final Memorandum will violate Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

In addition, such counsel shall also state that such counsel has participated in conferences with officers, in-house counsel and representatives of the Issuers, representatives of the independent public accountants for the Issuers and the Initial

Purchasers at which the contents of the Final Memorandum and related matters were discussed, and no facts have come to the attention of such counsel that lead such counsel to believe that the Final Memorandum, as of its date or as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which there were made, not misleading (it being understood that such counsel need express no belief or opinion with respect to the financial statements and other financial and statistical data included therein).

In rendering such opinion, such counsel may state that such opinion is limited to the laws of the State of North Carolina, the State of New York, the General Corporation Law of the State of Delaware and the federal law of the United States of America. In rendering such opinion, such counsel shall be entitled to rely, as to certain matters of fact, on information contained in certificates and reports of public officials; provided, that such counsel believe that they and the Initial Purchasers are justified in relying upon such certificates and reports of public officials.

(h) The Initial Purchasers shall have received on the Closing Date an opinion of Fennebresque, Clark, Swindell & Hay, counsel for the Initial Purchasers, dated the Closing Date and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers.

(i) The Issuers and the Trustee shall have entered into the Indenture, and the Initial Purchasers shall have received counterparts, conformed as executed, thereof.

(j) The Issuers and the Initial Purchasers shall have entered into the Registration Rights Agreement, and the Initial Purchasers shall have received counterparts, conformed as executed, thereof.

(k) The Issuers (to the extent each of them is a party thereto) shall have entered into the 1997 Credit Facility (the form and substance of which shall be reasonably acceptable to the Initial Purchasers), and the Initial Purchasers shall have received copies of executed counterparts or copies, conformed as executed, thereof and of all other documents and agreements entered into in connection therewith. There shall exist at and as of the Closing Date no conditions that would constitute a default (or an event that with notice or the lapse of time, or both, would constitute a default) under the 1997 Credit Facility. On the Closing Date, all conditions to closing under the 1997 Credit Facility shall have been satisfied, and the Company shall have unused borrowing capacity of up to \$175,000,000 under the 1997 Credit Facility. On the Closing Date, the 1997 Credit Facility shall be in full force and effect and shall not have been modified.

(l) At the Execution Time and at the Closing Date, Deloitte & Touche LLP shall have furnished to the Initial Purchasers a letter or letters, dated the Execution Time and the Closing Date, respectively, in form and substance satisfactory to the Initial Purchasers and counsel to the Initial Purchasers, confirming that they are independent accountants within the meaning of the Securities Act and the Exchange Act and the

applicable rules and regulations thereunder and Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and otherwise satisfactory in form and substance to the Initial Purchasers and their counsel.

(m) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Final Memorandum losses or interferences with their businesses, taken as a whole, from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Final Memorandum or (ii) since such date, there shall not have been any change in the capital stock (other than an increase in the Company's authorized common stock, par value \$.01 per share ("Common Stock"), from 100,000,000 shares of Common Stock to 200,000,000 shares of Common Stock effective April 29, 1997) or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company or its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Final Memorandum, the effect of which, in any such case described in clause (i) or (ii), is, in the reasonable judgment of the Initial Purchasers, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Securities being delivered on the Closing Date on the terms and in the manner contemplated herein and in the Final Memorandum.

(n) Subsequent to the execution and delivery of this Agreement, there shall not have occurred any of the following: (i) trading (A) in the Company's Common Stock, (B) in securities generally on the New York Stock Exchange, (C) in securities generally on The NASDAQ Stock Market's National Market or (D) in the over-the-counter market shall have been suspended or materially limited, or minimum prices shall have been established on such exchange by the SEC, or by such exchange or by any other regulatory body or governmental authority having jurisdiction; (ii) a banking moratorium shall have been declared by federal or state authorities; (iii) the United States shall have become engaged in hostilities, there shall have been an escalation in hostilities involving the United States or there shall have been a declaration of a national emergency or war by the United States; or (iv) there shall have occurred such a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets in the United States shall be such) as to make it, in the reasonable judgment of the Initial Purchasers, impracticable or inadvisable to proceed with the offering or delivery of the Securities being delivered on the Closing Date on the terms and in the manner contemplated herein and in the Final Memorandum.

(o) Fennebresque, Clark, Swindell & Hay shall have been furnished with such documents, in addition to those set forth above, as they may reasonably require (i) for the purpose of enabling them to review or pass upon the matters referred to in this Section 7 and (ii) in order to evidence the accuracy, completeness or satisfaction in all material respects of any of the representations, warranties or conditions herein contained.

(p) Subsequent to the Execution Time, there shall not have been any decrease in the rating of any of the Company's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Securities Act) or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(q) Prior to the Closing Date, the Issuers shall have furnished to the Initial Purchasers such further information, certificates and documents as the Initial Purchasers may reasonably request.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

## 8. INDEMNIFICATION AND CONTRIBUTION.

(a) The Issuers, jointly and severally, agree to indemnify and hold harmless each Initial Purchaser, the directors, officers, employees and agents of each Initial Purchaser and each person who controls (within the meaning of either the Securities Act or the Exchange Act) any Initial Purchaser against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Memorandum, the Final Memorandum or any information provided by the Issuers to any holder or prospective purchaser of Notes pursuant to Section 5(e), or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agree to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them (except that only one counsel's fees and expenses shall be covered) in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Issuers will not be liable in any such case to any Initial Purchaser to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Memorandum or the Final Memorandum, or in any amendment thereof or supplement thereto, in reliance upon and in conformity with written information relating to the Initial Purchasers furnished to the Issuers by or on behalf of such Initial Purchaser specifically for inclusion therein; provided further, that with respect to any such untrue statement or omission made in the Preliminary Memorandum, the indemnity agreement contained in this Section 8(a) shall not inure to the benefit of an Initial Purchaser from whom the person asserting any such losses, claims, damages, liabilities, judgments, actions or expenses purchased Securities, or any controlling person of such Initial Purchaser, if a copy of the Final Memorandum or supplement or amendment thereto was sent or given by or on behalf of such Initial

Purchaser to such person at or prior to the written confirmation of the sale of Securities to such person and the Final Memorandum or supplement or amendment thereto would have cured the defect giving rise to such losses, claims, damages, liabilities, judgments, actions or expenses, unless such failure to deliver the Final Memorandum was a result of noncompliance by the Issuers with Section 5(c) hereof. This indemnity agreement will be in addition to any liability which the Issuers may otherwise have. Each of the Issuers acknowledges and agrees that the statements set forth in the last paragraph of the cover page and under the heading "Plan of Distribution" in the Preliminary Memorandum and the Final Memorandum constitute the only information relating to the Initial Purchasers and furnished in writing by or on behalf of the Initial Purchasers for inclusion in the Preliminary Memorandum or the Final Memorandum (or any amendment or supplement thereto).

(b) Each Initial Purchaser, severally and not jointly, agrees to indemnify and hold harmless the Issuers, their directors, officers, and each person who controls (within the meaning of either the Securities Act or the Exchange Act) the Issuers, to the same extent as the foregoing indemnity from the Issuers to each Initial Purchaser, but only with reference to written information relating to such Initial Purchaser furnished to the Issuers by or on behalf of such Initial Purchaser specifically for inclusion in the Preliminary Memorandum or the Final Memorandum (or in any amendment or supplement thereto). This indemnity agreement will be in addition to any liability which any Initial Purchaser may otherwise have. Each of the Issuers acknowledges that the statements set forth in the last paragraph of the cover page and under the heading "Plan of Distribution" in the Preliminary Memorandum and the Final Memorandum constitute the only information furnished in writing by or on behalf of the Initial Purchasers for inclusion in the Preliminary Memorandum or the Final Memorandum (or any amendment or supplement thereto).

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof, but the failure so to notify the indemnifying party (i) will not relieve the indemnifying party from liability under paragraph (a) or (b) above unless and except to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate

counsel (provided that the indemnifying party shall be liable for the cost of only one such separate counsel for the indemnified parties) if (A) the use of counsel chosen by the indemnifying party to represent the indemnified party would, in the opinion of legal counsel to the indemnified party, present such counsel with a conflict of interest, (B) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have been informed in writing by legal counsel that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (C) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (D) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action), unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Issuers and the Initial Purchasers agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Issuers and one or more of the Initial Purchasers may be subject in such proportion as is appropriate to reflect the relative benefits received by the Issuers and by the Initial Purchasers from the offering of the Securities; provided, however, that in no case shall any Initial Purchaser (except as may be provided in any agreement among the Initial Purchasers relating to the offering of the Securities) be responsible for any amount in excess of the purchase discount or commission applicable to the Securities purchased by such Initial Purchaser hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Issuers and the Initial Purchasers shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Issuers and of the Initial Purchasers in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Issuers shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses), and benefits received by the Initial Purchasers shall be deemed to be equal to the total purchase discounts and commissions received by the Initial Purchasers from the Issuers in connection with the purchase of the Securities hereunder. Relative fault shall be determined by reference to whether any alleged untrue statement or omission relates to information provided by the Issuers or the Initial Purchasers. The Issuers and the Initial Purchasers agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of

Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Initial Purchaser within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an Initial Purchaser shall have the same rights to contribution as such Initial Purchaser, and each person who controls the Issuers within the meaning of either the Securities Act or the Exchange Act and each partner, officer and director of the Issuers shall have the same rights to contribution as the Issuers, subject in each case to the applicable terms and conditions of this paragraph (d).

9. **DEFAULT BY AN INITIAL PURCHASER.** If any one or more Initial Purchasers shall fail to purchase and pay for any of the Securities agreed to be purchased by such Initial Purchaser hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Initial Purchasers shall be obligated severally to take up and pay for (in the respective proportions which the principal amount of Securities set forth opposite their names in Schedule 1 hereto bears to the aggregate principal amount of Securities set forth opposite the names of all the remaining Initial Purchasers) the Securities which the defaulting Initial Purchaser or Initial Purchasers agrees but failed to purchase; provided, however, that in the event that the aggregate principal amount of Securities which the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase shall exceed 10% of the aggregate principal amount of Securities set forth in Schedule 1 hereto, the remaining Initial Purchasers shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Securities, and if such non-defaulting Initial Purchasers do not purchase all the Securities, this Agreement will terminate without liability to any non-defaulting Initial Purchaser or the Issuers. In the event of a default by an Initial Purchaser as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding seven days, as NationsBanc Capital Markets, Inc. shall determine in order that the required changes in the Final Memorandum or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Initial Purchaser of its liability, if any, to the Issuers or any non-defaulting Initial Purchaser for damages occasioned by its default hereunder.

10. **TERMINATION.** The obligations of the Initial Purchasers hereunder may be terminated by the Initial Purchasers by notice given to and received by the Company prior to delivery of and payment for the Securities if, prior to that time, any of the events described in Sections 7(m) or 7(n) shall have occurred or if the Initial Purchasers shall decline to purchase the Securities for any reason permitted under this Agreement.

11. **REIMBURSEMENT OF INITIAL PURCHASERS'S EXPENSES.** If (a) the Issuers shall fail to tender the Securities for delivery to the Initial Purchasers otherwise than for any reason permitted under this Agreement or (b) the Initial Purchasers shall decline to purchase the Securities for any reason permitted under this Agreement, the Issuers shall, jointly and severally, reimburse the Initial Purchasers for the reasonable fees and expenses of their counsel and for such other out-of-pocket expenses as shall have been incurred by them in connection with this Agreement and the proposed purchase of the Securities, and upon demand the Issuers, jointly and severally, shall pay the full amount thereof to the Initial Purchasers.

12. NOTICES. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to the Initial Purchasers, shall be delivered or sent by mail, telex or facsimile transmission to NationsBanc Capital Markets, Inc., 100 North Tryon Street, 20th Floor, Charlotte, North Carolina 28255, Attention: Victor Warnement, Esq. (Fax: 704-386-6453), with a copy (which shall not constitute notice) to Fennebresque, Clark, Swindell & Hay, NationsBank Corporate Center, 100 North Tryon Street, Suite 2900, Charlotte, North Carolina 28202-4011, Attention: Joseph A.

Adams, Esq. (Fax: 704-347- 3838);

(b) if to the Company, shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Final Memorandum, Attention: Marylaurel E. Wilks, Esq. (Fax: 704-455-2547), with a copy (which shall not constitute notice) to Parker, Poe, Adams & Bernstein L.L.P., 2500 Charlotte Plaza, 201 South College Street, Charlotte, North Carolina 28244, Attention: Gary C. Ivey, Esq. (Fax: 704-334-4706).

Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof. The Issuers shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the Initial Purchasers.

13. PERSONS ENTITLED TO BENEFIT OF AGREEMENT. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Issuers and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that

(a) the representations, warranties, indemnities and agreements of the Issuers contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control an Initial Purchaser within the meaning of Section 15 of the Securities Act and (b) the indemnity agreement of the Initial Purchasers contained in Section 8(b) of this Agreement shall be deemed to be for the benefit of directors of the Issuers, officers of the Issuers and any person controlling any of the Issuers within the meaning of Section 15 of the Securities Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 13, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of any of the Securities from any Initial Purchaser shall be deemed a successor or assign merely by reason of such purchase.

14. SURVIVAL. The respective indemnities, representations, warranties, covenants and agreements of the Issuers and the Initial Purchasers contained in this Agreement or made by or of behalf on them, respectively, pursuant to this Agreement, shall survive the delivery of and payment for the Securities and shall remain in full force and effect, regardless of any investigation made by or on behalf of any of them or any person controlling any of them.

15. DEFINITION OF "BUSINESS DAY." For purposes of this Agreement, "business day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York, New York or The City of Charlotte, North Carolina are authorized or obligated by law, executive order or regulation to close.

16. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

17. COUNTERPARTS. This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument.

18. HEADINGS. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

[Signature page follows]

If the foregoing correctly sets forth the agreement among the Issuers and the Initial Purchasers, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

**COMPANY:**

**SPEEDWAY MOTORSPORTS, INC.,**  
a Delaware corporation

*By: /s/ William R. Brooks, VP*  
*Name: William R. Brooks*  
*Title: VP*

**GUARANTORS:**

**ATLANTA MOTOR SPEEDWAY, INC.,**  
a Georgia corporation

*By: /s/ William R. Brooks, VP*  
*Name: William R. Brooks*  
*Title: VP*

**BRISTOL MOTOR SPEEDWAY, INC.,**  
a Tennessee corporation

*By: /s/ William R. Brooks, VP*  
*Name: William R. Brooks*  
*Title: VP*

**CHARLOTTE MOTOR SPEEDWAY, INC.,**  
a North Carolina corporation

*By: /s/ William R. Brooks, VP*  
*Name: William R. Brooks*  
*Title: VP*

**SPR ACQUISITION CORPORATION,**  
a California corporation

*By: /s/ William R. Brooks, VP  
Name: William R. Brooks  
Title: VP*

**TEXAS MOTOR SPEEDWAY, INC.,**  
a Texas corporation

*By: /s/ William R. Brooks, VP  
Name: William R. Brooks  
Title: VP*

**600 RACING, INC.,**  
a North Carolina corporation

*By: /s/ William R. Brooks, VP  
Name: William R. Brooks  
Title: VP*

**SPEEDWAY FUNDING CORP.,**  
a Delaware corporation

*By: /s/ Victoria L. Garrett  
Name: Victoria L. Garrett  
Title: Vice President*

**SONOMA FUNDING CORPORATION,**  
a California corporation

*By: /s/ William R. Brooks, VP  
Name: William R. Brooks  
Title: VP*

**SPEEDWAY CONSULTING & DESIGN, INC.,**  
a North Carolina corporation

*By: /s/ William R. Brooks, VP*  
*Name: William R. Brooks*  
*Title: VP*

**THE SPEEDWAY CLUB, INC.,**  
a North Carolina corporation

*By: /s/ William R. Brooks, VP*  
*Name: William R. Brooks*  
*Title: VP*

**INEX, CORP.,**  
a North Carolina corporation

*By: /s/ William R. Brooks, VP*  
*Name: William R. Brooks*  
*Title: VP*

The foregoing Agreement is hereby confirmed and accepted as of the date first above written:

**INITIAL PURCHASERS:**

**NATIONSBANC CAPITAL MARKETS, INC.**

*By: /s/ Wayne K. Mueller  
Name: Wayne K. Mueller  
Title: Managing Director*

**WHEAT FIRST BUTCHER SINGER**

*By: /s/ R. Walter Jones, IV  
Name: R. Walter Jones, IV  
Title: Managing Director*

**MONTGOMERY SECURITIES**

*By: /s/ Richard A. Smith  
Name: Richard A. Smith  
Title: Managing Director*

**J.C. BRADFORD & CO.**

*By: /s/ David Allen Jones  
Name: David Allen Jones  
Title: Partner*

**AMENDED AND RESTATED CREDIT AGREEMENT**  
among  
**SPEEDWAY MOTORSPORTS, INC.,**  
**SPEEDWAY FUNDING CORP.,**  
as Borrowers,  
**CERTAIN SUBSIDIARIES AND RELATED PARTIES**  
**FROM TIME TO TIME PARTY HERETO,**  
as Guarantors,  
**THE SEVERAL LENDERS FROM TIME TO TIME PARTY HERETO,**  
**NATIONSBANK, N.A.,**  
as Agent  
**AND**  
**FIRST UNION NATIONAL BANK,**  
as Co-Agent  
**DATED AS OF AUGUST 4, 1997**

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## AMENDED AND RESTATED

### CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT (the "Credit Agreement") is entered into as of August 4, 1997 among SPEEDWAY MOTORSPORTS, INC., a Delaware corporation ("Speedway Motorsports"), SPEEDWAY FUNDING CORP., a Delaware corporation ("Speedway Funding") (each a "Borrower", and collectively the "Borrowers"), certain subsidiaries and related parties identified on the signature pages hereto and such other subsidiaries and related parties as may from time to time become a party hereto (the "Guarantors"), the several lenders identified on the signature page hereto and such other lenders as may from time to time become a party hereto (the "Lenders"), NATIONSBANK, N.A., as agent for the Lenders (in such capacity, the "Agent") and FIRST UNION NATIONAL BANK, as co-agent for the Lenders.

WHEREAS, the Borrowers, the Guarantors, the lenders party thereto and NationsBank, N.A., as Agent are currently parties to that certain \$110,000,000 Credit Agreement dated as of March 7, 1996 (as amended or modified from time to time, the "Prior Credit Agreement");

WHEREAS, the Borrowers and NationsBank, N.A. are currently parties to that certain \$30,000,000 Promissory Note dated as of June 30, 1997 (the "Interim Note");

WHEREAS, the Borrowers and Guarantors have requested that the Lenders provide an amended and restated \$175,000,000 credit facility to replace and refinance the credit facility provided pursuant to the Prior Credit Agreement and the Interim Note for the purposes of (i) refinancing existing indebtedness of the Borrowers, (ii) financing seasonal working capital needs of Speedway Motorsports and its Subsidiaries, (iii) financing letter of credit needs of Speedway Motorsports and its Subsidiaries, (iv) financing general corporate needs of Speedway Motorsports and its Subsidiaries including capital expenditures, (v) financing permitted investments and (vi) financing the acquisition of additional motor speedways and related businesses; and

WHEREAS, the Lenders have agreed to make the requested credit facility available on the terms and conditions hereinafter set forth.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## SECTION 1

### DEFINITIONS

#### 1.1 Definitions.

As used in this Credit Agreement, the following terms shall have the meanings specified below unless the context otherwise requires:

"Additional Credit Party" means each Person that becomes a Guarantor after the Closing Date by execution of a Joinder Agreement.

"Affiliate" means, with respect to any Person, any other Person (i) directly or indirectly controlling or controlled by or under direct or indirect common control with such Person or (ii) directly or indirectly owning or holding five percent (5%) or more of the equity interest in such Person. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" shall have the meaning assigned to such term in the heading hereof.

"Agent's Fee Letter" means the letter from the Agent to the Borrowers dated July 2, 1997;

"Agent's Fees" shall have the meaning assigned to such term in Section 3.5(c).

"Applicable Percentage" means

for purposes of calculating the applicable interest rate for any day for any Loan, the applicable Standby Letter of Credit Fee for any day for purposes of Section 3.5 (b) or the applicable Trade Letter of Credit Fee for any day for purposes of Section 3.5 (b) or the applicable Commitment Fee for any day for purposes of Section 3.5(a) or the appropriate applicable percentage set forth below corresponding to the Consolidated Total Debt Ratio in effect as of the most recent Calculation Date:

Pricing Level	Consolidated Total Debt Ratio	Applicable Percentage for Eurodollar Loans	Applicable Percentage for Base Rate Loans	Applicable Percentage for Standby Letter of Credit Fee	Applicable Percentage for Trade Letter of Credit Fee	Applicable Percentage for Commitment Fee
I	Less than 2.50 to 1.00	0.50%	0%	0.50%	0.125%	0.15%
II	Less than 3.00 to 1.00 but greater than or equal to 2.50 to 1.00	0.625%	0%	0.625%	0.125%	0.175%
III	Less than 3.50 to 1.00 but greater than or equal to 3.00 to 1.00	0.875%	0%	0.875%	0.125%	0.225%
IV	Greater than or equal to 3.50 to 1.00	1.125%	0%	1.125%	0.125%	0.25%

Determination of the appropriate Applicable Percentages shall be made as of each Calculation Date. The Consolidated Total Debt Ratio in effect as of a Calculation Date shall establish the Applicable Percentages for the Loans, the Standby Letter of Credit Fee, the Trade Letter of Credit Fee and the Commitment Fee that shall be effective as of the date designated by the Agent as the Applicable Percentage Change Date. The Agent shall determine the Applicable Percentages as of each Calculation Date and shall promptly notify the Borrowers and the Lenders of the Applicable Percentages so determined and of the Applicable Percentage Change Date. Such determinations by the Agent of the Applicable Percentages shall be conclusive absent demonstrable error. The initial Applicable Percentage[s] shall be based on Pricing Level III until the first Applicable Percentage Change Date occurring after the Closing Date.

"Applicable Percentage Change Date" means, with respect to any Calculation Date, a date designated by the Agent that is not more than five (5) Business Days after receipt by the Agent of the Required Financial Information for such Calculation Date.

"Bankruptcy Code" means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

"Base Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the greater of (a) the Federal Funds Rate in effect on such day plus 1/2 of 1% or (b) the Prime Rate in effect on

such day. If for any reason the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable after due inquiry to ascertain the Federal Funds Rate for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms hereof, the Base Rate shall be determined without regard to clause (a) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Rate, respectively.

"Base Rate Loan" means any Loan bearing interest at a rate determined by reference to the Base Rate.

"Borrowers" means the Persons identified as such in the heading hereof, together with any successors and permitted assigns.

"Borrowers' Obligations" means, without duplication, all of the obligations of either of the Borrowers to the Lenders and the Agent, whenever arising, under this Credit Agreement, the Notes or any of the other Credit Documents and all obligations owing from either of the Borrowers to any Lender, or any Affiliate of a Lender, arising under any Hedge Agreements relating to the Obligations hereunder.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Charlotte, North Carolina are authorized or required by law to close, except that, when used in connection with a Eurodollar Loan, such day shall also be a day on which dealings between banks are carried on in Dollar deposits in London, England and New York, New York.

"Calculation Date" means the last day of each fiscal quarter of the Borrowers.

"Capital Lease" means, as applied to any Person, any lease of any Property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP is or should be accounted for as a capital lease on the balance sheet of that Person.

"Cash Consideration" means cash paid to or for the account of a seller for the acquisitions permitted by Section 8.4(c) plus (i) any notes given to such seller having a maturity date shorter than the Termination Date and (ii) any Funded Indebtedness assumed in the transaction.

"Cash Equivalents" means (a) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) Dollar denominated time deposits and certificates of deposit of (i) any Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (iii) any bank whose short-term commercial paper

rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Lender"), in each case with maturities of not more than 270 days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Lender (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation whose senior unsecured indebtedness for borrowed money is rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within six months of the date of acquisition, (d) repurchase agreements with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States of America or any agency or instrumentality thereof in which the Borrowers shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations, (e) obligations of any state of the United States or any political subdivision thereof, the interest with respect to which is exempt from federal income taxation under Section 103 of the Code, having a long term rating of at least Aa-3 or AA- by Moody's or S&P, respectively, and maturing within three years from the date of acquisition thereof, (f) Investments in municipal or corporate auction preferred stock (i) rated AAA (or the equivalent thereof) or better by S&P or Aaa (or the equivalent thereof) or better by Moody's and (ii) with dividends that reset at least once every 365 days and (g) Investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least \$100,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing subdivisions (a) through (f).

"Change of Control" means the occurrence of any of the following events: any Person or two or more Persons (acting as a "group" within the meaning of Section 13(d)(3) of the Exchange Act), excluding Persons who are on the Closing Date executive officers or directors of Speedway Motorsports or Permitted Transferees, shall have acquired beneficial ownership, directly or indirectly, of, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, control over, Voting Stock of either of the Borrowers (or other securities convertible into such Voting Stock) representing more than 25% of the combined voting power of all Voting Stock of such Borrower and shall have filed or shall have become required to file, a Schedule 13D with the SEC disclosing that it is the intention of such Person or group to acquire control of either of the Borrowers. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the SEC under the Exchange Act. A Change of Control shall also occur if a majority of the Board of Directors of either of the Borrowers existing on the Closing Date changes.

"Closing Date" means the date hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor thereto, as interpreted by the rules and regulations issued thereunder, in each case as in effect from time to time. References to sections of the Code shall be construed also to refer to any successor sections.

"Commitment" means the LOC Commitment, the Revolving Commitment, and the Swingline Commitment.

"Commitment Fee" shall have the meaning given such term in Section 3.5(a).

"Commitment Percentage" mean the Revolving Commitment Percentage.

"Consolidated Capital Charges Coverage Ratio" means, as of any Calculation Date, the ratio of (i) Consolidated EBIT for the four-quarter period ended as of such Calculation Date, to (ii) Consolidated Interest Expense plus dividends paid on preferred stock for the four-quarter period ended as of such Calculation Date.

"Consolidated Capital Expenditures" means, for any period, all capital expenditures of Speedway Motorsports and its Subsidiaries on a consolidated basis for such period, as determined in accordance with GAAP.

"Consolidated Total Debt Ratio" means, as of any Calculation Date, the ratio of (i) Funded Indebtedness of Speedway Motorsports and its Subsidiaries on a consolidated basis as of such Calculation Date, to (ii) Consolidated EBITDA for the four-quarter period ended as of such Calculation Date.

"Consolidated EBIT" means, for any period, the sum of (i) Consolidated Net Income for such period, plus (ii) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (A) Consolidated Interest Expense and (B) total federal, state, local and foreign income, value added and similar taxes all as determined in accordance with GAAP; provided, however, that Consolidated EBIT for any fiscal quarter (or portion thereof) ended prior to the Closing Date shall be the amount indicated for such fiscal quarter on Schedule 1.1A.

"Consolidated EBITDA" means, for any period, the sum of (i) Consolidated Net Income for such period, plus (ii) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (A) Consolidated Interest Expense, (B) total federal, state, local and foreign income, value added and similar taxes and (C) depreciation and amortization expense, all as determined in accordance with GAAP; provided, however, that Consolidated EBITDA for any fiscal quarter (or portion thereof) ended prior to the Closing Date shall be the amount indicated for such fiscal quarter on Schedule 1.1A.

"Consolidated Interest Expense" means, for any period, gross interest expense (both expensed and capitalized) of Speedway Motorsports and its Subsidiaries on a consolidated basis for such period, as determined in accordance with GAAP.

"Consolidated Leverage Ratio" means, as of any Calculation Date, the ratio of (i) Funded Indebtedness of Speedway Motorsports and its Subsidiaries on a consolidated basis as of such Calculation Date, to (ii) the sum of (x) Funded Indebtedness of Speedway Motorsports and its Subsidiaries on a consolidated basis as of such Calculation Date and (y) Consolidated Net Worth as of such Calculation Date.

"Consolidated Net Income" means, for any period, the gross revenues from operations of Speedway Motorsports and its Subsidiaries (including payments received by Speedway Motorsports and its Subsidiaries of interest income) less all operating and non-operating expenses of Speedway Motorsports and its Subsidiaries including taxes on income, all determined in accordance with GAAP; but excluding as income: (i) net gains on the sale, conversion or other disposition of capital assets, (ii) net gains on the acquisition, retirement, sale or other disposition of capital stock and other securities issued by Speedway Motorsports and its Subsidiaries, (iii) net gains on the collection of proceeds of life insurance policies, (iv) any write-up of any asset, and (v) any other gain or loss of an extraordinary nature as determined in accordance with GAAP.

"Consolidated Net Worth" means, as of any date, total shareholders' equity of Speedway Motorsports and its Subsidiaries less preferred stock redeemable at the holder's discretion and preferred stock having a first call of fifteen years or less all on a consolidated basis as of such date, as determined in accordance with GAAP.

"Controlled Group" means (i) the controlled group of corporations as defined in Section 414(b) of the Code and the applicable regulations thereunder, or (ii) the group of trades or businesses under common control as defined in Section 414(c) of the Code and the applicable regulations thereunder, of which Speedway Motorsports or any of its Subsidiaries is a member.

"Credit Documents" means a collective reference to this Credit Agreement, the Notes, each Joinder Agreement, the Hedge Agreements, the Agent's Fee Letter and all other related agreements and documents issued or delivered hereunder or thereunder or pursuant hereto or thereto.

"Credit Party" means any of the Borrowers and the Guarantors.

"Default" means any event, act or condition which, with notice or lapse of time, or both, would constitute an Event of Default.

"Dollars" and "\$" means dollars in lawful currency of the United States of America.

"Effective Date" means the date hereof provided that the conditions set forth in Section 5.1 shall have been fulfilled (or waived in the sole discretion of the Lenders).

"Eligible Assignees" means (i) any Lender or any Affiliate or Subsidiary of a Lender and (ii) any other commercial bank, financial institution or "accredited investor" (as defined in Regulation D of the SEC) having total assets in excess of \$300,000,000 and which is reasonably acceptable to the Agent and the Borrowers.

"Environmental Claim" means any investigation, written notice, violation, written demand, written allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding, or written claim whether administrative, judicial, or private in nature from activities or events taking place during or prior to the Borrower's or any of its Subsidiaries' ownership or operation of any real property and arising (a) pursuant to, or in connection with, an actual or alleged violation of, any Environmental Law, (b) in connection with any Hazardous Material, (c) from any assessment, abatement, removal, remedial, corrective, or other response action required by an Environmental Law or other order of a Governmental Authority or (d) from any actual or alleged damage, injury, threat, or harm to health, safety, natural resources, or the environment.

"Environmental Laws" means any and all lawful and applicable Federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"Equity Transaction" means any issuance by Speedway Motorsports or any of its Subsidiaries (other than in connection with acquisitions permitted by Section 8.4(c)) of (i) shares of its capital stock, (ii) any shares of its capital stock pursuant to the exercise of options or warrants or (iii) any shares of its capital stock pursuant to the conversion of any debt securities to equity; excluding, however, any shares at any time issued or issuable to any key employees, directors, consultants and other individuals providing services to Speedway Motorsports or any of its Subsidiaries pursuant to the 1994 Stock Option Plan of Speedway Motorsports or any other "employee benefit plan" within the meaning of Rule 405 promulgated by the SEC under the Securities Act of 1933, as amended.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, as interpreted by the rules and regulations thereunder, all as the same may be in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means an entity, whether or not incorporated, which is under common control with any Credit Party within the meaning of Section 4001(a)(14) of ERISA, or is a member of a group which includes Speedway Motorsports or any of its Subsidiaries and which is treated as a single employer under Sections 414(b), (c), (m), or (o) of the Code.

"Eurodollar Loan" means any Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"Eurodollar Rate" means, for the Interest Period for each Eurodollar Loan comprising part of the same borrowing (including conversions, extensions and renewals), a per annum interest rate determined pursuant to the following formula:

Eurodollar Rate = Interbank Offered Rate  
1 - Eurodollar Reserve Percentage

"Eurodollar Reserve Percentage" means for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as such regulation may be amended from time to time or any successor regulation, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or marginal reserves) applicable with respect to Eurocurrency Liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of Eurodollar Loans is determined), whether or not Lender has any Eurocurrency Liabilities subject to such reserve requirement at that time. Eurodollar Loans shall be deemed to constitute Eurocurrency Liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to a Lender. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" means such term as defined in Section 9.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto.

"Federal Funds Rate" means, for any day, the rate of interest per annum (rounded, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (A) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day and (B) if no such rate is so

published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Agent on such day on such transactions as determined by the Agent.

"Fees" means all fees payable pursuant to Section 3.5.

"Funded Indebtedness" means, with respect to any Person, without duplication, (i) all Indebtedness of such Person for borrowed money (including all Indebtedness evidenced by the Senior Notes), (ii) all purchase money Indebtedness of such Person, including without limitation the principal portion of all obligations of such Person under Capital Leases, (iii) all Guaranty Obligations of such Person with respect to Funded Indebtedness of another Person, (iv) the maximum available amount of all letters of credit or acceptances issued or created for the account of such Person, (v) all Funded Indebtedness of another Person secured by a Lien on any Property of such Person, whether or not such Funded Indebtedness has been assumed and (vi) preferred stock redeemable at the holder's discretion or preferred stock having a first call of fifteen years or less. The Funded Indebtedness of any Person (x) shall include the Funded Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer and (y) shall not include any Intercompany Indebtedness of such Person.

"GAAP" means generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3 hereof.

"Governmental Authority" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantor" means each of those Persons identified as a "Guarantor" on the signature pages hereto, and each Additional Credit Party which may hereafter execute a Joinder Agreement, together with their successors and permitted assigns.

"Guaranty Obligations" means, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (i) to purchase any such Indebtedness or any Property constituting security therefor, (ii) to advance or provide funds or credit support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (iii) to lease or purchase Property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (iv) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any

limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

"Hazardous Materials" means any substance, material or waste defined or regulated in or under any Environmental Laws.

"Hedge Agreements" mean interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements designed to hedge against fluctuations in interest rates or foreign exchange rates.

"Indebtedness" of any Person means (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (iii) all obligations of such Person under conditional sale or other title retention agreements relating to Property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (iv) all obligations, including without limitation intercompany items, of such Person issued or assumed as the deferred purchase price of Property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof) which under GAAP would appear as liabilities on a balance sheet of such Person, (v) all obligations of such Person under take-or-pay or similar arrangements or under commodity futures contracts, (vi) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (vii) all Guaranty Obligations of such Person, (viii) the principal portion of all obligations of such Person under Capital Leases, (ix) all obligations of such Person in respect of Hedge Agreements and (x) the maximum amount of all letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed). The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venturer in which such Person is a general partner or joint venturer.

"Indenture" means that certain Indenture dated as of August 4, 1997 among Speedway Motorsports as issuer, the Guarantors and First Trust National Association, as trustee, as the same may be modified, supplemented or amended from time to time.

"Interbank Offered Rate" means, with respect to any Eurodollar Loan for the Interest Period applicable thereto, the average (rounded upward to the nearest one-sixteenth (1/16) of one percent) per annum rate of interest determined by the office of the Agent (each such determination to be conclusive and binding) as of two Business Days prior to the first day of such Interest Period, as the effective rate at which deposits in

immediately available funds in Dollars are being, have been, or would be offered or quoted by the Agent to major banks in the applicable interbank market for Eurodollar deposits at any time during the Business Day which is the second Business Day immediately preceding the first day of such Interest Period, for a term comparable to such Interest Period and in the amount of the requested Eurodollar Loan. If no such offers or quotes are generally available for such amount, then the Agent shall be entitled to determine the Eurodollar Rate by estimating in its reasonable judgment the per annum rate (as described above) that would be applicable if such quote or offers were generally available.

"Intercompany Indebtedness" means any Indebtedness of a Credit Party which (i) is owing to any other Credit Party and (ii) by its terms is specifically subordinated in right of payment to the prior payment of the obligations of the Credit Parties under this Credit Agreement and the other Credit Documents on terms and conditions reasonably satisfactory to the Required Lenders.

"Interest Payment Date" means (i) as to any Base Rate Loan the last day of each March, June, September and December, the date of repayment of principal of such Loan and the Termination Date, (ii) as to Swingline Loans, such dates as to which the Swingline Lender may agree and (iii) as to any Eurodollar Loan, the last day of each Interest Period for such Loan and the Termination Date, and in addition where the applicable Interest Period is more than three months, then also on the date three months from the beginning of the Interest Period, and each three months thereafter. If an Interest Payment Date falls on a date which is not a Business Day, such Interest Payment Date shall be deemed to be the next succeeding Business Day, except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day.

"Interest Period" means, (i) as to Eurodollar Loans, a period of one, two, three or six months' duration, as the Borrowers may elect, commencing in each case, on the date of the borrowing (including conversions, extensions and renewals) and (ii) as to any Swingline Loan, a period of such duration, not to exceed 30 days, as the applicable Borrower may request and the Swingline Lender may agree in accordance with the provisions of Section 2.3(b)(i), commencing in each case, on the date of borrowing; provided, however, (A) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (B) no Interest Period shall extend beyond the Termination Date, and (C) in the case of Eurodollar Loans, where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last day of such calendar month.

"Investment", in any Person, means any loan or advance to such Person, any purchase or other acquisition of any capital stock, warrants, rights, options, obligations or

other securities of such Person, any capital contribution to such Person or any other investment in such Person, including, without limitation, any Guaranty Obligation incurred for the benefit of such Person.

"Issuing Lender" means NationsBank.

"Issuing Lender Fees" shall have the meaning assigned to such term in Section 3.5(b)(iii).

"Joinder Agreement" means a Joinder Agreement substantially in the form of Schedule 7.12 hereto, executed and delivered by an Additional Credit Party in accordance with the provisions of Section 7.12.

"Lenders" means each of the Persons identified as a "Lender" on the signature pages hereto, and each Person which may become a Lender by way of assignment in accordance with the terms hereof, together with their successors and permitted assigns.

"Letter of Credit" means (i) any letter of credit issued by the Issuing Lender for the account of the Borrowers in accordance with the terms of Section 2.2 and (ii) existing letters of credit issued by the Issuing Lender for the account of any Credit Party and set forth on Schedule 1.1B.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance, lien (statutory or otherwise), preference, priority or charge of any kind (including any agreement to give any of the foregoing or any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the Uniform Commercial Code as adopted and in effect in the relevant jurisdiction or other similar recording or notice statute, any lease in the nature thereof).

"Loan" or "Loans" means the Revolving Loans and the Swingline Loans.

"LOC Commitment" means the commitment of the Issuing Lender to issue, and to honor payment obligations under, Letters of Credit hereunder and with respect to each Lender, the commitment of each Lender to purchase participation interests in the Letters of Credit up to such Lender's Revolving Commitment Percentage of LOC Committed Amount as specified in Schedule 2.1(a), as such amount may be reduced in accordance with the provisions hereof.

"LOC Committed Amount" shall have the meaning assigned to such term in Section 2.2.

"LOC Documents" means, with respect to any Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, any application therefor, and any agreements, instruments, guarantees or other documents

(whether general in application or applicable only to such Letter of Credit) governing or providing for (i) the rights and obligations of the parties concerned or at risk or (ii) any collateral security for such obligations.

"LOC Obligations" means, at any time, the sum of (i) the maximum amount which is, or at any time thereafter may become, available to be drawn under Letters of Credit then outstanding, assuming compliance with all requirements for drawings referred to in such Letters of Credit plus (ii) the aggregate amount of all drawings outstanding under Letters of Credit honored by the Issuing Lender but not theretofore reimbursed.

"Material Adverse Change" means a material adverse change in (i) the condition (financial or otherwise), operations, assets or liabilities of Speedway Motorsports and its Subsidiaries taken as a whole, (ii) the ability of the Credit Parties taken as a whole to perform any material obligation under the Credit Documents or (iii) the material rights and remedies of the Lenders under the Credit Documents.

"Material Adverse Effect" means a material adverse effect on (i) the condition (financial or otherwise), operations, assets or liabilities of Speedway Motorsports and its Subsidiaries taken as a whole, (ii) the ability of the Credit Parties taken as a whole to perform any material obligation under the Credit Documents or (iii) the material rights and remedies of the Lenders under the Credit Documents.

"Materials of Environmental Concern" means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Laws, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Moody's" means Moody's Investors Service, Inc., or any successor or assignee of the business of such company in the business of rating securities.

"Multiemployer Plan" means a Plan which is a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA.

"Multiple Employer Plan" means a Plan which any Credit Party or any ERISA Affiliate and at least one employer other than a Credit Party or any ERISA Affiliate are contributing sponsors.

"NationsBank" means NationsBank, N.A. and its successors.

"Net Proceeds" means proceeds received by Speedway Motorsports or any of its Subsidiaries from time to time in connection with any Equity Transaction, net of the actual costs and taxes incurred by such Person in connection with and attributable to such Equity Transaction.

"Note" or "Notes" means any Revolving Note and/or Swingline Note.

"Notice of Borrowing" means a written notice of borrowing in substantially the form of Schedule 2.1(b)(i), as required by Section 2.1(b)(i).

"Notice of Extension/Conversion" means the written notice of extension or conversion in substantially the form of Schedule 3.2 as required by Section 3.2.

"Obligations" means, collectively, the Loans and the LOC Obligations.

"Operating Lease" means, as applied to any Person, any lease (including, without limitation, leases which may be terminated by the lessee at any time) of any Property (whether real, personal or mixed) which is not a Capital Lease other than any such lease in which that Person is the lessor.

"Participation Interest" means the purchase by a Lender of a participation in Letters of Credit as provided in Section 2.2(c) and in Swingline Loans as provided in Section 2.3(b)(iii) and in Loans as provided in Section 3.13.

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA and any successor thereof.

"Permitted Investments" means Investments which are either (i) cash and Cash Equivalents; (ii) accounts receivable created, acquired or made by any Credit Party in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; (iii) Investments consisting of stock, obligations, securities or other property received by any Credit Party in settlement of accounts receivable (created in the ordinary course of business) from insolvent obligors; (iv) Investments existing as of the Closing Date and set forth in Schedule 1.1C; (v) Guaranty Obligations permitted by Section 8.1, (vi) acquisitions permitted by Section 8.4(c); (vii) loans to directors, officers, employees, agents, customers or suppliers that do not exceed an aggregate principal amount of \$500,000 at any one time outstanding for Speedway Motorsports and all of its Subsidiaries taken together; (viii) Investments received as consideration in connection with or arising by virtue of any merger, consolidation, sale or other transfer of assets permitted under Section 8.4; and (ix) Intercompany Indebtedness; (x) capital stock or other securities of any Person which is traded on the New York Stock Exchange, the American Stock Exchange, the London Stock Exchange, the Paris Bourse or NASDAQ, provided the aggregate basis at any one time in such Investments does not exceed \$2,500,000 and such investments have not been purchased on margin; and (xi) loans or advances to Persons to the extent necessary to enable them to pay taxes, fees and other expenses as and when required to maintain liquor licenses provided such loans or advances (A) are customary in Speedway Motorsports' business and (B) the aggregate principal amount outstanding at any one time of such loans or advances does not exceed \$2,000,000.

"Permitted Liens" means:

(i) Liens in favor of the Agent on behalf of the Lenders;

(ii) Liens (other than Liens created or imposed under ERISA) for taxes, assessments or governmental charges or levies not yet due or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the Property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof);

(iii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and suppliers and other Liens imposed by law or pursuant to customary reservations or retentions of title arising in the ordinary course of business, provided that such Liens secure only amounts not yet due and payable or, if due and payable, are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established (and as to which the Property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof);

(iv) Liens (other than Liens created or imposed under ERISA) incurred or deposits made by the Credit Parties in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(v) Liens arising in connection with attachments or judgments (including judgment or appeal bonds), provided that the judgments secured shall, within 60 days after the entry thereof, be discharged within 30 days or the execution thereof be stayed pending appeal and be discharged within 30 days after the expiration of any such stay;

(vi) easements, rights-of-way, restrictions (including zoning restrictions), minor defects or irregularities in title and other similar charges or encumbrances not, in any material respect, impairing the use of the encumbered Property for its intended purposes;

(vii) Liens on Property securing purchase money Indebtedness (including Capital Leases) to the extent permitted under Section 8.1(c), provided that any such Lien attaches to such Property concurrently with or within 90 days after the acquisition thereof;

(viii) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(ix) Liens existing as of the Closing Date and set forth on Schedule 1.1D; and

(x) Liens arising under leases permitted hereunder (other than Capital Leases).

"Permitted Transferee" means (i) either of the Borrowers, (ii) Sonic Financial Corporation or any successor thereof (provided at least 51% of the Voting Stock of Sonic Financial Corporation is owned by O. Bruton Smith, Family Members (as hereinafter defined) or another Permitted Transferee), (iii) O. Bruton Smith or the spouse or any lineal descendant of O. Bruton Smith and/or any parent of any such holder (collectively, the "Family Members"), (iv) the trustee of a trust (including a voting trust) for the benefit of such holder and/or Family Members, (v) a corporation in respect of which such holder and/or Family Members hold beneficial ownership of all shares of capital stock of such corporation, (vi) a partnership in respect of which such holder and/or Family Members hold beneficial ownership of all partnership shares of or interests in such partnership, (vii) a limited liability company in respect of which such holder and/or Family Members hold beneficial ownership of all memberships in or interests of such company, (viii) the estate of such holder and/or Family Members or (ix) any other holder of capital stock of Speedway Motorsports who or which becomes a holder in accordance with clause (iii), (iv), (v), (vi), (vii) or (viii) hereof; provided, however, that none of the foregoing will be deemed a Permitted Transferee if the transfer results in the failure of Speedway Motorsports to meet the criteria for listing on the New York Stock Exchange.

"Person" means any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise (whether or not incorporated) or any Governmental Authority.

"Plan" means any employee benefit plan (as defined in Section 3(3) of ERISA) which is covered by ERISA and with respect to which any Credit Party or any of its Subsidiaries or any ERISA Affiliate is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" within the meaning of Section 3(5) of ERISA.

"Prime Rate" means the per annum rate of interest established from time to time by the Agent at its principal office in Charlotte, North Carolina as its Prime Rate with each change in the Prime Rate being effective on the date such change is publicly announced as effective (it being understood and agreed that the Prime Rate is a reference rate used by NationsBank in determining interest rates on certain loans and is not intended to be the lowest rate of interest charged on any extension of credit by NationsBank to any debtor).

"Pro Forma Basis" means, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the four fiscal-quarter period ending as of the most recent Calculation Date preceding the date of such transaction with respect to which the Agent has received the Required Financial Information. As used herein, "transaction" shall include, but not be limited to, (i) any corporate merger or consolidation as referred to in Section 8.4(a), (ii) any sale or other disposition of assets as referred to in Section 8.4(b) or (iii) any acquisition of capital stock or securities or any purchase, lease or other acquisition of Property as referred to in Section 8.4(c).

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Regulation D, G, T, U, or X" means Regulation D, G, T, U or X, respectively, of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the post-event notice requirement is waived under subsections .13, .14, .18, .19 or .20 of PBGC Reg. ss.2615.

"Required Financial Information" means, with respect to the applicable Calculation Date, (i) the financial statements of Speedway Motorsports required to be delivered pursuant to Section 7.1 for the fiscal period or quarter ending as of such Calculation Date, and (ii) the certificate of the chief financial officer, chief executive officer or president of Speedway Motorsports required by Section 7.1 to be delivered with the financial statements described in clause (i) above.

"Required Lenders" means, at any time, Lenders which are then in compliance with their obligations hereunder (as determined by the Agent) and holding in the aggregate more than fifty percent (50%) of the Commitments, or (ii) if the Commitments have been terminated, Lenders having more than fifty percent (50%) of the aggregate principal amount of the Obligations outstanding (taking into account in each case Participation Interests or obligation to participate therein).

"Requirement of Law" means, as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or to which any of its material property is subject.

"Restricted Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of any Credit Party, now or hereafter outstanding,

(ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of Speedway Motorsports or any of its Subsidiaries, now or hereafter outstanding, (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of Speedway Motorsports or any of its Subsidiaries or (iv) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Intercompany Indebtedness.

"Revolving Commitment" means the commitment of each Lender to make Revolving Loans in an aggregate principal amount at any time outstanding of up to such Lender's Revolving Commitment Percentage multiplied by the Revolving Committed Amount (as such Revolving Committed Amount may be reduced from time to time pursuant to Section 3.4).

"Revolving Commitment Percentage" means, for any Lender, the percentage identified as its Revolving Commitment as specified in Schedule 2.1(a).

"Revolving Committed Amount" means, collectively, the aggregate amount of all the Revolving Commitments as referenced in Section 2.1(a) and individually, the amount of each Lender's Commitment as specified in Schedule 2.1(a).

"Revolving Loans" shall have the meaning assigned to such term in Section 2.1(a).

"Revolving Note" or "Revolving Notes" means the promissory notes of the Borrowers in favor of each of the Lenders evidencing the Revolving Loans in substantially the form attached as Schedule 2.1(e), individually or collectively, as appropriate as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"SEC" means the Securities and Exchange Commission or any agency or instrumentality of the United States of America succeeding to the powers and duties thereof.

"Senior Notes" means the senior subordinated notes due 2007 of Speedway Motorsports in the aggregate original principal amount of \$125,000,000 issued pursuant to the Indenture.

"Scheduled Funded Indebtedness Payments" means, as of any Calculation Date, the scheduled payments of principal on Funded Indebtedness for Speedway Motorsports and its Subsidiaries on a consolidated basis for the twelve month period ending on such Calculation Date.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., or any successor or assignee of the business of such division in the business of rating securities.

"Single Employer Plan" means any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvent" or "Solvency" means, with respect to any Person as of a particular date, that on such date (i) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (ii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature in their ordinary course, (iii) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's Property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (iv) the fair value of the Property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person and (v) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Speedway Funding" shall have the meaning assigned to such term in the heading hereof.

"Speedway Motorsports" shall have the meaning assigned to such term in the heading hereof.

"Standby Letter of Credit Fee" shall have the meaning assigned to such term in Section 3.5(b)(i).

"Subordinated Debt" means the Indebtedness evidenced by the Indenture or by the guarantees thereof.

"Subsidiary" means, as to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, and (b) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries has more than 50% equity interest at any time.

"Swingline Commitment" means the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding up to the Swingline Committed Amount and the commitment of the Lenders to purchase

participation interests in the Swingline Loans up to their respective Revolving Commitment Percentage of the Swingline Committed Amount as provided in Section 2.3(b)(iii), as such amounts may be reduced from time to time in accordance with the provisions hereof.

"Swingline Committed Amount" shall have the meaning assigned to such term in Section 2.3(a).

"Swingline Lender" means the Agent.

"Swingline Loan" shall have the meaning assigned to such term in Section 2.3(a).

"Swingline Note" means the promissory note of the Borrower in favor of the Swingline Lender in the original principal amount of \$10,000,000, as such promissory note may be amended, modified, restated or replaced from time to time.

"Termination Date" means July 31, 2002.

"Termination Event" means (i) with respect to any Plan, the occurrence of a Reportable Event or the substantial cessation of operations (within the meaning of Section 4062(e) of ERISA); (ii) the withdrawal of any Credit Party or any of its Subsidiaries or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001(a)(2) of ERISA), or the termination of a Multiple Employer Plan; (iii) the distribution of a notice of intent to terminate or the actual termination of a Plan pursuant to Section 4041(a)(2) or 4041A of ERISA; (iv) the institution of proceedings to terminate or the actual termination of a Plan by the PBGC under Section 4042 of ERISA; (v) any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; or (vi) the complete or partial withdrawal of any Credit Party of its Subsidiaries or any ERISA Affiliate from a Multiemployer Plan.

"Trade Letter of Credit Fee" shall have the meaning assigned to such term in Section 3.5(b)(ii).

"Voting Stock" means, with respect to any Person, capital stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

## 1.2 Computation of Time Periods.

For purposes of computation of periods of time hereunder, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

### 1.3 Accounting Terms.

Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders hereunder shall be prepared, in accordance with GAAP applied on a consistent basis. All calculations made for the purposes of determining compliance with this Credit Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a basis consistent with the most recent annual or quarterly financial statements delivered pursuant to Section 7.1 hereof (or, prior to the delivery of the first financial statements pursuant to Section 7.1 hereof, consistent with the financial statements as at March 31, 1997); provided, however, if (a) Speedway Motorsports shall object in writing to determining such compliance on such basis at the time of delivery of such financial statements due to any change in GAAP or the rules promulgated with respect thereto or (b) the Agent or the Required Lenders shall so object in writing within 30 days after delivery of such financial statements, then such calculations shall be made on a basis consistent with the most recent financial statements delivered by Speedway Motorsports to the Lenders as to which no such objection shall have been made.

## SECTION 2

### **CREDIT FACILITY**

#### 2.1 Revolving Loans.

(a) Revolving Commitment. Subject to the terms and conditions hereof and in reliance upon the representations and warranties set forth herein, each Lender severally agrees to make revolving credit loans ("Revolving Loans") to the Borrowers from time to time from the Closing Date until the Termination Date, or such earlier date as the Revolving Commitments shall have been terminated as provided herein for the purposes hereinafter set forth; provided, however, that the sum of the aggregate principal amount of outstanding Revolving Loans shall not exceed the Revolving Committed Amount and; provided, further, (i) with regard to each Lender individually, such Lender's share of outstanding Loans shall not exceed such Lender's Revolving Commitment Percentage of the Revolving Committed Amount, (ii) with regard to the Lenders collectively, the aggregate principal amount of outstanding Obligations shall not exceed ONE HUNDRED SEVENTY-FIVE MILLION DOLLARS (\$175,000,000) (as such aggregate maximum amount may be reduced from time to time as provided in Section 3.4, the "Revolving Committed Amount") and (iii) with regard to the Lenders collectively, the aggregate principal amount of the Obligations shall not exceed the Revolving Committed Amount. Revolving Loans may consist of Base Rate Loans or Eurodollar Loans, or a combination thereof, as the Borrowers may request, and may be repaid and reborrowed in accordance with the provisions hereof; provided, however, that no more than six Eurodollar Loans shall be outstanding hereunder at any time. For

purposes hereof, Eurodollar Loans with different Interest Periods shall be considered as separate Eurodollar Loans, even if they begin on the same date and have the same duration, although borrowings, extensions and conversions may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new Eurodollar Loan with a single Interest Period. Revolving Loans hereunder may be repaid and reborrowed in accordance with the provisions hereof.

(b) Revolving Loan Borrowings.

(i) Notice of Borrowing. The Borrowers shall request a Revolving Loan borrowing by written notice (or telephone notice promptly confirmed in writing) to the Agent not later than 11:00 A.M. (Charlotte, North Carolina time) on the Business Day prior to the date of the requested borrowing in the case of Base Rate Loans, and on the third Business Day prior to the date of the requested borrowing in the case of Eurodollar Loans. Each such request for borrowing shall be irrevocable and shall specify (A) that a Revolving Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day), (C) the aggregate principal amount to be borrowed and (D) whether the borrowing shall be comprised of Base Rate Loans, Eurodollar Loans or a combination thereof, and if Eurodollar Loans are requested, the Interest Period(s) therefor. If any such Notice of Borrowing shall fail to specify (I) an applicable Interest Period in the case of a Eurodollar Loan, then such notice shall be deemed to be a request for an Interest Period of one month, or (II) the type of Revolving Loan requested, then such notice shall be deemed to be a request for a Base Rate Loan hereunder. The Agent shall give notice to each Lender before 5:00 p.m. (Charlotte, North Carolina time) on the day of receipt of each Notice of Borrowing specifying the contents thereof and each such Lender's share of any borrowing to be made pursuant thereto.

(ii) Minimum Amounts. Each Revolving Loan borrowing shall be in a minimum aggregate amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof (or the remaining amount of the Commitment, if less).

(iii) Advances. Each Lender will make its Commitment Percentage of each Revolving Loan borrowing available to the Agent for the account of the Borrowers at the office of the Agent specified in Schedule 2.1(a), or at such other office as the Agent may designate in writing, by 12:00 P.M. (Charlotte, North Carolina time) on the date specified in the applicable Notice of Borrowing in Dollars and in funds immediately available to the Agent. Such borrowing will then be made available to the Borrowers by the Agent by crediting the account of the Borrowers on the books of such office with the aggregate of the amounts made available to the Agent by the Lenders and in like funds as received by the Agent.

(c) Repayment. The principal amount of all Revolving Loans shall be due and payable in full on the Termination Date.

(d) Interest. Subject to the provisions of Section 3.1, Revolving Loans shall bear interest as follows:

(i) Base Rate Loans. During such periods as Revolving Loans shall be comprised of Base Rate Loans, the sum of the Base Rate plus the Applicable Percentage;

(ii) Eurodollar Loans. During such periods as Revolving Loans shall be comprised of Eurodollar Loans, the Eurodollar Rate plus the Applicable Percentage.

Interest on Revolving Loans shall be payable in arrears on each Interest Payment Date.

(e) Revolving Notes. The Revolving Loans made by each Lender shall be evidenced by a duly executed promissory note of the Borrowers to each Lender in substantially the form of Schedule 2.1(e).

## 2.2 Letter of Credit Subfacility.

(a) Issuance. Subject to the terms and conditions hereof and of the LOC Documents, if any, the Issuing Lender agrees from time to time to issue such Letters of Credit from the Closing Date until the Termination Date as the Borrowers may request for their own account or for the account of another Credit Party as provided herein, and the Issuing Lender shall issue such Letters of Credit in a form acceptable to the Issuing Lender; provided, however, that (i) the LOC Obligations shall not at any time exceed TEN MILLION DOLLARS (\$10,000,000) (the "LOC Committed Amount") and (ii) the sum of the aggregate principal amount of the Obligations shall not at any time exceed the aggregate Committed Amount. No Letter of Credit shall (x) have an original expiry date more than two years from the date of issuance; provided, however, so long as no Event of Default has occurred and is continuing and subject to the other terms and conditions to the issuance of Letters of Credit, such Letters of Credit may provide that the expiry dates of Letters of Credit shall be extended annually on each anniversary date of their date of issuance for an additional period not to exceed one year unless the Agent has given not less than sixty (60) days prior notice of its intent not to renew or (y) as originally issued or as extended, have an expiry date extending beyond the Termination Date. Each Letter of Credit shall comply with the related LOC Documents. The issuance and expiry date of each Letter of Credit shall be a Business Day.

(b) Notice and Reports. The request for the issuance of a Letter of Credit shall be submitted by the Borrowers to the Issuing Lender at least three (3) Business Days prior to the requested date of issuance. The Issuing Lender will, at least quarterly and more frequently upon reasonable request, disseminate to each of the Lenders a detailed report specifying the Letters of Credit which are then issued and outstanding and any activity with respect thereto which may have occurred since the date of the prior report,

and including therein, among other things, the beneficiary, the face amount, expiry date as well as any payment or expirations which may have occurred.

(c) Participation. Each Lender, upon issuance of a Letter of Credit in accordance with the terms hereof, shall be deemed to have purchased without recourse a participation from the applicable Issuing Lender in such Letter of Credit and the obligations arising thereunder and the related LOC Documents in each case in an amount equal to its pro rata share of the obligations under such Letter of Credit (based on the respective Commitment Percentages of the Lenders) and shall absolutely, unconditionally and irrevocably be obligated to pay to the Issuing Lender its pro rata share (based upon the Revolving Commitment Percentage of such Lender) of any unreimbursed drawing under such Letter of Credit. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that the Issuing Lender has not been reimbursed for any drawing as required hereunder or under any such Letter of Credit, each such Lender shall pay to the Issuing Lender its pro rata share of such unreimbursed drawing in same day funds pursuant to the provisions of subsection (d) hereof. The obligation of each Lender to so reimburse the Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the Borrowers to reimburse the Issuing Lender under any Letter of Credit, together with interest as hereinafter provided.

(d) Reimbursement. In the event of any drawing under any Letter of Credit, the Issuing Lender will promptly notify the Borrowers. Unless the Borrowers shall immediately notify the Issuing Lender that the Borrowers intend to otherwise reimburse the Issuing Lender for such drawing, the Borrowers shall be deemed to have requested that the Lenders make a Revolving Loan in the amount of the drawing as provided in subsection (e) hereof on the related Letter of Credit, the proceeds of which will be used to satisfy the related reimbursement obligations. The Borrowers promise to reimburse the Issuing Lender on the day of drawing under any Letter of Credit (either with the proceeds of a Revolving Loan obtained hereunder or otherwise) in same day funds. If the Borrowers shall fail to reimburse the Issuing Lender as provided hereinabove, the unreimbursed amount of such drawing shall bear interest at a per annum rate equal to the Base Rate plus the sum of (i) the Applicable Percentage for Base Rate Loans in effect from time to time and (ii) two percent (2%). The Borrowers' reimbursement obligations hereunder shall be absolute and unconditional under all circumstances irrespective of any rights of setoff, counterclaim or defense to payment the Borrowers may claim or have against the Issuing Lender, the Agent, the Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including without limitation any defense based on any failure of the Borrowers or any other Credit Party to receive consideration or the legality, validity, regularity or unenforceability of the Letter of Credit; provided, however, that the Borrowers are not deemed to have waived such rights by payment. The Issuing Lender will promptly notify the other Lenders of the amount of any unreimbursed drawing and each Lender shall promptly pay to the Agent for the account of the Issuing Lender, in dollars and in immediately available funds, the amount of such Lender's pro rata share

(based upon the Revolving Commitment Percentage of such Lender) of such unreimbursed drawing. Such payment shall be made on the day such notice is received by such Lender from the Issuing Lender if such notice is received at or before 2:00 P.M. (Charlotte, North Carolina time), and otherwise such payment shall be made at or before 12:00 Noon (Charlotte, North Carolina time) on the Business Day next succeeding the day such notice is received. If such Lender does not pay such amount to the Issuing Lender in full upon such request, such Lender shall, on demand, pay to the Agent for the account of the Issuing Lender interest on the unpaid amount during the period from the date such payment was due until such Lender pays such amount to the Issuing Lender in full at a rate per annum equal to, if paid within two (2) Business Days of the date of drawing, the Federal Funds Rate and thereafter at a rate equal to the Base Rate. Each Lender's obligation to make such payment to the Issuing Lender, and the right of the Issuing Lender to receive the same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and without regard to the termination of this Credit Agreement or the Commitments hereunder, the existence of a Default or Event of Default or the acceleration of the obligations of the Borrowers hereunder and shall be made without any offset, abatement, withholding or reduction whatsoever. Simultaneously with the making of each such payment by a Lender to the Issuing Lender, such Lender shall, automatically and without any further action on the part of the Issuing Lender or such Lender, acquire a participation in an amount equal to such payment (excluding the portion of such payment constituting interest owing to the Issuing Lender) in the related unreimbursed drawing portion of the LOC Obligation and in the interest thereon and in the related LOC Documents.

(e) Repayment with Revolving Loans. On any day on which the Borrowers shall have requested, or been deemed to have requested, a Revolving Loan advance to reimburse a drawing under a Letter of Credit, the Agent shall give notice to the Lenders that a Revolving Loan advance has been requested or deemed requested by the Borrowers to be made in connection with a drawing under a Letter of Credit, in which case a Revolving Loan comprised solely of Base Rate Loans shall be immediately made to the Borrower by all Lenders (notwithstanding any termination of the Commitments pursuant to Section 9.2) pro rata based on the respective Revolving Commitment Percentages of the Lenders (determined before giving effect to any termination of the Commitments pursuant to Section 9.2) and the proceeds thereof shall be paid directly to the Issuing Lender for application to the respective LOC Obligations. Each such Lender hereby irrevocably agrees to make its pro rata share of each such Revolving Loan immediately upon any such request or deemed request in the amount, in the manner and on the date specified in the preceding sentence notwithstanding (i) the amount of such borrowing may not comply with the minimum amount for advances of Revolving Loans otherwise required hereunder, (ii) whether any conditions specified in Section 5.2 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) failure for any such request or deemed request for Revolving Loan to be made by the time otherwise required hereunder, (v) whether the date of such borrowing is a date on which Revolving Loans are otherwise permitted to be made hereunder or (vi) any termination of the Commitments relating thereto immediately prior to or contemporaneously with such

borrowing; provided, however, in no event shall a Lender be required to make an advance in excess of such Lender's Committed Amount. In the event that any Revolving Loan cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to either of the Borrowers or any other Credit Party), then each such Lender hereby agrees that it shall, upon written notice of the unavailability of Revolving Loans and request for participation, purchase (as of the date such borrowing would otherwise have occurred, but adjusted for any payments received from the Borrowers on or after such date and prior to such purchase) from the Issuing Lender such participation in the outstanding LOC Obligations as shall be necessary to cause each such Lender to share in such LOC Obligations ratably (based upon the respective Revolving Commitment Percentages of the Lenders (determined before giving effect to any termination of the Commitments pursuant to Section 9.2)), provided that at the time any purchase of participation pursuant to this sentence is actually made, the purchasing Lender shall be required to pay to the Issuing Lender, to the extent not paid to the Issuing Lender by the Borrowers in accordance with the terms of subsection (d) hereof, interest on the amount of its unfunded Participation Interest purchased for each day from and including the day upon which such purchase should otherwise have occurred to but excluding the date of payment for such participation, at the rate equal to, if paid within two (2) Business Days of the date of the Revolving Loan advance, the Federal Funds Rate, and thereafter at a rate equal to the Base Rate.

(f) Designation of other Credit Parties as Account Parties. Notwithstanding anything to the contrary set forth in this Credit Agreement, including without limitation Section 2.2(a) hereof, a Letter of Credit issued hereunder may contain a statement to the effect that such Letter of Credit is issued for the account of a Credit Party, provided that notwithstanding such statement, the Borrowers shall be the actual account party for all purposes of this Credit Agreement for such Letter of Credit and such statement shall not affect the Borrowers' reimbursement obligations hereunder with respect to such Letter of Credit.

(g) Renewal, Extension. The renewal or extension of any Letter of Credit shall, for purposes hereof, be treated in all respects the same as the issuance of a new Letter of Credit hereunder.

(h) Uniform Customs and Practices. The Issuing Lender may have the Letters of Credit be subject to The Uniform Customs and Practice for Documentary Credits, as published as of the date of issue by the International Chamber of Commerce (the "UCP"), in which case the UCP may be incorporated therein and deemed in all respects to be a part thereof.

(i) Indemnification; Nature of Issuing Lender's Duties.

(i) In addition to its other obligations under this Section 2.2, the Borrowers hereby agree to protect, indemnify, pay and save the Issuing Lender

harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) that the Issuing Lender may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any Letter of Credit or (B) the failure of the Issuing Lender to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority (all such acts or omissions being herein called "Government Acts").

(ii) As among the Borrowers and the Issuing Lender, the Borrowers shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. The Issuing Lender shall not be responsible: (A) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (C) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (D) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under a Letter of Credit or of the proceeds thereof; and (E) for any consequences arising from causes beyond the control of the Issuing Lender, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of the Issuing Lender's rights or powers hereunder.

(iii) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Issuing Lender, under or in connection with any Letter of Credit or the related certificates, if taken or omitted in good faith, shall not put such Issuing Lender under any resulting liability to the Borrowers or any other Credit Party. It is the intention of the parties that this Credit Agreement shall be construed and applied to protect and indemnify the Issuing Lender against any and all risks involved in the issuance of the Letters of Credit, all of which risks are hereby assumed by the Borrowers (on behalf of themselves and each of the other Credit Parties), including, without limitation, any and all Government Acts. The Issuing Lender shall not, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Issuing Lender.

(iv) Nothing in this subsection (i) is intended to limit the reimbursement obligations of the Borrowers contained in subsection (d) above. The obligations of the Borrowers under this subsection (i) shall survive the

termination of this Credit Agreement. No act or omissions of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of the Issuing Lender to enforce any right, power or benefit under this Credit Agreement.

(v) Notwithstanding anything to the contrary contained in this subsection (i), the Borrowers shall have no obligation to indemnify the Issuing Lender in respect of any liability incurred by the Issuing Lender (A) arising solely out of the gross negligence or willful misconduct of the Issuing Lender, as determined by a court of competent jurisdiction, or (B) caused by the Issuing Lender's failure to pay under any Letter of Credit after presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit, as determined by a court of competent jurisdiction, except insofar as such payment is prohibited by any law, regulation, court order or decree.

(j) Responsibility of Issuing Lender. It is expressly understood and agreed that the obligations of the Issuing Lender hereunder to the Lenders are only those expressly set forth in this Credit Agreement and that the Issuing Lender shall be entitled to assume that the conditions precedent set forth in Section 5.2 have been satisfied unless it shall have acquired actual knowledge that any such condition precedent has not been satisfied; provided, however, that nothing set forth in this Section 2.2 shall be deemed to prejudice the right of any Lender to recover from the Issuing Lender any amounts made available by such Lender to the Issuing Lender pursuant to this Section 2.2 in the event that it is determined by a court of competent jurisdiction that (A) the payment with respect to a Letter of Credit constituted gross negligence or willful misconduct on the part of the Issuing Lender, or (B) the Issuing Lender failed to pay under any Letter of Credit after presentation to it of a request strictly complying with the terms of such Letter of Credit, except insofar as such payment is prohibited by any law, regulation, court order or decree.

(k) Conflict with LOC Documents. In the event of any conflict between this Credit Agreement and any LOC Document, this Credit Agreement shall control.

### 2.3 Swingline Loan Subfacility.

(a) Swingline Commitment. Subject to the terms and conditions set forth herein, the Swingline Lender, in its individual capacity, agrees to make certain revolving credit loans to the Borrowers (each a "Swingline Loan" and, collectively, the "Swingline Loans") at any time and from time to time, during the period from the Closing Date until the Termination Date for the purposes hereinafter set forth; provided, however, (i) the aggregate amount of Swingline Loans outstanding at any time shall not exceed TEN MILLION DOLLARS (\$10,000,000) (the "Swingline Committed Amount"), and (ii) the sum of the aggregate principal amount of Obligations outstanding at any time shall not exceed the Revolving Committed Amount. Swingline Loans hereunder shall be made

as Base Rate Loans in accordance with the provisions of this Section 2.3, and may be repaid and reborrowed in accordance with the provisions hereof.

(b) Swingline Loan Advances.

(i) Notices; Disbursement. The Borrowers shall request a Swingline Loan advance hereunder by written notice (or telephone notice promptly confirmed in writing) to the Swingline Lender not later than 11:00 A.M. (Charlotte, North Carolina time) on the Business Day of the requested Swingline Loan advance. Each such notice shall be irrevocable and shall specify (A) that a Swingline Loan advance is requested, (B) the date of the requested Swingline Loan advance (which shall be a Business Day), (C) the principal amount of the Swingline Loan advance requested and (D) that all of the conditions set forth in Section 5.2 are then satisfied. Each Swingline Loan shall be made as a Base Rate Loan and shall have such maturity date as the Swingline Lender and the Borrowers shall agree upon receipt by the Swingline Lender of any such notice from the Borrowers. The Swingline Lender shall initiate the transfer of funds representing the Swingline Loan advance to the Borrowers by 3:00 P.M. (Charlotte, North Carolina time) on the Business Day of the requested borrowing.

(ii) Minimum Amounts. Each Swingline Loan advance shall be in a minimum principal amount of \$500,000 and in integral multiples of \$100,000 in excess thereof.

(iii) Repayment of Swingline Loans. The principal amount of all Swingline Loans shall be due and payable on the earlier of (A) the end of the applicable Interest Period or (B) the Termination Date. The Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrowers, demand repayment of their Swingline Loans by way of a Revolving Loan advance, in which case the Borrowers shall be deemed to have requested a Revolving Loan advance comprised solely of Base Rate Loans in the amount of such Swingline Loans; provided, however, that any such demand shall be deemed to have been given one Business Day prior to the Termination Date and on the date of the occurrence of any Event of Default described in Section 9.1 and upon acceleration of the Indebtedness hereunder and the exercise of remedies in accordance with the provisions of Section 9.2. Each Lender, if so directed by the Agent in writing, hereby irrevocably agrees to make its pro rata share of each such Revolving Loan in the amount, in the manner and on the date specified in the preceding sentence notwithstanding (I) the amount of such borrowing may not comply with the minimum amount for advances of Revolving Loans otherwise required hereunder, (II) whether any conditions specified in Section 5.2 are then satisfied, (III) whether a Default or an Event of Default then exists, (IV) failure of any such request or deemed request for Revolving Loan to be made by the time otherwise required hereunder, (V) whether the date of such borrowing is a date on which Revolving Loans are otherwise permitted to be made hereunder or (VI) any

termination of the Commitments relating thereto immediately prior to or contemporaneously with or after such borrowing. In the event that any Revolving Loan cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower or any other Credit Party), then each Lender hereby agrees that it shall upon written notice of the unavailability of a Revolving Loan and request for participation purchase (as of the date such borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such Participation Interests in the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon its Revolving Commitment Percentage (determined before giving effect to any termination of the Commitments pursuant to Section 3.4), provided that all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective Participation Interests are purchased.

(c) Interest on Swingline Loans. Subject to the provisions of Section 3.1, each Swingline Loan shall bear interest at per annum rate equal to the Base Rate. Interest on Swingline Loans shall be payable in arrears on each applicable Interest Payment Date (or at such other times as may be specified herein).

## SECTION 3

### **OTHER PROVISIONS RELATING TO CREDIT FACILITIES**

#### 3.1 Default Rate.

Upon the occurrence, and during the continuance, of an Event of Default, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents shall bear interest, payable on demand, at a per annum rate 2% greater than the rate which would otherwise be applicable (or if no rate is applicable, whether in respect of interest, fees or other amounts, then 2% greater than the Base Rate).

#### 3.2 Extension and Conversion.

The Borrowers shall have the option on any Business Day, to extend existing Loans into a subsequent permissible Interest Period or to convert Loans into Loans of another type; provided, however, that (i) except as provided in Section 3.8, Eurodollar Loans may be converted into Base Rate Loans only on the last day of the Interest Period applicable thereto, (ii) Eurodollar Loans may be extended, and Base Rate Loans may be converted into Eurodollar Loans, only if no Default or Event of Default is in existence on the date of extension or conversion, (iii) Loans extended as, or converted into, Eurodollar Loans shall be subject to the terms of the definition of "Interest Period" set forth in Section 1.1 and shall be in such minimum amounts as provided in,

Section 2.1(b)(ii), (iv) no more than six separate Eurodollar Loans shall be outstanding hereunder at any time and (v) any request for extension or conversion of a Eurodollar Loan which shall fail to specify an Interest Period shall be deemed to be a request for an Interest Period of one month. Each such extension or conversion shall be effected by the Borrowers by giving a Notice of Extension/Conversion (or telephone notice promptly confirmed in writing) to the Agent prior to 11:00 A.M. (Charlotte, North Carolina time) on the Business Day of, in the case of the conversion of a Eurodollar Loan into a Base Rate Loan and on the third Business Day prior to, in the case of the extension of a Eurodollar Loan as, or conversion of a Base Rate Loan into, a Eurodollar Loan, the date of the proposed extension or conversion, specifying the date of the proposed extension or conversion, the Loans to be so extended or converted, the types of Loans into which such Loans are to be converted and, if appropriate, the applicable Interest Periods with respect thereto. Each request for extension or conversion shall constitute a representation and warranty by the Borrowers of the matters specified in subsections (ii), (iii), (iv) and (v) of Section

5.2(a). In the event the Borrowers fail to request extension or conversion of any Eurodollar Loan in accordance with this Section, or any such conversion or extension is not permitted or required by this Section, then such Loan shall be automatically converted into a Base Rate Loan at the end of the Interest Period applicable thereto. The Agent shall give each Lender notice as promptly as practicable of any such proposed extension or conversion affecting any Loan.

### 3.3 Prepayments.

(a) Voluntary Prepayments. The Borrowers shall have the right to prepay Revolving Loans in whole or in part from time to time without premium or penalty; provided, however, that (i) Eurodollar Loans may only be prepaid on three Business Days' prior written notice to the Agent specifying the applicable Loans to be prepaid, (ii) any prepayment of Eurodollar Loans will be subject to Section 3.11; and (iii) each such partial prepayment of Revolving Loans shall be in a minimum principal amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof. Subject to the foregoing terms, amounts prepaid hereunder shall be applied as the Borrowers may elect; provided, that if the Borrowers fail to specify a voluntary prepayment then such prepayment shall be applied first to Base Rate Loans and then to Eurodollar Loans in direct order of Interest Period maturities. Such voluntary prepayments shall not reduce the Revolving Committed Amount.

#### (b) Mandatory Prepayments.

(i) Overadvance. If at any time (i) the aggregate principal amount of the Obligations exceeds the Revolving Committed Amount, (ii) the aggregate amount of LOC Obligations shall exceed the aggregate LOC Committed Amount, or (iii) the aggregate amount of Swingline Loans shall exceed the Swingline Committed Amount, the Borrowers jointly and severally promise to prepay immediately upon demand the outstanding principal balance on the Loans or provide cash collateral in the manner and in an aggregate amount necessary to eliminate such excess in respect of the LOC Obligations. In the case of a

mandatory prepayment required on account of subsection (ii) in the foregoing sentence, the amount required to be paid shall serve to temporarily reduce the Revolving Committed Amount (for purposes of borrowing availability hereunder, but not for purposes of computation of fees) by the amount of the payment required until such time as the situation shall no longer exist. Payments hereunder shall be applied first to the Loans and then to a cash collateral account in respect of the LOC Obligations.

(ii) Application. All prepayments made pursuant to this Section 3.3(b) shall be subject to Section 3.11 and shall be applied first to Swingline Loans, then to Base Rate Loans and then to Eurodollars Loans in direct order of Interest Period maturities. Prepayments under this Section 3.3(b)(ii) shall permanently reduce the Revolving Committed Amount.

(c) Notice. The Borrowers will provide notice to the Agent of any prepayment by 11:00 A.M. (Charlotte, North Carolina time) on the date of prepayment. Amounts paid on the Loans under subsection (a) and (b)(i) hereof may be reborrowed in accordance with the provisions hereof.

#### 3.4 Termination and Reduction of Revolving Commitments.

The Borrowers may from time to time permanently reduce or terminate the aggregate Revolving Committed Amount in whole or in part (in minimum aggregate amounts of \$10,000,000 (or, if less, the full remaining amount of the Revolving Committed Amount)) upon five Business Days' prior written notice from the Borrowers to the Agent; provided, however, no such termination or reduction shall be made which would reduce the Revolving Committed Amount to an amount less than the aggregate principal amount of Revolving Loans outstanding. The Commitments of the Lenders shall automatically terminate on the Termination Date. The Agent shall promptly notify each of the Lenders of receipt by the Agent of any notice from the Borrowers pursuant to this Section 3.4.

#### 3.5 Fees.

(a) Commitment Fee. In consideration of the Revolving Commitments hereunder, the Borrowers agree to pay the Agent for the ratable benefit of the Lenders a commitment fee (the "Commitment Fee") equal to the Applicable Percentage per annum on the average daily unused amount of the Revolving Committed Amount for the applicable period. For the purposes hereof Swingline Loans shall not be considered usage under the Revolving Commitments. The Commitment Fee shall be payable (i) quarterly in arrears on the Interest Payment Date following the last day of each calendar quarter for the immediately preceding quarter (or portion thereof) beginning with the first such date to occur after the Closing Date and (ii) on the Termination Date.

(b) Letter of Credit Fees.

(i) Standby Letter of Credit Issuance Fee. In consideration of the issuance of standby Letters of Credit hereunder, the Borrowers jointly and severally promise to pay to the Agent for the ratable benefit of the Lenders a fee (the "Standby Letter of Credit Fee") on the average daily maximum amount available to be drawn under each such standby Letter of Credit computed at a per annum rate for each day from the date of issuance to the date of expiration equal to the Applicable Percentage for Standby Letter of Credit Fee. The Standby Letter of Credit Fee will be payable quarterly in arrears on the 15th day of each January, April, July and October for the immediately preceding fiscal quarter (or a portion thereof).

(ii) Trade Letter of Credit Drawing Fee. In consideration of the issuance of trade Letters of Credit hereunder, the Borrowers jointly and severally promise to pay to the Agent for the ratable benefit of the Lenders a fee (the "Trade Letter of Credit Fee") equal to the Applicable Percentage for trade Letter of Credit Fee on the amount of each drawing under any such trade Letter of Credit. The Trade Letter of Credit Fee will be payable on each date of drawing under a trade Letter of Credit.

(iii) Issuing Lender Fees. In addition to the Standby Letter of Credit Fee payable pursuant to clause

(i) above and the Trade Letter of Credit Fee payable pursuant to clause (ii) above, the Borrowers jointly and severally promise to pay, to the Issuing Lender for its own account without sharing by the other Lenders the letter of credit fronting and negotiation fees agreed to by the Borrowers and the Issuing Lender from time to time and the customary charges from time to time of the Issuing Lender with respect to the issuance, amendment, transfer, administration, cancellation and conversion of, and drawings under, such Letters of Credit (collectively, the "Issuing Lender Fees").

(c) Administrative Fees. The Borrowers jointly and severally promise to pay to the Agent, for its own account and for the account of NationsBanc Capital Markets, Inc., as applicable, the annual administrative fee, structuring fee and other fees referred to in the Agent's Fee Letter (collectively, the "Agent's Fees").

(d) Upfront Fees. The Borrowers jointly and severally promise to pay to the Agent for the benefit of the Lenders in immediately available funds on or before the Closing Date an upfront fee (the "Upfront Fee") as outlined in the letter from the Agent to the Lenders dated July 30, 1997.

3.6 Capital Adequacy.

If, after the date hereof, any Lender has determined that the adoption or the becoming effective of after the Closing Date, or any change in after the Closing Date, or any change after

the Closing Date by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof in the interpretation or administration of, any applicable law, rule or regulation regarding capital adequacy, or compliance by such Lender with any request or directive after the Closing Date regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or assets as a consequence of its commitments or obligations hereunder to a level below that which such Lender could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy), then, upon 10 days' notice, including calculations of the amount due, from such Lender to the Borrowers, the Borrowers shall be jointly and severally obligated to pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction. Each determination by any such Lender of amounts owing under this

Section shall, absent manifest error, be conclusive and binding on the parties hereto.

### 3.7 Inability To Determine Interest Rate.

If prior to the first day of any Interest Period, the Agent shall have determined (which determination shall be conclusive and binding upon the Borrowers) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, the Agent shall give telecopy or telephonic notice thereof to the Borrowers and the Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Base Rate Loans and (y) any Loans that were to have been converted on the first day of such Interest Period to or continued as Eurodollar Loans shall be converted to or continued as Base Rate Loans. Until such notice has been withdrawn by the Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Base Rate Loans to Eurodollar Loans.

### 3.8 Illegality.

Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof occurring after the Closing Date shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Credit Agreement, (a) such Lender shall promptly give written notice of such circumstances to the Borrowers and the Agent (which notice shall be withdrawn whenever such circumstances no longer exist), (b) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Base Rate Loans to Eurodollar Loans shall forthwith be canceled and, until such time as it shall no longer be unlawful for such Lender to make or maintain Eurodollar Loans, such Lender shall then have a commitment only to make a Base Rate Loan when a Eurodollar Loan is requested and (c) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans on the respective last days or the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the

Borrowers shall jointly and severally pay to such Lender such amounts, if any, as may be required pursuant to Section 3.11.

### 3.9 Requirements of Law.

If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to any Lender, or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made subsequent to the Closing Date (or, if later, the date on which such Lender becomes a Lender):

(a) shall subject such Lender to any tax of any kind whatsoever with respect to any Letter of Credit or any Eurodollar Loans made by it or its obligation to make Eurodollar Loans, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 3.10 (including Non-Excluded Taxes imposed solely by reason of any failure of such Lender to comply with its obligations under Section 3.10(b)) and changes in taxes measured by or imposed upon the overall net income, or franchise tax (imposed in lieu of such net income tax), of such Lender or its applicable lending office, branch, or any affiliate thereof); or

(b) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(c) shall impose on such Lender any other condition (excluding any tax of any kind whatsoever); and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof;

then, in any such case, upon notice to the Borrowers from such Lender, through the Agent, in accordance herewith, the Borrowers shall be jointly and severally obligated to pay promptly to such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable, provided that, in any such case, the Borrowers may elect to convert the Eurodollar Loans made by such Lender hereunder to Base Rate Loans by giving the Agent at least one Business Day's notice of such election, in which case the Borrowers shall be jointly and severally obligated to pay promptly to such Lender, upon demand, without duplication, such amounts, if any, as may be required pursuant to Section 3.11. If any Lender becomes entitled to claim any additional amounts pursuant to this subsection, it shall provide prompt notice thereof to the Borrowers through the Agent, certifying (x) that one of the events described in this paragraph (a) has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or reduced amount resulting from such

event and (z) as to the additional amount demanded by such Lender and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this subsection submitted by such Lender, through the Agent, to the Borrowers shall be conclusive and binding on the parties hereto in the absence of manifest error. This covenant shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

### 3.10 Taxes.

(a) Except as provided below in this subsection, all payments made by any Borrower under this Credit Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any court, or governmental body, agency or other official, excluding taxes measured by or imposed upon the overall net income of any Lender or its applicable lending office, or any branch or affiliate thereof, and all franchise taxes, branch taxes, taxes on doing business or taxes on the overall capital or net worth of any Lender or its applicable lending office, or any branch or affiliate thereof, in each case imposed in lieu of net income taxes, imposed: (i) by the jurisdiction under the laws of which such Lender, applicable lending office, branch or affiliate is organized or is located, or in which its principal executive office is located, or any nation within which such jurisdiction is located or any political subdivision thereof; or (ii) by reason of any connection between the jurisdiction imposing such tax and such Lender, applicable lending office, branch or affiliate other than a connection arising solely from such Lender having executed, delivered or performed its obligations, or received payment under or enforced, this Credit Agreement. If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any amounts payable to the Agent or any Lender hereunder, (A) the amounts so payable to the Agent or such Lender shall be increased to the extent necessary to yield to the Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Credit Agreement, provided, however, that a Borrower shall be entitled to deduct and withhold any Non-Excluded Taxes and shall not be required to increase any such amounts payable to any Lender that is not organized under the laws of the United States of America or a state thereof if such Lender fails to comply with the requirements of paragraph (b) of this subsection whenever any Non-Excluded Taxes are payable by such Borrower, and (B) as promptly as possible thereafter such Borrower shall send to the Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by such Borrower showing payment thereof. If a Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Agent the required receipts or other required documentary evidence, such Borrower shall indemnify the Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Agent or any Lender as a result of any such failure. The

agreements in this subsection shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof shall:

(X) (i) on or before the date of any payment by the Borrowers under this Credit Agreement to such Lender, deliver to the Borrowers and the Agent (A) two (2) duly completed copies of United States Internal Revenue Service Form 1001 or 4224, or successor applicable form, as the case may be, certifying that it is entitled to receive payments under this Credit Agreement without deduction or withholding of any United States federal income taxes and (B) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be, certifying that it is entitled to an exemption from United States backup withholding tax;

(ii) deliver to the Borrowers and the Agent two (2) further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrowers; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Borrowers or the Agent; or

(Y) in the case of any such Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (i) represent to the Borrowers (for the benefit of the Borrowers and the Agent) that it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (ii) agree to furnish to the Borrowers on or before the date of any payment by any Borrower, with a copy to the Agent two (2) accurate and complete original signed copies of Internal Revenue Service Form W-8, or successor applicable form certifying to such Lender's legal entitlement at the date of such certificate to an exemption from U.S. withholding tax under the provisions of Section 881(c) of the Code with respect to payments to be made under this Credit Agreement (and to deliver to the Borrowers and the Agent two (2) further copies of such form on or before the date it expires or becomes obsolete and after the occurrence of any event requiring a change in the most recently provided form and, if necessary, obtain any extensions of time reasonably requested by the Borrowers or the Agent for filing and completing such forms), and (iii) agree, to the extent legally entitled to do so, upon reasonable request by the Borrowers, to provide to the Borrowers (for the benefit of the Borrowers and the Agent) such other forms as may be reasonably required in order to establish the legal entitlement of such Lender to an exemption from withholding with respect to payments under this Credit Agreement;

unless in any such case any change in treaty, law or regulation has occurred after the date such Person becomes a Lender hereunder which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrowers and the Agent. Each Person that shall become a Lender or a participant of a Lender pursuant to subsection 11.3 shall, upon the effectiveness of the related transfer, be required to provide all of the forms, certifications and statements required pursuant to this subsection, provided that in the case of a participant of a Lender the obligations of such participant of a Lender pursuant to this subsection (b) shall be determined as if the participant of a Lender were a Lender except that such participant of a Lender shall furnish all such required forms, certifications and statements to the Lender from which the related participation shall have been purchased.

### 3.11 Indemnity.

The Borrowers jointly and severally promise to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur (other than through such Lender's gross negligence or willful misconduct) as a consequence of (a) default by any Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrowers have given a notice requesting the same in accordance with the provisions of this Credit Agreement, (b) default by any Borrower in making any prepayment of a Eurodollar Loan after the Borrowers have given a notice thereof in accordance with the provisions of this Credit Agreement or (c) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurodollar Loans provided for herein (excluding, however, the Applicable Percentage included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender and confirmed in writing to the Borrower) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. This covenant shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

### 3.12 Pro Rata Treatment.

Except to the extent otherwise provided herein:

(a) Loans. Each Loan, each payment or prepayment of principal of any Loan (other than Swingline Loans) or reimbursement obligations arising from drawings under Letters of Credit, each payment of interest on the Loans or reimbursement obligations arising from drawings under Letters of Credit, each payment of the Commitment Fee, each payment of the Standby Letter of Credit Fee, each payment of the Trade Letter of Credit Fee, each reduction of the Revolving Committed Amount and each conversion or extension of any Loan (other than Swingline Loans), shall be allocated pro rata among the Lenders in accordance with the respective principal amounts of their outstanding Loans and Participation Interests.

(b) Advances. Unless the Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its ratable share of such borrowing available to the Agent, the Agent may assume that such Lender is making such amount available to the Agent, and the Agent may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. If such amount is not made available to the Agent by such Lender within the time period specified therefor hereunder, such Lender shall pay to the Agent, on demand, such amount with interest thereon at a rate equal to the Federal Funds Rate for the period until such Lender makes such amount immediately available to the Agent. A certificate of the Agent submitted to any Lender with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error. If such amount is not made available to the Agent by such Lender within two Business Days of the date of the related borrowing, (i) the Agent shall notify the Borrower of the failure of such Lender to make such amount available to the Agent and the Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to Base Rate Loans hereunder, on demand, from the Borrower and (ii) then the Borrower may, without waiving any rights it may have against such Lender, borrow a like amount on an unsecured basis from any commercial bank for a period ending on the date upon which such Lender does in fact make such borrowing available, provided that at the time such borrowing is made and at all times while such amount is outstanding the Borrower would be permitted to borrow such amount pursuant to Section 2.1 of this Credit Agreement.

### 3.13 Sharing of Payments.

The Lenders agree among themselves that, in the event that any Lender shall obtain payment in respect of any Loan, LOC Obligations or any other obligation owing to such Lender under this Credit Agreement through the exercise of a right of setoff, banker's lien or counterclaim, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, in excess of its pro rata share of such payment as provided for in this Credit

Agreement, such Lender shall promptly notify the Agent thereof and purchase from the other Lenders a participation in such Loans, LOC Obligations and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all Lenders share such payment in accordance with their respective ratable shares as provided for in this Credit Agreement. The Lenders further agree among themselves that if payment to a Lender obtained by such Lender through the exercise of a right of setoff, banker's lien, counterclaim or other event as aforesaid shall be rescinded or must otherwise be restored, each Lender which shall have shared the benefit of such payment shall, by repurchase of a participation theretofore sold, return its share of that benefit (together with its share of any accrued interest payable with respect thereto) to each Lender whose payment shall have been rescinded or otherwise restored. The Borrowers agree that any Lender so purchasing such a participation may, to the fullest extent permitted by law, exercise all rights of payment, including setoff, banker's lien or counterclaim, with respect to such participation as fully as if such Lender were a holder of such Loan, LOC Obligations or other obligation in the amount of such participation. Except as otherwise expressly provided in this Credit Agreement, if any Lender or the Agent shall fail to remit to the Agent or any other Lender an amount payable by such Lender or the Agent to the Agent or such other Lender pursuant to this Credit Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Agent or such other Lender at a rate per annum equal to the Federal Funds Rate. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section 3.13 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders under this Section 3.13 to share in the benefits of any recovery on such secured claim.

### 3.14 Place and Manner of Payments.

Except as otherwise specifically provided herein, all payments hereunder shall be made to the Agent in dollars in immediately available funds, without offset, deduction, counterclaim or withholding of any kind, at its offices at the Agent's office specified in Schedule 2.1(a) not later than 2:00 P.M. (Charlotte, North Carolina time) on the date when due. Payments received after such time shall be deemed to have been received on the next succeeding Business Day. The Agent may (but shall not be obligated to) debit the amount of any such payment which is not made by such time to any ordinary deposit account of the Borrowers maintained with the Agent (with notice to the Borrowers). The Borrowers shall, at the time any Borrower makes any payment under this Credit Agreement, specify to the Agent the Loans, LOC Obligations, Fees, interest or other amounts payable hereunder to which such payment is to be applied (and in the event that it fails so to specify, or if such application would be inconsistent with the terms hereof, the Agent shall distribute such payment to the Lenders in such manner as the Agent may determine to be appropriate in respect of obligations owing by the Borrowers hereunder, subject to the terms of Section 3.12(a)). The Agent will distribute such payments to such Lenders, if any such payment is received prior to 12:00 Noon (Charlotte, North Carolina time) on a Business Day in like funds as received prior to the end of such Business Day and otherwise the Agent will distribute such payment to such Lenders on the next succeeding Business Day. Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, the due date

thereof shall be extended to the next succeeding Business Day (subject to accrual of interest and Fees for the period of such extension), except that in the case of Eurodollar Loans, if the extension would cause the payment to be made in the next following calendar month, then such payment shall instead be made on the next preceding Business Day. Except as expressly provided otherwise herein, all computations of interest and fees shall be made on the basis of actual number of days elapsed over a year of 360 days, except that computations of interest on Base Rate Loans (unless the Base Rate is determined by reference to the Federal Funds Rate) shall be calculated based on a year of 365 or 366 days, as appropriate. Interest shall accrue from and include the date of borrowing, but exclude the date of payment.

## SECTION 4

### GUARANTY

#### 4.1 The Guaranty.

Each of the Guarantors hereby jointly and severally guarantees to each Lender and the Agent as hereinafter provided the prompt payment of the Borrowers' Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Borrowers' Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Borrowers' Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, the obligations of each Guarantor hereunder shall be limited to an aggregate amount equal to the largest amount that would not render its Guaranty Obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provisions of any applicable state law.

#### 4.2 Obligations Unconditional.

The obligations of the Guarantors under Section 4.1 hereof are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Credit Documents, or any other agreement or instrument referred to therein, or any substitution, release or exchange of any other guarantee of or security for any of the Borrowers' Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4.2 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted

by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Borrowers' Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of any of the Credit Documents or any other agreement or instrument referred to therein shall be done or omitted;

(iii) the maturity of any of the Borrowers' Obligations shall be accelerated, or any of the Borrowers' Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Credit Documents or any other agreement or instrument referred to therein shall be waived or any other guarantee of any of the Borrowers' Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien granted to, or in favor of, the Agent or any Lender or Lenders as security for any of the Borrowers' Obligations shall fail to attach or be perfected; or

(v) any of the Borrowers' Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Agent or any Lender exhaust any right, power or remedy or proceed against any Person under any of the Credit Documents or any other agreement or instrument referred to therein, or against any other Person under any other guarantee of, or security for, any of the Borrowers' Obligations.

#### 4.3 Reinstatement.

The obligations of the Guarantors under this Section 4 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Borrowers' Obligations is rescinded or must be otherwise restored by any holder of any of the Borrowers' Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and expenses of counsel) incurred by the Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such

payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

#### 4.4 Certain Additional Waivers.

Without limiting the generality of the provisions of this Section 4, each Guarantor hereby specifically waives the benefits of N.C. Gen. Stat. ss.ss. 26-7 through 26-9, inclusive. Each Guarantor further agrees that such Guarantor shall have no right of recourse to security for the Borrowers' Obligations. Each of the Guarantors further agrees that it shall have no right of subrogation, reimbursement or indemnity, nor any right of recourse to security, if any, for the Borrowers' Obligations so long as any amounts payable to the Agent or the Lenders in respect of the Borrowers' Obligations shall remain outstanding or any of the Commitments shall not have expired or been terminated.

#### 4.5 Remedies.

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Agent and the Lenders, on the other hand, the Borrowers' Obligations may be declared to be forthwith due and payable as provided in Section 9.2 hereof (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 9.2) for purposes of Section 4.1 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such Borrowers' Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Borrowers' Obligations being deemed to have become automatically due and payable), such Borrowers' Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of said Section 4.1.

#### 4.6 Continuing Guarantee.

The guarantee in this Section 4 is a continuing guarantee, and shall apply to all Borrowers' Obligations whenever arising.

### SECTION 5

#### **CONDITIONS**

##### 5.1 Closing Conditions.

The obligation of the Lenders to enter into this Credit Agreement and to fund the initial advance hereunder shall be subject to satisfaction of the following conditions:

- (a) The Agent shall have received original counterparts of this Credit Agreement executed by each of the parties hereto;

- (b) The Agent shall have received an appropriate original Note for each Lender, executed by each of the Borrowers;
- (c) The Agent shall have received all documents it may reasonably request relating to the existence and good standing of each of the Credit Parties, the corporate or other necessary authority for and the validity of the Credit Documents, and any other matters relevant thereto, all in form and substance reasonably satisfactory to the Agent;
- (d) The Agent shall have received an incumbency certificate for each of the Borrowers certified by a secretary or assistant secretary to be true and correct as of the Effective Date.
- (e) The Agent shall have received a certificate executed by the chief financial officer of the Borrowers as of the Closing Date stating that immediately after giving effect to this Credit Agreement and the other Credit Documents, (i) no Default or Event of Default exists and (ii) the representations and warranties set forth in Section 6 (other than the representation set forth in Section 6.17) are true and correct in all material respects;
- (f) The Agent shall have received a legal opinion of Parker, Poe, Adams and Bernstein, LLP, counsel for the Credit Parties, dated as of the Closing Date and substantially in the form of Schedule 5.1(e);
- (g) The Lenders shall have received and approved the (i) audited consolidated and company-prepared consolidating balance sheet of Speedway Motorsports and its Subsidiaries as of December 31, 1996 together with related consolidated and consolidating statements of income and cash flow and (ii) company-prepared consolidated and consolidating balance sheet of Speedway Motorsports and its Subsidiaries as of March 31, 1997 together with related consolidated and consolidating statements of income and cash flow;
- (h) The Lenders shall have received and approved the Borrowers' projections for calendar years 1997 through 1999;
- (i) No Material Adverse Change shall have occurred since the financial statements as of December 31, 1996;
- (j) The Agent shall have received copies of insurance policies or certificates of insurance of the Credit Parties evidencing liability and casualty insurance meeting the requirements of the Credit Documents;
- (k) Speedway Motorsports has completed the issuance of, and received net proceeds from, the Senior Notes;

(l) The Agent shall have received such other documents, agreements or information which may be reasonably requested by the Agent and/or the Required Lenders;

(m) The Agent shall have received for its own account and for the accounts of the Lenders, all fees and expenses required by this Credit Agreement or any other Credit Document to be paid on or before the Closing Date; and

(n) Uniform Commercial Code searches for each of the Borrowers made in the States of Delaware and North Carolina, as applicable, showing no Liens with respect to their Property.

## 5.2 Conditions to all Extensions of Credit.

The obligations of each Lender to make, convert or extend any Loan (including the initial Loans) and to issue or extend, or participate in, a Letter of Credit are subject to satisfaction of the following conditions in addition to satisfaction on the Closing Date (and on the Closing Date only) of the conditions set forth in Section 5.1 and satisfaction on the Effective Date of the conditions set forth in Section 5.2:

(i) The Borrowers shall have delivered, an appropriate Notice of Borrowing, Notice of Extension/Conversion or LOC Documents;

(ii) The representations and warranties set forth in Section 6 shall be, subject to the limitations set forth therein, true and correct in all material respects as of such date (except for those which expressly relate to an earlier date);

(iii) There shall not have been commenced against the Borrowers or any Guarantor an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of its Property or for the winding up or liquidation of its affairs, and such involuntary case or other case, proceeding or other action shall remain undismissed, undischarged or unbonded;

(iv) No Default or Event of Default shall exist and be continuing either prior to or after giving effect thereto and

(v) There shall not have occurred any Material Adverse Change since the extension of the last Loan; and

(vi) Immediately after giving effect to the making of such Loan (and the application of the proceeds thereof) the sum of Loans outstanding shall not

exceed the Revolving Committed Amount or Swingline Committed Amount, as applicable.

The delivery of each Notice of Borrowing and each Notice of Extension/Conversion shall constitute a representation and warranty by the Borrowers of the correctness of the matters specified in subsections (ii), (iii), (iv) and (v) and (vi) above.

## SECTION 6

### **REPRESENTATIONS AND WARRANTIES**

Each of the Credit Parties hereby represents to the Agent and each Lender that:

#### 6.1 Financial Condition.

The audited combined balance sheets, statements of income and statements of cash flows of Speedway Motorsports for the year ended December 31, 1996 have heretofore been furnished to each Lender. Such financial statements (including the notes thereto) (i) have been audited by Deloitte & Touche LLP,

(ii) have been prepared in accordance with GAAP consistently applied throughout the periods covered thereby and (iii) present fairly (on the basis disclosed in the footnotes to such financial statements) the combined financial condition, results of operations and cash flows of Speedway Motorsports and its combined Subsidiaries as of such date and for such periods. The unaudited interim balance sheets of Speedway Motorsports and its consolidated Subsidiaries as at the end of, and the related unaudited interim statements of income and of cash flows for, the fiscal quarter ended March 31, 1997 have heretofore been furnished to each Lender. Such interim financial statements, for each such quarterly period,

(i) have been prepared in accordance with GAAP consistently applied throughout the periods covered thereby and (ii) present fairly (on the basis disclosed in the footnotes to such financial statements) the combined financial condition, results of operations and cash flows of Speedway Motorsports and its consolidated Subsidiaries as of such date and for such periods. During the period from March 31, 1997 to and including the Closing Date, there has been no sale, transfer or other disposition by it or any of its Subsidiaries of any material part of the business or property of Speedway Motorsports and its consolidated Subsidiaries, taken as a whole, and no purchase or other acquisition by any of them of any business or property (including any capital stock of any other person) material in relation to the combined financial condition of Speedway Motorsports and its consolidated Subsidiaries, taken as a whole, in each case which is not reflected in the foregoing financial statements or in the notes thereto or has not otherwise been disclosed in writing to the Lenders on or prior to the Closing Date.

#### 6.2 No Change.

Since December 31, 1996, (a) except as and to the extent disclosed on Schedule 6.2(a), there has been no development or event relating to or affecting any of the Credit Parties which has had or would be reasonably expected to have a Material Adverse Effect and (b) except as

permitted under this Credit Agreement, no dividends or other distributions have been declared, paid or made upon the capital stock or other equity interest in any Credit Party nor has any of the capital stock or other equity interest in any Credit Party been redeemed, retired, purchased or otherwise acquired for value by such Credit Party.

### 6.3 Organization; Existence; Compliance with Law.

Each of the Credit Parties (a) is duly organized, validly existing and is in good standing under the laws of the jurisdiction of its incorporation or organization, (b) has the corporate or other necessary power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and (c) is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, other than in such jurisdictions where the failure to be so qualified and in good standing would not be reasonably expected to have a Material Adverse Effect, and (d) is in compliance with all material Requirements of Law.

### 6.4 Power; Authorization; Enforceable Obligations.

Each of the Credit Parties has the corporate or other necessary power and authority, and the legal right, to make, deliver and perform the Credit Documents to which it is a party, and in the case of the Borrowers, to borrow hereunder, and each of the Borrowers has taken all necessary corporate or other necessary action to authorize the borrowings on the terms and conditions of this Credit Agreement, and to authorize the execution, delivery and performance of the Credit Documents to which each is a party. No consent or authorization of, filing with, notice to or other similar act by or in respect of, any Governmental Authority or any other Person is required to be obtained or made by or on behalf of any Credit Party in connection with the execution, delivery, performance, validity or enforceability of the Credit Documents to which such Person is a party, except for consents, authorizations, notices and filings described in Schedule 6.4, all of which have been obtained or made or have the status described in such Schedule 6.4. This Credit Agreement has been, and each other Credit Document to which it is a party will be, duly executed and delivered on behalf the Credit Parties. This Credit Agreement constitutes, and each other Credit Document to which it is a party when executed and delivered will constitute, a legal, valid and binding obligation of such Credit Party, enforceable against each such Person in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

### 6.5 No Legal Bar.

Except as previously disclosed in writing to the Lenders on or prior to the Closing Date, the execution, delivery and performance of the Credit Documents by the Credit Parties, the borrowings hereunder and the use of the proceeds of the borrowings hereunder (a) will not violate any Requirement of Law or contractual obligation of any Credit Party in any respect that

would reasonably be expected to have a Material Adverse Effect, (b) will not result in, or require, the creation or imposition of any Lien on any of the properties or revenues of any of the Credit Parties pursuant to any such Requirement of Law or contractual obligation and (c) will not violate or conflict with any provision of the articles of incorporation or by-laws of any Credit Party.

#### 6.6 No Material Litigation.

Except as disclosed on Schedule 6.6 hereof, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Credit Parties, threatened by or against any of the Credit Parties or against their respective properties or revenues which (a) relates to any of the Credit Documents or any of the transactions contemplated hereby or thereby or (b) would be reasonably expected to have a Material Adverse Effect.

#### 6.7 No Default.

None of the Credit Parties is in default under or with respect to any of their contractual obligations in any respect which would be reasonably expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

#### 6.8 Ownership of Property; Liens.

Each of the Credit Parties has good record and marketable title in fee simple to, or a valid leasehold interest in, all its material real property, and good title to, or a valid leasehold interest in, all its other material property, and none of such property is subject to any Lien, except for Permitted Liens.

#### 6.9 Intellectual Property.

Each of the Credit Parties owns, or has the legal right to use, all United States trademarks, tradenames, copyrights, technology, know-how and processes necessary for each of them to conduct its business as currently conducted (the "Intellectual Property") except for those the failure to own or have such legal right to use would not be reasonably expected to have a Material Adverse Effect. Except as provided on Schedule 6.9, no claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does any Credit Party know of any such claim, and the use of such Intellectual Property by any Credit Party does not infringe on the rights of any Person, except for such claims and infringements that in the aggregate would not be reasonably expected to have a Material Adverse Effect.

#### 6.10 No Burdensome Restrictions.

Except as previously disclosed in writing to the Lenders on or prior to the Closing Date, no Requirement of Law or contractual obligation of any Credit Party would be reasonably expected to have a Material Adverse Effect.

#### 6.11 Taxes.

Except as disclosed on Schedule 6.11 hereof, each of the Credit Parties has filed or caused to be filed all United States federal income tax returns and all other material tax returns which, to the knowledge of such Credit Party, are required to be filed and has paid (a) all taxes shown to be due and payable on said returns or (b) all taxes shown to be due and payable on any assessments of which it has received notice made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any (i) taxes, fees or other charges with respect to which the failure to pay, in the aggregate, would not have a Material Adverse Effect or (ii) taxes, fees or other charges the amount or validity of which are currently being contested and with respect to which reserves in conformity with GAAP have been provided on the books of such Credit Party, as the case may be; and no tax Lien has been filed, and, to the knowledge of any of the Credit Parties, no claim is being asserted, with respect to any such tax, fee or other charge.

#### 6.12 ERISA.

Except as would not result in a Material Adverse Effect:

(a) During the five-year period prior to the date on which this representation is made or deemed made: (i) no Termination Event has occurred, and, to the best of the Credit Parties' or any ERISA Affiliate's knowledge, no event or condition has occurred or exists as a result of which any Termination Event could reasonably be expected to occur, with respect to any Plan; (ii) no "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, has occurred with respect to any Plan; (iii) each Plan has been maintained, operated, and funded in compliance with its own terms and in material compliance with the provisions of ERISA, the Code, and any other applicable federal or state laws; and (iv) no lien in favor of the PBGC or a Plan has arisen or is reasonably likely to arise on account of any Plan.

(b) The actuarial present value of all "benefit liabilities" under each Single Employer Plan (determined within the meaning of Section 401(a)(2) of the Code, utilizing the actuarial assumptions used to fund such Plans), whether or not vested, did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the current value of the assets of such Plan allocable to such accrued liabilities.

(c) Neither any of the Credit Parties nor any ERISA Affiliate has incurred, or, to the best of the Credit Parties' knowledge, are reasonably expected to incur, any withdrawal liability under ERISA to any Multiemployer Plan or Multiple Employer Plan. Neither any of the Credit Parties nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA), is insolvent (within the meaning of Section 4245 of ERISA), or has been terminated (within the meaning of Title IV of ERISA), and no Multiemployer Plan is, to the best of the Credit Parties' knowledge, reasonably expected to be in reorganization, insolvent, or terminated.

(d) No prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility has occurred with respect to a Plan which has subjected or may subject any Credit Party or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which any Credit Party or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability.

#### 6.13 Governmental Regulations, Etc.

(a) No part of the proceeds of the Loans will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulation G or Regulation U, or for the purpose of purchasing or carrying or trading in any securities. If requested by any Lender or the Agent, the Borrowers will furnish to the Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U. No indebtedness being reduced or retired out of the proceeds of the Loans was or will be incurred for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U or any "margin security" within the meaning of Regulation

T. "Margin stock" within the meaning of Regulation U does not constitute more than 25% of the value of the consolidated assets of Speedway Motorsports and its Subsidiaries. None of the transactions contemplated by this Credit Agreement (including, without limitation, the direct or indirect use of the proceeds of the Loans) will violate or result in a violation of the Securities Act of 1933, as amended, or the Exchange Act or regulations issued pursuant thereto, or Regulation G, T, U or X.

(b) None of the Credit Parties is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act or the Investment Company Act of 1940, each as amended. In addition, none of the Credit Parties is (i) an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, and is not controlled by such a company, or (ii) a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(c) No director, executive officer or principal shareholder of any Credit Party is a director, executive officer or principal shareholder of any Lender. For the purposes hereof the terms "director", "executive officer" and "principal shareholder" (when used with reference to any Lender) have the respective meanings assigned thereto in Regulation O issued by the Board of Governors of the Federal Reserve System.

(d) Each of the Credit Parties has obtained all material licenses, permits, franchises or other governmental authorizations necessary to the ownership of its respective Property and to the conduct of its business.

(e) Each of the Credit Parties is not in violation of any applicable statute, regulation or ordinance of the United States of America, or of any state, city, town, municipality, county or any other jurisdiction, or of any agency thereof (including without limitation, federal, state or local environmental laws and regulations, which violation could reasonably be expected to have a Material Adverse Effect.

(f) Each of the Credit Parties is current with all material reports and documents, if any, required to be filed with any state or federal securities commission or similar agency and is in full compliance in all material respects with all applicable rules and regulations of such commissions.

#### 6.14 Subsidiaries.

Schedule 6.14 sets forth all Subsidiaries of Speedway Motorsports at the Closing Date, the jurisdiction of incorporation of each such Subsidiary and the direct or indirect ownership interest of Speedway Motorsports therein.

#### 6.15 Purpose of Loans.

The proceeds of the Loans hereunder shall be used solely (i) to refinance existing indebtedness of the Borrowers, (ii) to finance seasonal working capital needs of Speedway Motorsports and its Subsidiaries, (iii) to finance letter of credit needs of Speedway Motorsports and its Subsidiaries, (iv) to finance general corporate needs of Speedway Motorsports and its Subsidiaries including capital expenditures, (v) to finance permitted investments and (vi) to finance the acquisition of additional motor speedways and related businesses. No proceeds of the Obligations shall be used by any Subsidiary that is not a Guarantor.

#### 6.16 Environmental Matters.

Except as set forth in Phase I Environmental Site Assessments previously delivered to the Lenders and identified on Schedule 6.16:

(a) Each of the facilities and properties owned, leased or operated by any Credit Party (the "Properties") and all businesses of any Credit Party at the Properties (the "Businesses") are in compliance with all applicable Environmental Laws, except where

the failure to so comply would not have a Material Adverse Effect, and, to the best knowledge of any Credit Party, there are no conditions relating to the Businesses or Properties that could give rise to liability under any applicable Environmental Laws, except where such liability would not have a Material Adverse Effect.

(b) None of the Credit Parties has received any written notice of, or inquiry from any Governmental Authority regarding, any currently unresolved material violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the Businesses, nor does any Credit Party have knowledge that any such notice is being threatened.

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties, or generated, treated, stored or disposed of at, on or under any of the Properties or any other location, in each case by or on behalf of any Credit Party, or to the knowledge of any Credit Party, by any other Person, in violation of, or in a manner that would be reasonably likely to give rise to liability under, any applicable Environmental Law, except where such liability or the failure to so comply would not have a Material Adverse Effect.

(d) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of any Credit Party, threatened, under any Environmental Law to which any Credit Party is or, to the knowledge of any Credit Party, will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders outstanding under any Environmental Law with respect to any Credit Party, the Properties or the Businesses.

(e) To the knowledge of any Credit Party, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, related to the operations (including, without limitation, disposal) of any Credit Party in connection with the Properties or otherwise in connection with the Businesses, in violation of or in a manner that would reasonably be expected to give rise to liability under Environmental Laws, except where such violation or liability would not have a Material Adverse Effect.

#### 6.17 Solvency.

Speedway Motorsports on a consolidated basis is Solvent.

#### 6.18 No Untrue Statement.

Neither (a) this Credit Agreement nor any other Credit Document or certificate or document executed and delivered by or on behalf of either of the Borrowers or any other Credit Party in accordance with or pursuant to any Credit Document nor (b) any statement, representation, or warranty provided to the Agent in connection with the negotiation or preparation of the Credit Documents contains any misrepresentation or untrue statement of

material fact or omits to state a material fact necessary, in light of the circumstance under which it was made, in order to make any such warranty, representation or statement contained therein not misleading;

## SECTION 7

### AFFIRMATIVE COVENANTS

Each Credit Party hereby covenants and agrees that, so long as this Credit Agreement is in effect or any amounts payable hereunder or under any other Credit Document shall remain outstanding, and until all of the Commitments hereunder shall have terminated:

#### 7.1 Information Covenants.

The Borrowers will furnish, or cause to be furnished, to the Agent and each of the Lenders:

(a) Annual Financial Statements. As soon as available, and in any event within 120 days after the close of each fiscal year of Speedway Motorsports and its Subsidiaries, a consolidated and consolidating balance sheet and income statement of Speedway Motorsports and its Subsidiaries, as of the end of such fiscal year, together with related consolidated and consolidating statements of operations and retained earnings and of cash flows for such fiscal year, setting forth in comparative form consolidated and consolidating figures for the preceding fiscal year, all such financial information described above to be in reasonable form and detail and, as to the consolidated statements only, audited by independent certified public accountants of recognized national standing reasonably acceptable to the Agent and whose opinion shall be unqualified.

(b) Quarterly Financial Statements. As soon as available, and in any event within 45 days after the close of each fiscal quarter of Speedway Motorsports and its Subsidiaries (other than the fourth fiscal quarter, in which case 120 days after the end thereof) a consolidated and consolidating balance sheet and income statement of Speedway Motorsports and its Subsidiaries, as of the end of such fiscal quarter, together with related consolidated and consolidating statements of operations and retained earnings and of cash flows for such fiscal quarter in each case setting forth in comparative form consolidated and consolidating figures for the corresponding period of the preceding fiscal year, all such financial information described above to be in reasonable form and detail and reasonably acceptable to the Agent, and accompanied by a certificate of the chief executive officer, chief financial officer or president of Speedway Motorsports to the effect that such quarterly financial statements fairly present in all material respects the financial condition of Speedway Motorsports and its Subsidiaries and have been prepared in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments, including without limitation the addition of footnotes.

(c) Officer's Certificate. At the time of delivery of the financial statements provided for in Sections 7.1(a) and 7.1(b) above, a certificate of the chief executive officer, chief financial officer or president of Speedway Motorsports substantially in the form of Schedule 7.1(c), (i) demonstrating compliance with the financial covenants contained in Section 7.11 by calculation thereof as of the end of each such fiscal period and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Borrowers propose to take with respect thereto.

(d) Annual Business Plan and Budgets. Not more than 60 days after the end of each fiscal year of Speedway Motorsports, beginning with the fiscal year ending December 31, 1997, an annual business plan and budget of Speedway Motorsports containing, among other things, pro forma financial statements for the next fiscal year, inclusive of planned capital expenditures.

(e) Accountant's Certificate. Within the period for delivery of the annual financial statements provided in Section 7.1(a), a certificate of the accountants conducting the annual audit stating that they have reviewed this Credit Agreement and stating further whether, in the course of their audit, they have become aware of any Default or Event of Default and, if any such Default or Event of Default exists, specifying the nature and extent thereof.

(f) Auditor's Reports. Promptly upon receipt thereof, a copy of any other report or "management letter" submitted by independent accountants to a Credit Party in connection with any annual, interim or special audit of the books of a Credit Party.

(g) Reports. Promptly upon transmission or receipt thereof,

(a) copies of any filings and registrations with, and reports to or from, the SEC, or any successor agency, and copies of all financial statements, proxy statements, notices and reports as a Credit Party shall send to its shareholders generally or to the holders of any issue of Indebtedness owed by a Credit Party in their capacity as such holders and (b) upon the request of the Agent, all reports and written information to and from the United States Environmental Protection Agency, or any state or local agency responsible for environmental matters, the United States Occupational Health and Safety Administration, or any state or local agency responsible for health and safety matters, or any successor agencies or authorities concerning environmental, health or safety matters.

(h) Notices. Upon a Credit Party obtaining knowledge thereof, the Borrowers will give written notice to the Agent immediately of (a) the occurrence of an event or condition consisting of a Default or Event of Default, specifying the nature and existence thereof and what action the Credit Parties propose to take with respect thereto, and (b) the occurrence of any of the following with respect to a Credit Party

(i) the pendency or commencement of any litigation, arbitral or governmental proceeding against such Credit Party which if adversely determined is likely to have a Material Adverse Effect, (ii) the

institution of any proceedings against the Credit Party with respect to, or the receipt of written notice by such Person of potential liability or responsibility for violation, or alleged violation of any federal, state or local law, rule or regulation, including but not limited to, Environmental Laws, the violation of which would likely have a Material Adverse Effect or (iii) any notice or determination concerning the imposition of any withdrawal liability by a Multiemployer Plan against such Credit Party or any ERISA affiliate, the determination that a Multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV of ERISA or the termination of any Plan.

(i) ERISA. Upon any of the Credit Parties or any ERISA Affiliate obtaining knowledge thereof, the Borrowers will give written notice to the Agent promptly (and in any event within five business days) of: (i) of any event or condition, including, but not limited to, any Reportable Event, that constitutes, or might reasonably lead to, a Termination Event; (ii) with respect to any Multiemployer Plan, the receipt of notice as prescribed in ERISA or otherwise of any withdrawal liability assessed against the Borrowers or any ERISA Affiliate, or of a determination that any Multiemployer Plan is in reorganization or insolvent (both within the meaning of Title IV of ERISA); (iii) the failure to make full payment on or before the due date (including extensions) thereof of all amounts which any Credit Party or any ERISA Affiliate is required to contribute to each Plan pursuant to its terms and as required to meet the minimum funding standard set forth in ERISA and the Code with respect thereto; or (iv) any change in the funding status of any Plan that could have a Material Adverse Effect, together, with a description of any such event or condition or a copy of any such notice and a statement by the principal financial officer of Speedway Motorsports briefly setting forth the details regarding such event, condition, or notice, and the action, if any, which has been or is being taken or is proposed to be taken by the Credit Parties with respect thereto. Promptly upon request, the Borrowers shall furnish the Agent and each of the Lenders with such additional information concerning any Plan as may be reasonably requested, including, but not limited to, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each "plan year" (within the meaning of Section 3(39) of ERISA).

(j) Other Information. With reasonable promptness upon any such request, such other information regarding the business, properties or financial condition of the Credit Parties as the Agent or the Required Lenders may reasonably request.

## 7.2 Preservation of Existence and Franchises.

Each of the Credit Parties will do all things necessary to preserve and keep in full force and effect its existence, material rights, franchises and authority.

### 7.3 Books and Records.

Each of the Credit Parties will keep complete and accurate books and records of its transactions in accordance with good accounting practices on the basis of GAAP (including the establishment and maintenance of appropriate reserves).

### 7.4 Compliance with Law.

Each of the Credit Parties will comply with all laws, rules, regulations and orders, and all applicable restrictions imposed by all Governmental Authorities, applicable to it and its property if noncompliance with any such law, rule, regulation, order or restriction would have a Material Adverse Effect.

### 7.5 Payment of Taxes and Other Indebtedness.

Each of the Credit Parties will pay and discharge (i) all taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any of its properties, before they shall become delinquent, (ii) all lawful claims (including claims for labor, materials and supplies) which, if unpaid, might give rise to a Lien upon any of its properties, and (iii) except as prohibited hereunder, all of its other Indebtedness as it shall become due; provided, however, that a Credit Party shall not be required to pay any such tax, assessment, charge, levy, claim or Indebtedness which is being contested in good faith by appropriate proceedings and as to which adequate reserves therefor have been established in accordance with GAAP, unless the failure to make any such payment (i) would give rise to an immediate right to foreclose on a Lien securing such amounts or (ii) would have a Material Adverse Effect.

### 7.6 Insurance.

Each of the Credit Parties will at all times maintain in full force and effect insurance (including worker's compensation insurance, liability insurance, casualty insurance, business interruption insurance and property insurance) in such amounts, covering such risks and liabilities and with such deductibles or self-insurance retentions as are in accordance with normal industry practice provided by nationally recognized, financially sound insurance companies rated not less than A (or the equivalent thereof) by Best's Key Rating Guide or S&P.

### 7.7 Maintenance of Property.

Each of the Credit Parties will maintain and preserve its properties and equipment material to the conduct of its business in good repair, working order and condition, normal wear and tear excepted, and will make, or cause to be made, in such properties and equipment from time to time all repairs, renewals, replacements, extensions, additions, betterments and improvements thereto as may be needed or proper, to the extent and in the manner customary for companies in similar businesses.

## 7.8 Performance of Obligations.

Each of the Credit Parties will perform in all material respects all of its obligations under the terms of all material agreements, indentures, mortgages, security agreements or other debt instruments to which it is a party or by which it is bound.

## 7.9 Use of Proceeds.

The Borrowers will use the proceeds of the Loans solely for the purposes set forth in Section 6.15.

## 7.10 Audits/Inspections.

Upon reasonable notice and during normal business hours, each Credit Party will permit representatives appointed by the Agent (and after the occurrence of an Event of Default, representatives of any Lender), including, without limitation, independent accountants, agents, attorneys, and appraisers to visit and inspect its property, including its books and records, its accounts receivable and inventory, its facilities and its other business assets, and to make photocopies or photographs thereof and to write down and record any information such representative obtains and shall permit the Agent or its representatives to investigate and verify the accuracy of information provided to the Lenders and to discuss all such matters with the officers, employees and representatives of such Credit Policy.

## 7.11 Financial Covenants.

(a) Consolidated Net Worth. Consolidated Net Worth at each Calculation Date shall be no less than the sum of \$200,000,000, increased on a cumulative basis as of the last day of each fiscal quarter commencing with the last day of fiscal quarter September 30, 1997 by an amount equal to (i) 50% of Consolidated Net Income (provided such Consolidated Net Income is greater than zero) for the fiscal quarter then ended and (ii) 100% of Net Proceeds from an Equity Transaction for the fiscal quarter then ended.

(b) Consolidated Leverage Ratio. The Consolidated Leverage Ratio at each Calculation Date shall be no greater than (i) 0.625 to 1.0 through and including September 30, 1999 and (ii) 0.60 to 1.0 at each Calculation Date thereafter.

(c) Consolidated Total Debt Ratio. The Consolidated Total Debt Ratio at each Calculation Date shall be no greater than (i) 4.0 to 1.0 through and including September 30, 1999 and (ii) 3.75 to 1.0 at each Calculation Date thereafter.

(d) Consolidated Capital Charges Coverage Ratio. The Consolidated Capital Charges Coverage Ratio at each Calculation Date shall be no less than (i) 2.0 to 1.0 through and including September 30, 1999 and (ii) 2.50 to 1.0 at each Calculation Date thereafter.

#### 7.12 Additional Credit Parties.

At the time any Person becomes a direct or indirect Subsidiary of a Credit Party, the Borrowers shall so notify the Agent and shall cause such Person to (a) execute a Joinder Agreement in substantially the same form as Schedule 7.12 and (b) deliver such other documentation as the Agent may reasonably request in connection with the foregoing, including, without limitation, certified corporate resolutions and other corporate organizational and authorizing documents of such Person and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to the Agent.

#### 7.13 Ownership of Subsidiaries.

Except to the extent otherwise provided in Section 8.4(c), Section 8.12 and with respect to North Wilkesboro Speedway, Inc. and North Carolina Motor Speedway, Inc., Speedway Motorsports shall directly or indirectly, own at all times 100% of the capital stock of each of its Subsidiaries.

### SECTION 8

#### **NEGATIVE COVENANTS**

Each Credit Party hereby covenants and agrees that, so long as this Credit Agreement is in effect or any amounts payable hereunder or under any other Credit Document shall remain outstanding, and until all of the Commitments hereunder shall have terminated:

##### 8.1 Indebtedness.

None of the Credit Parties will contract, create, incur, assume or permit to exist any Indebtedness, except:

- (a) Indebtedness arising under this Credit Agreement and the other Credit Documents;
- (b) Indebtedness of Speedway Motorsports and any of its Subsidiaries existing as of the Closing Date and set forth in Schedule 8.1 and any refinancings thereof for the same or less amount;
- (c) purchase money Indebtedness (including Capital Leases) hereafter incurred by Speedway Motorsports and any of its Subsidiaries to finance the purchase of fixed assets provided (i) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed; and (ii) no such Indebtedness shall be refinanced for a

principal amount in excess of the principal balance outstanding thereon at the time of such refinancing;

(d) Indebtedness evidenced by, or any guaranty of, the Senior Notes;

(e) Indebtedness in respect of Hedge Agreements entered into with Lenders in an aggregate notional amount for all such agreements not to exceed the Committed Amount;

(f) Intercompany Indebtedness; or

(g) Indebtedness assumed in any transaction permitted by

Section 8.4 hereof provided (i) such indebtedness when incurred shall not exceed the purchase price of the asset(s) financed; and (ii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing.

## 8.2 Liens.

None of the Credit Parties will contract, create, incur, assume or permit to exist any Lien with respect to any of its Property, except for Permitted Liens and Liens securing Indebtedness permitted under Sections 8.1(c) and (g) provided that such Liens relate solely to the specific Property being acquired.

## 8.3 Nature of Business.

Neither Speedway Motorsports nor any of its Subsidiaries will substantively alter the character or conduct of the business conducted by any such Person as of the Closing Date.

## 8.4 Consolidation, Merger, Sale or Purchase of Assets, etc.

### **None of the Credit Parties will:**

(a) dissolve, liquidate or wind up its affairs, or enter into any transaction of merger or consolidation; provided, however, that, so long as no Default or Event of Default would be directly or indirectly caused as a result thereof, (i) Speedway Motorsports may merge or consolidate with any of its Subsidiaries provided Speedway Motorsports is the surviving corporation or (ii) any Credit Party (other than Speedway Motorsports) may merge or consolidate with any other Credit Party (other than the Borrowers);

(b) sell, lease, transfer or otherwise dispose of any Property other than (i) the sale of inventory in the ordinary course of business for fair consideration, (ii) the sale or disposition of machinery and equipment no longer used or useful in the conduct of such Person's business, (iii) subject to the terms of Section 8.9 and 8.13, other sales and dispositions provided that (A) after giving effect to such sale or other disposition, the aggregate book value of assets sold or otherwise disposed of pursuant to this clause (iii) since the Closing Date does not exceed \$5,000,000 and (B) after giving effect on a Pro Forma Basis to such sale or other disposition, no Default or Event of Default would exist hereunder; or

(c) except as otherwise permitted by Section 8.4(a) or 8.5, acquire all or any portion of the capital stock or securities of any other Person or purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) all or any substantial part of the Property of any other Person provided, however, that, so long as no Default or Event of Default would be caused as a result thereof on an actual or Pro Forma Basis, then any Credit Party may (i) acquire an interest in additional motor speedways, whether by merger, stock purchase or asset purchase; provided, however, that the aggregate Cash Consideration paid for such acquisitions in any fiscal year shall not exceed 25% of the Consolidated Net Worth of Speedway Motorsports at the immediately preceding fiscal year end, and (ii) consummate other acquisitions consistent with the nature of the Borrowers' business, whether by merger, stock purchase or asset purchase; provided, however, that the Cash Consideration paid for such other acquisitions shall not exceed \$10,000,000 in the aggregate.

#### 8.5 Advances, Investments, Loans, etc.

Except as permitted under Section 8.4(c), none of the Credit Parties will make Investments in or to any Person other than to another Credit Party, except for Permitted Investments.

#### 8.6 Restricted Payments.

None of the Credit Parties will directly or indirectly declare, order, make or set apart any sum for or pay any Restricted Payment, except (i) to make dividends payable solely in the same class of capital stock of such Person, (ii) to make dividends payable to any Credit Party and (iii) as permitted by Section 8.7.

#### 8.7 Prepayments of Indebtedness, etc.

None of the Credit Parties will (i) after the issuance thereof, amend or modify (or permit the amendment or modification of) any of the terms of any Indebtedness (other than this Credit Agreement) if such amendment or modification would add or change any terms in a manner adverse to the issuer of such Indebtedness (unless the consent of the issuer of such Indebtedness has been obtained) or to the Lenders, or shorten the final maturity or average life to maturity or require any payment to be made sooner than originally scheduled or increase the interest rate

applicable thereto or change any subordination provision thereof, (ii)(A) if any Default or Event of Default has occurred and is continuing or would be directly or indirectly caused as a result thereof, make (or give any notice with respect thereto) any voluntary or optional payment or prepayment or redemption or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), refund, refinance or exchange of any other Indebtedness, or (B) amend, modify or change its articles of incorporation (or corporate charter or other similar organizational document) or bylaws (or other similar document) where such change would have a Material Adverse Effect.

#### 8.8 Subordinated Debt.

No Credit Party will (a) make or offer to make any principal payments with respect to the Subordinated Debt, (b) redeem or offer to redeem any of the Subordinated Debt, or (c) deposit any funds intended to discharge or defease any or all of the Subordinated Debt. The Subordinated Debt may not be amended or modified without the prior written consent of the Required Lenders in the event such amendment or modification would add or change any terms, agreements, covenants or conditions of the Subordinated Debt in a manner adverse to any Lender, it being specifically understood and agreed that no amendment to Article 4 or Article 10 of the Indenture shall be made without the prior written consent of the Required Lenders.

#### 8.9 Transactions with Affiliates.

Except for Intercompany Indebtedness and Permitted Investments, none of the Credit Parties will enter into or permit to exist any transaction or series of transactions with any officer, director, shareholder, Subsidiary or Affiliate of such Person other than (a) advances of working capital to any Credit Party, (b) transfers of cash and assets to any Credit Parties, (c) transactions permitted by Sections 8.4, 8.5 and Section 8.6, (d) normal reimbursement of expenses of officers and directors, (e) other transactions for goods and services not to exceed \$100,000 at any one time and (f) except as otherwise specifically limited in this Credit Agreement, other transactions which are entered into in the ordinary course of such Person's business on terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transactions with a Person other than an officer, director, shareholder, Subsidiary or Affiliate.

#### 8.10 Fiscal Year.

None of the Credit Parties will change its fiscal year.

#### 8.11 Limitation on Restrictions on Dividends and Other Distributions, etc.

None of the Credit Parties will, directly or indirectly create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any such Person to (a) pay dividends or make any other distribution

on any of such Person's capital stock (other than in connection with a transaction permitted by Section 8.4(c) hereof), (b) subject to subordination provisions, pay any Indebtedness owed to the Borrowers or any other Credit Party, (c) make loans or advances to any Credit Party (other than loans or advances by Speedway Funding) or (d) transfer any of its Property to any other Credit Party other than in the ordinary course of business.

#### 8.12 Issuance and Sale of Subsidiary Stock.

None of the Credit Parties will, except to qualify directors where required by applicable law, sell, transfer or otherwise dispose of, any shares of capital stock of any of its Subsidiaries or permit any of its Subsidiaries to issue, sell or otherwise dispose of, any shares of capital stock of any of its Subsidiaries.

#### 8.13 Sale Leasebacks.

None of the Credit Parties will, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an Operating Lease or a Capital Lease, of any Property (whether real or personal or mixed), whether now owned or hereafter acquired, (i) which such Person has sold or transferred or is to sell or transfer to any other Person or (ii) which such Person intends to use for substantially the same purpose as any other Property which has been sold or is to be sold or transferred by such Person to any other Person in connection with such lease. The Credit Parties acknowledge that the Purchase Agreement between Texas Motor Speedway, Inc. and FW Sports Authority, Inc. and the Lease Agreement between FW Sports Authority, Inc., as lessor, and Texas Motor Speedway, Inc., as lessee, while in form appearing to be a sale leaseback transaction, is not deemed to be or treated as a sale leaseback per GAAP.

#### 8.14 Capital Expenditures.

Consolidated Capital Expenditures (exclusive of acquisitions permitted by Section 8.4(c) and any capital expenditures made in connection with pre-sold condominium units) for the four quarter period ending June 30, 1998 and each successive four quarter period thereafter shall not exceed \$125,000,000. In no event shall Consolidated Capital Expenditures (exclusive of acquisitions permitted by Section 8.4(c) and any capital expenditures made in connection with pre-sold condominium units) exceed \$325,000,000 in the aggregate prior to the Termination Date.

#### 8.15 No Further Negative Pledges.

Except with respect to prohibitions against other encumbrances on specific Property encumbered to secure payment of particular Indebtedness (which Indebtedness relates solely to such specific Property, and improvements and accretions thereto, and is otherwise permitted hereby), and except as included in the terms of any Indebtedness permitted by Section 8.1(g) hereof, none of the Credit Parties will enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon its properties or

assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation.

#### 8.16 Restrictions.

No Credit Party will directly or indirectly cause to exist any restriction on the ability of any Credit Party to (i) pay dividends or make any other distributions to the Borrowers or their Subsidiaries or (ii) grant liens to the Lenders.

### SECTION 9

#### **EVENTS OF DEFAULT**

##### 9.1 Events of Default.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an "Event of Default"):

(a) Payment. Any Credit Party shall

(i) default in the payment when due of any principal of any of the Loans or of any reimbursement obligations arising from drawings under Letters of Credit, or

(ii) default in the payment when due of any interest on the Loans or on any reimbursement obligations arising from drawings under Letters of Credit, or of any Fees or other amounts owing hereunder, under any of the other Credit Documents or in connection herewith or therewith; or

(b) Representations. Any representation, warranty or statement made or deemed to be made by any Credit Party herein, in any of the other Credit Documents, or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was deemed to have been made; or

(c) Covenants. Any Credit Party shall

(i) default in the due performance or observance of any term, covenant or agreement contained in Sections 7.2, 7.9, 7.10, 7.11, 7.12 or 8.1 through 8.16, inclusive, or

(ii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in subsections (a), (b) or (c)(i))

or this Section 9.1) contained in this Credit Agreement and such default shall continue unremedied for a period of at least 30 days after the earlier of a responsible officer of a Credit Party becoming aware of such default or notice thereof by the Agent; or

(d) Other Credit Documents.

(i) Any Credit Party shall default in the due performance or observance of any term, covenant or agreement in any of the other Credit Documents (subject to applicable grace or cure periods) if any, or

(ii) any Credit Document shall fail to be in full force and effect to give the Agent and/or the Lenders the liens, rights, powers and privileges purported to be created thereby; or

(e) Guaranties. The guaranty given by any Guarantor hereunder (including any Additional Credit Party) or any provision thereof shall cease to be in full force and effect, or any Guarantor (including any Additional Credit Party) hereunder or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under such guaranty; or

(f) Bankruptcy, etc. Any Credit Party shall commence a voluntary case concerning itself under the Bankruptcy Code; or an involuntary case is commenced against any Credit Party under the Bankruptcy Code and the petition is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of all or substantially all of the property of any Credit Party; or any Credit Party commences any other proceeding under any reorganization, arrangement, adjustment of the debt, relief of creditors, dissolution, insolvency or similar law of any jurisdiction whether now or hereafter in effect relating to any Credit Party; or there is commenced against any Credit Party any such proceeding which remains undismissed for a period of 60 days; or any Credit Party is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered against any Credit Party; or any Credit Parties suffers appointment of any custodian or the like for it or for any substantial part of its property to continue unchanged or unstayed for a period of 60 days; or any Credit Party makes a general assignment for the benefit of creditors; or any corporate action is taken by any Credit Party for the purpose of effecting any of the foregoing; or

(g) Defaults under Other Agreements. With respect to any Indebtedness (other than Indebtedness outstanding under this Credit Agreement) in excess of \$5,000,000 in the aggregate for all of the Credit Parties taken as a whole, (i) any Credit Party shall (A) default in any payment (beyond the applicable grace period with respect thereto, if any) with respect to any such Indebtedness, or (B) default in the observance or performance relating to such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event or condition shall occur or

condition exist, the effect of which default or other event or condition is to cause, or permit, the holder or holders of such Indebtedness (or trustee or agent on behalf of such holders) to cause (determined without regard to whether any notice or lapse of time is required), any such Indebtedness to become due prior to its stated maturity; or (ii) any such Indebtedness shall be declared due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(h) Judgments. One or more judgments or decrees shall be entered against any Credit Party involving a liability of \$5,000,000 or more in the aggregate (to the extent not paid or fully covered by insurance provided by a carrier who has acknowledged coverage) and any such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 30 days from the entry thereof; or

(i) ERISA. Any of the following events or conditions that result in a Material Adverse Effect: (1) any "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, shall exist with respect to any Plan, or any lien shall arise on the assets of any Credit Party or any ERISA Affiliate in favor of the PBGC or a Plan; (2) a Termination Event shall occur with respect to a Single Employer Plan, which is, in the reasonable opinion of the Agent, likely to result in the termination of such Plan for purposes of Title IV of ERISA; (3) a Termination Event shall occur with respect to a Multiemployer Plan or Multiple Employer Plan, which is, in the reasonable opinion of the Agent, likely to result in (i) the termination of such Plan for purposes of Title IV of ERISA, or (ii) any Credit Party or any ERISA Affiliate incurring any liability in connection with a withdrawal from, reorganization of (within the meaning of Section 4241 of ERISA), or insolvency or (within the meaning of Section 4245 of ERISA) such Plan; or (4) any prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility shall occur which may subject any Credit Party or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which any Credit Party or any ERISA Affiliate has agreed or is required to indemnify any Person against any such liability; or

(j) Ownership. There shall occur a Change of Control.

## 9.2 Acceleration; Remedies.

Upon the occurrence of an Event of Default, and at any time thereafter unless and until such Event of Default has been waived by the Required Lenders or cured to the satisfaction of the Required Lenders (pursuant to the voting procedures in Section 11.6), the Agent shall, upon the request and direction of the Required Lenders, by written notice to the Credit Parties take any of the following actions without prejudice to the rights of the Agent or any Lender to enforce its claims against the Credit Parties, except as otherwise specifically provided for herein:

(i) Termination of Commitments. Declare the Commitments terminated, whereupon the Commitments shall be immediately terminated.

(ii) Acceleration. Declare the unpaid principal of and any accrued interest in respect of all Loans, the LOC Obligations (with accrued interest thereon) and any and all other indebtedness or obligations of any and every kind owing by the Borrowers to any of the Lenders hereunder to be due whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers. The Agent may direct the Borrowers to pay to the Agent cash collateral as security for the LOC Obligations for subsequent drawings under then outstanding Letters of Credit in an amount equal to the maximum amount which may be drawn under Letters of Credit then outstanding, whereupon the same shall immediately become due and payable.

(iii) Enforcement of Rights. Enforce any and all rights and interests created and existing under the Credit Documents and all rights of set-off.

Notwithstanding the foregoing, if an Event of Default specified in Section 9.1(f) shall occur, then the Commitments shall automatically terminate and all Loans, all reimbursement obligations arising from drawings under Letters of Credit, all accrued interest in respect thereof, all accrued and unpaid Fees and other indebtedness or obligations owing to the Lenders hereunder automatically shall immediately become due and payable without the giving of any notice or other action by the Agent.

## SECTION 10

### AGENCY PROVISIONS

#### 10.1 Appointment.

Each Lender hereby designates and appoints NationsBank, N.A. as administrative agent (in such capacity as Agent hereunder, the "Agent") of such Lender to act as specified herein and the other Credit Documents, and each such Lender hereby authorizes the Agent as the agent for such Lender, to take such action on its behalf under the provisions of this Credit Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated by the terms hereof and of the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere herein or in the other Credit Documents, the Agent shall not have any duties or responsibilities, except those expressly set forth herein and therein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Credit Agreement or any of the other Credit Documents, or shall otherwise exist against the Agent. The provisions of this Section are solely for the benefit of the Agent and the Lenders and none of the Credit Parties shall have any rights as a third party

beneficiary of the provisions hereof. In performing its functions and duties under this Credit Agreement and the other Credit Documents, the Agent shall act solely as agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for any Credit Party.

#### 10.2 Delegation of Duties.

The Agent may execute any of its duties hereunder or under the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

#### 10.3 Exculpatory Provisions.

Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection herewith or in connection with any of the other Credit Documents (except for its or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any of the Credit Parties contained herein or in any of the other Credit Documents or in any certificate, report, document, financial statement or other written or oral statement referred to or provided for in, or received by the Agent under or in connection herewith or in connection with the other Credit Documents, or enforceability or sufficiency thereof of any of the other Credit Documents, or for any failure of any Credit Party to perform its obligations hereunder or thereunder. The Agent shall not be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Credit Agreement, or any of the other Credit Documents or for any representations, warranties, recitals or statements made herein or therein or made by the Borrower or any Credit Party in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Agent to the Lenders or by or on behalf of the Credit Parties to the Agent or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default or to inspect the properties, books or records of the Credit Parties.

#### 10.4 Reliance on Communications.

The Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to any of the Credit Parties, independent accountants and other experts selected by the Agent with reasonable care). The Agent may deem and treat the Lenders as the owner of its interests hereunder for all

purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent in accordance with Section 11.3(b) hereof. The Agent shall be fully justified in failing or refusing to take any action under this Credit Agreement or under any of the other Credit Documents unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or under any of the other Credit Documents in accordance with a request of the Required Lenders (or to the extent specifically provided in Section 11.6, all the Lenders) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders (including their successors and assigns).

#### 10.5 Notice of Default.

The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default (other than a payment Default) hereunder unless the Agent has received notice from a Lender or a Credit Party referring to the Credit Document, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders.

#### 10.6 Non-Reliance on Agent and Other Lenders.

Each Lender expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent or any of its respective affiliates hereinafter taken, including any review of the affairs of any Credit Party shall be deemed to constitute any representation or warranty by the Agent to any Lender. Each Lender represents to the Agent that it has, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrowers and the other Credit Parties and made its own decision to make its Loans hereunder and enter into this Credit Agreement. Each Lender also represents that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Credit Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrowers and the other Credit Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial or other conditions, prospects or creditworthiness of the Borrowers and the other Credit Parties which may come into

the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

#### 10.7 Indemnification.

The Lenders agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Borrowers and without limiting the obligation of the Borrowers to do so), ratably according to their respective Commitments (or if the Commitments have expired or been terminated, in accordance with the respective principal amounts of outstanding Loans and Participation Interests of the Lenders), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Borrowers' Obligations) be imposed on, incurred by or asserted against the Agent in its capacity as such in any way relating to or arising out of this Credit Agreement or the other Credit Documents or any documents contemplated herein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Agent. If any indemnity furnished to the Agent for any purpose shall, in the opinion of the Agent, be insufficient or become impaired, the Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section shall survive the repayment of the Loans and other obligations under the Credit Documents and the termination of the Commitments hereunder.

#### 10.8 Agent in its Individual Capacity.

The Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Credit Party as though the Agent were not Agent hereunder. With respect to the Loans made and all Borrowers' Obligations owing to it, the Agent shall have the same rights and powers under this Credit Agreement as any Lender and may exercise the same as though they were not Agent, and the terms "Lender" and "Lenders" shall include the Agent in its individual capacity.

#### 10.9 Successor Agent.

The Agent may, at any time, resign upon 20 days' written notice to the Lenders, and be removed with or without cause by the Required Lenders upon 30 days' written notice to the Agent; provided that prior to the occurrence of an Event of Default, such successor Agent shall not be appointed without the consent of the Borrowers, which consent shall not be unreasonably withheld. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent; provided that prior to the occurrence of an Event of Default, such successor Agent shall not be appointed without the consent of the Borrowers which consent shall not be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the notice of

resignation or notice of removal, as appropriate, then the retiring Agent shall select a successor Agent provided such successor is a Lender hereunder or a commercial bank organized under the laws of the United States of America or of any State thereof and has a combined capital and surplus of at least \$400,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations as Agent, as appropriate, under this Credit Agreement and the other Credit Documents and the provisions of this Section 10.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Credit Agreement.

## SECTION 11

### MISCELLANEOUS

#### 11.1 Notices.

Except as otherwise expressly provided herein, all notices and other communications shall have been duly given and shall be effective (i) when delivered, (ii) when transmitted via telecopy (or other facsimile device) to the number set out below, (iii) the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (iv) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address, in the case of the Borrowers and Guarantors and the Agent, set forth below, and in the case of the Lenders, set forth on Schedule 2.1(a), or at such other address as such party may specify by written notice to the other parties hereto:

**if to the Borrowers or the Guarantors:**

Speedway Motorsports, Inc.  
P.O. Box 18747  
Charlotte, North Carolina 28218  
Attn: Chief Financial Officer  
Telephone: (704) 532-3306  
Telecopy: (704) 532-3312

with copies to:

Speedway Motorsports, Inc.  
P.O. Box 600  
Concord, North Carolina 28026-0600  
Attn: President

900 N. Market Street  
Suite 200  
Wilmington, Delaware 19801  
Attn: Victoria L. Garrett, Vice President

**if to the Agent:**

NationsBank, N.A.  
Independence Center, 15th Floor  
NC1-001-15-04  
101 N. Tryon Street  
Charlotte, North Carolina 28255  
Attn: Jeffrey L. Pugh  
Telephone: (704) 386-9046  
Telecopy: (704) 386-2329

with a copy to:

NationsBank, N.A.  
NationsBank Corporate Center  
NC1-007-08-08

100 N. Tryon Street  
Charlotte, North Carolina 28255  
Attn: Sports Finance Group  
Telephone: (704) 386-5474  
Telecopy: (704) 386-1270

11.2 Right of Set-Off.

In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Lender is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of which rights being hereby expressly waived), to set-off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Lender (including, without limitation branches, agencies or Affiliates of such Lender wherever located) to or for the credit or the account of any Credit Party against obligations and liabilities of such Credit Party to such Lender hereunder, under the Notes, the other Credit Documents or otherwise, irrespective of whether such Lender shall have made any demand hereunder and although such obligations, liabilities or claims, or any of them, may be contingent or unmatured, and any such set-off shall be deemed to have been made immediately upon the occurrence of an Event of Default even though such charge is made or entered on the books of such Lender subsequent thereto. Each of the Credit Parties hereby agrees that any Person purchasing a participation in the Loans and Commitments hereunder pursuant to Section

11.3(c) may exercise all rights of set-off with respect to its participation interest as fully as if such Person were a Lender hereunder.

### 11.3 Benefit of Agreement.

(a) Generally. This Credit Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that none of the Credit Parties may assign and transfer any of its interests without prior written consent of all the Lenders; provided further that the rights of each Lender to transfer, assign or grant participations in its rights and/or obligations hereunder shall be limited as set forth in this

Section 11.3, provided however that nothing herein shall prevent or prohibit any Lender from (i) pledging its Loans hereunder to a Federal Reserve Bank in support of borrowings made by such Lender from such Federal Reserve Bank, or (ii) granting assignments or participation in such Lender's Loans and/or Commitments hereunder to its parent company and/or to any affiliate of such Lender which is at least 50% owned by such Lender or its parent company.

(b) Assignments. Each Lender may assign all or a portion of its rights and obligations hereunder pursuant to an assignment agreement substantially in the form of Schedule 11.3(b) to one or more Eligible Assignees, provided that any such assignment shall be in a minimum aggregate amount of \$10,000,000 of the Commitments and in integral multiples of \$1,000,000 above such amount, that such assignment shall be of a constant, not varying, percentage of all of the assigning Lender's rights and obligations under this Credit Agreement. Any assignment hereunder shall be effective upon delivery to the Agent of written notice of the assignment together with a transfer fee of \$3,500 (paid by the assignee) payable to the Agent for its own account. The assigning Lender will give prompt notice to the Agent and the Borrowers of any such assignment. Upon the effectiveness of any such assignment (and after notice to the Borrowers as provided herein), the assignee shall become a "Lender" for all purposes of this Credit Agreement and the other Credit Documents and, to the extent of such assignment, the assigning Lender shall be relieved of its obligations hereunder to the extent of the Loans and Commitment components being assigned. Along such lines, the Borrowers agree that, upon notice of any such assignment and surrender of the appropriate Note or Notes, they will promptly provide to the assigning Lender and to the assignee separate promissory notes in the amount of their respective interests substantially in the form of the original Note or Notes (but with notation thereon that it is given in substitution for and replacement of the original Note or Notes or any replacement notes thereof).

(c) Participations. Each Lender may sell, transfer, grant or assign participations in all or any part of such Lender's interests and obligations hereunder; provided that (i) such selling Lender shall remain a "Lender" for all purposes under this Credit Agreement (such selling Lender's obligations under the Credit Documents remaining unchanged) and the participant shall not constitute a Lender hereunder, (ii) no such participant shall have, or be granted, rights to approve any amendment or waiver relating to this Credit Agreement or the other Credit Documents except to the extent any

such amendment or waiver would (A) reduce the principal of or rate of interest on or Fees in respect of any Loans in which the participant is participating, (B) postpone the date fixed for any payment of principal (including extension of the Termination Date or the date of any mandatory prepayment), interest or Fees in which the participant is participating, or (C) release all or any substantial part of any collateral or guaranties (except as expressly provided in the Credit Documents) supporting any of the Loans or Commitments in which the participant is participating, (iii) sub-participations by the participant (except to an affiliate, parent company or affiliate of a parent company of the participant) shall be prohibited and (iv) any such participations shall be in a minimum aggregate amount of \$5,000,000 of the Commitments and in integral multiples of \$1,000,000 in excess thereof. In the case of any such participation, the participant shall not have any rights under this Credit Agreement or the other Credit Documents (the participant's rights against the selling Lender in respect of such participation to be those set forth in the participation agreement with such Lender creating such participation) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation, provided, however, that such participant shall be entitled to receive additional amounts under Sections 3.6, 3.9, 3.10 and 3.11 on the same basis as if it were a Lender.

#### 11.4 No Waiver; Remedies Cumulative.

No failure or delay on the part of the Agent or any Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any of the Credit Parties shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which the Agent or any Lender would otherwise have. No notice to or demand on any Credit Part in any case shall entitle the Borrowers or any other Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent or the Lenders to any other or further action in any circumstances without notice or demand.

#### 11.5 Payment of Expenses, etc.

The Borrowers jointly and severally agree to: (i) pay all reasonable out-of-pocket costs and expenses of the Agent in connection with the negotiation, preparation, execution and delivery and administration of this Credit Agreement and the other Credit Documents and the documents and instruments referred to therein (including, without limitation, the reasonable fees and expenses of Moore & Van Allen, special counsel to the Agent) and any amendment, waiver or consent relating hereto and thereto including, but not limited to, any such amendments, waivers or consents resulting from or related to any work-out, renegotiation or restructure relating to the performance by the Credit Parties under this Credit Agreement and of the Agent and the Lenders in connection with enforcement of the Credit Documents and the documents and instruments referred to therein (including, without limitation, in connection with any such

enforcement, the reasonable fees and disbursements of counsel for the Agent and each of the Lenders); (ii) pay and hold each of the Lenders harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Lender) to pay such taxes; and (iii) indemnify each Lender, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of any investigation, litigation or other proceeding (whether or not any Lender is a party thereto) related to the entering into and/or performance of any Credit Document or the use of proceeds of any Loans (including other extensions of credit) hereunder or the consummation of any other transactions contemplated in any Credit Document or any Environmental Claim (except to the extent such claim arises from the gross negligence or willful misconduct of any indemnified party), including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding, any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of gross negligence or willful misconduct on the part of the Person to be indemnified).

#### 11.6 Amendments, Waivers and Consents.

Neither this Credit Agreement nor any other Credit Document nor any of the terms hereof or thereof may be amended, changed, waived, discharged or terminated unless such amendment, change, waiver, discharge or termination is in writing signed by the Required Lenders, provided that no such amendment, change, waiver, discharge or termination shall, without the consent of each Lender, (i) extend the scheduled maturities (including the final maturity and any mandatory scheduled prepayments) of any Loan, or any portion thereof, or reduce the rate or extend the time of payment of interest (other than as a result of waiving the applicability of any post-default increase in interest rates) thereon or fees hereunder or reduce the principal amount thereof, or increase the Commitments of the Lenders over the amount thereof in effect (it being understood and agreed that a waiver of any Default or Event of Default shall not constitute a change in the terms of any Commitment of any Lender), (ii) release any Guarantor from its guaranty obligations hereunder, (iii) amend, modify or waive any provision of this Section or Section 3.5, 3.11, 3.12, 3.13, 3.14, 5.1, 5.2, 9.1(a), 11.2, 11.3, or 11.9, (iv) reduce any percentage specified in, or otherwise modify, the definition of Required Lenders, (v) consent to the assignment or transfer by any Borrower (or Guarantor) of any of its rights and obligations under (or in respect of) this Credit Agreement or (vi) release all or any substantial part of any collateral. No provision of Section 9 may be amended without the consent of the Agent.

Notwithstanding the above, the right to deliver a Payment Blockage Notice (as defined in the Indenture) shall reside solely with the Agent and the Agent shall deliver such Payment Blockage Notice only upon the direction of the Required Lenders.

#### 11.7 Counterparts.

This Credit Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Credit Agreement to produce or account for more than one such counterpart.

#### 11.8 Headings.

The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Credit Agreement.

#### 11.9 Survival of Indemnification.

All indemnities set forth herein, including, without limitation, in Section 3.9, 3.11, 10.7 or 11.5 shall survive the execution and delivery of this Credit Agreement, the making of the Loans, the repayment of the Loans and other obligations under the Credit Documents and the termination of the Commitments hereunder.

#### 11.10 Governing Law; Submission to Jurisdiction; Venue.

(a) THIS CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA. Any legal action or proceeding with respect to this Credit Agreement or any other Credit Document may be brought in the courts of the State of North Carolina, in Mecklenburg County, or of the United States for the Western District of North Carolina, and, by execution and delivery of this Credit Agreement, each of the Credit Parties hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such courts. Each of the Credit Parties further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address set out notices pursuant to Section 11.1, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of the Agent to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against any Credit Party in any other jurisdiction.

(b) Each of the Credit Parties hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Credit Agreement or any other Credit Document brought in the courts referred to in subsection (a) hereof and hereby further irrevocably waives and agrees not to plead or claim in any such court that any

such action or proceeding brought in any such court has been brought in an inconvenient forum.

#### 11.11 Severability.

If any provision of any of the Credit Documents is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

#### 11.12 Entirety.

This Credit Agreement together with the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Credit Documents or the transactions contemplated herein and therein.

#### 11.13 Survival of Representations and Warranties.

All representations and warranties made by the Credit Parties herein shall survive delivery of the Notes and the making of the Loans hereunder.

#### 11.14 Binding Effect; Termination.

(a) This Credit Agreement shall become effective at such time on or after the Closing Date when it shall have been executed by the Borrowers, the Guarantors and the Agent, and the Agent shall have received copies hereof (telexed or otherwise) which, when taken together, bear the signatures of each Lender, and thereafter this Credit Agreement shall be binding upon and inure to the benefit of the Borrowers, the Guarantors, the Agent and each Lender and their respective successors and assigns.

(b) The term of this Credit Agreement shall remain in effect until no Loans or any other amounts payable hereunder or under any of the other Credit Documents shall remain outstanding and until all of the Commitments hereunder shall have expired or been terminated.

#### 11.15 Borrowers' Obligations Joint and Several.

(a) Each of the Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders under this Credit Agreement, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each of the Borrowers to accept joint and several liability for the obligations of each of them.

(b) Each of the Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrower with respect to the payment and performance of all of the obligations of the Borrowers under the Credit Documents (the "Credit Obligations"), it being the intention of the parties hereto that all such Credit Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them.

(c) If and to the extent that either of the Borrowers shall fail to make any payment with respect to any of the Credit Obligations as and when due or to perform any of the Credit Obligations in accordance with the terms thereof, then in each such event, the other Borrower will make such payment with respect to, or perform, such Credit Obligation.

(d) The obligations of each Borrower under the provisions of this Section 11.15 constitute full recourse obligations of the Borrowers, enforceable against the Borrowers to the full extent of their properties and assets, irrespective of the validity, regularity or enforceability of this Credit Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided herein, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Loan made under this Credit Agreement, notice of occurrence of any Event of Default, or of any demand for any payment under this Credit Agreement, notice of any action at any time taken or omitted by any Lender under or in respect of any of the Credit Obligations, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Credit Agreement. Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Credit Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by any Lender at any time or times in respect of any default by either Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Credit Agreement, any and all other indulgences whatsoever by any Lender in respect of any of the Credit Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Credit Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of any Lender, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with the applicable laws or regulations thereunder which might, but for the provisions of this Section 11.15, afford grounds for terminating, discharging or relieving such Borrower, in whole or in part, from any of its obligations under this Section 11.15, it being the intention of each Borrower that, so long as any of the Obligations remain unsatisfied, the obligations of such Borrower under this Section 11.15 shall not be discharged except by performance and then only to the extent of such performance. The Credit Obligations of each Borrower under this Section 11.15 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to either Borrower or any Lender. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger,

amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of either Borrower or any Lender.

(f) The provisions of this Section 11.15 are made for the benefit of the Lenders and their respective successors and assigns, and may be enforced by any such Person from time to time against either of the Borrowers as often as occasion therefor may arise and without requirement on the part of any Lender first to marshal any of its claims or to exercise any of its rights against either of the other Borrowers or to exhaust any remedies available to it against the other Borrower or to resort to any other source or means of obtaining payment of any of the Obligations or to elect any other remedy. The provisions of this Section 11.15 shall remain in effect until all the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Credit Obligations, is rescinded or must otherwise be restored or returned by any Lender upon the insolvency, bankruptcy or reorganization of either of the Borrowers, or otherwise, the provisions of this Section 11.15 will forthwith be reinstated in effect, as though such payment had not been made.

(g) Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the joint obligations of a Borrower shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each Borrower hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the federal Bankruptcy Code).

Each of the parties hereto has caused a counterpart of this Credit Agreement to be duly executed and delivered as of the date first above written.

**BORROWERS:**

**SPEEDWAY MOTORSPORTS, INC., a Delaware**  
corporation

*By /s/ William R. Brooks*

*Title VP*

**SPEEDWAY FUNDING CORP., a Delaware**  
corporation

*By /s/ David J. Lindley*

*Title Secretary*

**GUARANTORS:**

**ATLANTA MOTOR SPEEDWAY, INC., a Georgia**  
corporation

*By /s/ William R. Brooks*

*Title VP*

**CHARLOTTE MOTOR SPEEDWAY, INC., a North**  
Carolina corporation

*By /s/ William R. Brooks*

*Title VP*

**[SIGNATURES CONTINUE]**

**TEXAS MOTOR SPEEDWAY, INC., a Texas  
corporation**

*By /s/ William R. Brooks*

*Title VP*

600 RACING, INC., a North Carolina corporation

*By /s/ William R. Brooks*

*Title VP*

**BRISTOL MOTOR SPEEDWAY, INC., a Tennessee  
corporation**

*By /s/ William R. Brooks*

*Title VP*

SPR ACQUISITION CORPORATION, a  
California corporation

*By /s/ William R. Brooks*

*Title VP*

SONOMA FUNDING CORPORATION, a  
California corporation

*By /s/ William R. Brooks*

*Title VP*

**[SIGNATURES CONTINUE]**

**THE SPEEDWAY CLUB, INC., a North  
Carolina corporation**

*By /s/ William R. Brooks*

*Title VP*

**SPEEDWAY CONSULTING & DESIGN,  
INC., a  
North Carolina corporation**

*By /s/ William R. Brooks*

*Title VP*

**INEX CORP., a North Carolina corporation**

*By /s/ William R. Brooks*

*Title VP*

**[SIGNATURES CONTINUE]**

**LENDERS:**

**SCOTIABANC INC.**

*By /s/ William E. Zarrett*

*Title Senior Relationship Manager*

**BANK ONE, TEXAS, N.A.**

*By /s/ [illegible]*

*Title Vice President*

**CREDIT LYONNAIS ATLANTA AGENCY**

*By /s/ David M. Cawrse*

*Title First Vice President & Manager*

**FIRST AMERICAN NATIONAL BANK**

*By /s/ H. Hope Stewart*

*Title A.V.P.*

**FIRST UNION NATIONAL BANK**

*By /s/ William [illegible]*

*Title Sr. Vice President*

**FLEET NATIONAL BANK**

*By /s/ [illegible]*

*Title SVP*

**[SIGNATURES CONTINUE]**

**NATIONSBANK, N.A.**

*By /s/ James E. Nash, Jr.*

*Title Senior Vice President*

**SOUTHTRUST BANK**

*By /s/ Mark R. [illegible]*

*Title Group Vice President*

**THE SUMITOMO BANK, LIMITED**

*By /s/ E.B. Buchanan*

*Title Vice President*

*By /s/ Lauren P. Carrigan*

*Title Asst. Vice President*

**SUNTRUST BANK, ATLANTA**

*By /s/ Jarrette A. White, III*

*Title GVP/Group Manager*

*By /s/ Christopher H. Cotter*

*Title Banking Officer*

**UNION BANK OF CALIFORNIA N.A.**

*By /s/ Cary Moore*

*Title Vice President*

**[SIGNATURES CONTINUE]**

**AGENT:**

**NATIONSBANK, N.A.**

*By /s/ James E. Nash, Jr.*

*Title Senior Vice President*

**CO-AGENT:**

**FIRST UNION NATIONAL BANK**

*By /s/ William W. [illegible]*

*Title Sr. Vice President*



	SIX MONTHS ENDED JUNE 30, 1996	PRO FORMA ADJUSTMENTS (1)	SIX MONTHS ENDED JUNE 30, 1996 ADJUSTED
PRO FORMA RATIO OF EARNINGS TO FIXED CHARGES			
Income from continuing operations before income taxes.....	\$22,677	\$ (171)	\$22,506
Less: Equity in operations of equity method investee.....	(185)		(185)
Adjusted income from continuing operations before income taxes.....	22,492	(171)	22,321
Fixed charges:			
Interest expense.....	566	171	737
Amortization of financing costs.....	54	--	54
Income as defined.....	\$23,112	\$ 0	\$23,112
Fixed charges:			
Interest expense.....	\$ 566	\$ 171	\$ 737
Capitalized interest.....	546	165	711
Amortization of financing costs.....	54	156	210
Fixed charges.....	\$ 1,166	\$ 492	\$ 1,658
Actual Ratio of earnings to fixed charges.....	19.82		
Pro Forma Ratio of earnings to fixed charges.....			13.94

	SIX MONTHS ENDED JUNE 30, 1997	PRO FORMA ADJUSTMENTS (1)	SIX MONTHS ENDED JUNE 30, 1997 ADJUSTED
PRO FORMA RATIO OF EARNINGS TO FIXED CHARGES			
Income from continuing operations before income taxes.....	\$49,730	\$ (119)	\$49,611
Less: Equity in operations of equity method investee.....	210		210
Adjusted income from continuing operations before income taxes.....	49,940	(119)	49,821
Fixed charges:			
Interest expense.....	1,482	119	1,601
Amortization of financing costs.....	5	--	5
Income as defined.....	\$51,427	\$ 0	\$51,427
Fixed charges:			
Interest expense.....	\$ 1,482	\$ 119	\$ 1,601
Capitalized interest.....	3,515	283	3,798
Amortization of financing costs.....	306	156	462
Fixed charges.....	\$ 5,303	\$ 558	\$ 5,861
Actual Ratio of earnings to fixed charges.....	9.70		
Pro Forma Ratio of earnings to fixed charges.....			8.77

(1) Pro forma ratio of earnings to fixed charges assumes that all bank debt outstanding during 1996, and the six-month periods ended June 30, 1996 and 1997 was refinanced with the proceeds of the Old Notes. The effect of such refinancing is an increase in fixed charges of \$950,000, \$492,000 and \$558,000 for 1996, and the six-month periods ended June 30, 1996 and 1997, respectively. The pro forma ratio of earnings to fixed charges does not reflect any income earned from the proceeds of the Prior Offering in excess of the refinanced bank debt amounts.

**SPEEDWAY MOTORSPORTS, INC.**  
**ACTUAL AND PRO FORMA RATIOS OF EBITDA TO INTEREST CHARGES**

	FOR THE YEAR ENDED DECEMBER 31,				FOR THE SIX MONTHS		
	1992	1993	1994	1995	1996	ENDED JUNE 30, 1996	1997
ACTUAL RATIO OF EBITDA TO INTEREST CHARGES							
Income from continuing operations before							
income taxes.....	\$11,099	\$15,378	\$18,525	\$33,290	\$43,057	\$22,677	\$49,730
Interest expense.....	4,527	4,520	4,282	917	693	566	1,482
Depreciation and amortization.....	4,289	4,375	4,500	4,893	7,598	3,796	7,119
EBITDA.....	\$19,915	\$24,273	\$27,307	\$39,100	\$51,348	\$27,039	\$58,331
Interest charges.....	\$ 4,527	\$ 4,520	\$ 4,282	\$ 917	\$ 3,527	\$ 1,112	\$ 4,997
Ratio of EBITDA to interest charges.....	4.40	5.37	6.38	42.64	14.56	24.32	11.67
PRO FORMA RATIO OF EBITDA TO INTEREST CHARGES							
Income from continuing operations before income taxes.....							
Interest expense.....				\$ 43,057	\$ (126)		\$ 42,931
Depreciation and amortization.....				693	126		819
EBITDA.....				7,598	--		7,598
Interest charges.....				\$ 51,348	\$ 0		\$ 51,348
Actual Ratio of EBITDA to interest charges.....				\$ 3,527	\$ 639		\$ 4,166
Pro Forma Ratio of EBITDA to interest charges.....				14.56			12.33
PRO FORMA RATIO OF EBITDA TO INTEREST CHARGES							
Income from continuing operations before income taxes.....							
Interest expense.....				\$ 22,677	\$ (171)		\$ 22,506
Depreciation and amortization.....				566	171		737
EBITDA.....				3,796	--		3,796
Interest charges.....				\$ 27,039	\$ 0		\$ 27,039
Actual Ratio of EBITDA to interest charges.....				\$ 1,112	\$ 336		\$ 1,448
Pro Forma Ratio of EBITDA to interest charges.....				24.32			18.67

	SIX MONTHS ENDED JUNE 30, 1997	PRO FORMA ADJUSTMENTS (1)	SIX MONTHS ENDED JUNE 30, 1997 ADJUSTED
PRO FORMA RATIO OF EBITDA TO INTEREST CHARGES			
Income from continuing operations before income taxes.....	\$ 49,730	\$ (119)	\$ 49,611
Interest expense.....	1,482	119	1,601
Depreciation and amortization.....	7,119		7,119
EBITDA.....	\$ 58,331	\$ 0	\$ 58,331
Interest charges.....	\$ 4,997	\$ 402	\$ 5,399
Actual Ratio of EBITDA to interest charges.....	11.67		
Pro Forma Ratio of EBITDA to interest charges.....			10.80

(1) Pro forma ratio of EBITDA to interest charges assumes that all bank debt outstanding during 1996, and the six-month periods ended June 30, 1996 and 1997 was refinanced with the proceeds of the Old Notes. The effect of such refinancing is an increase in interest charges of \$639,000, \$336,000 and \$402,000 for 1996, and the six-month periods ended June 30, 1996 and 1997, respectively. The pro forma ratio of EBITDA to interest charges does not reflect any income earned from the proceeds of the Prior Offering in excess of the refinanced bank debt amounts.

## **INDEPENDENT AUDITORS' CONSENT**

We consent to the use in this Registration Statement of Speedway Motorsports, Inc. and Subsidiaries on Form S-4 of our report dated February 28, 1997, appearing in the Prospectus, which is a part of this Registration Statement. Our report expresses an unqualified opinion and includes an explanatory paragraph relating to significant tax adjustments proposed by the Internal Revenue Service for additional income taxes and penalties, plus interest, at Atlanta Motor Speedway, Inc.

We also consent to the reference to us under the heading "Selected Financial Data" and "Independent Auditors" in such Prospectus.

**DELOITTE & TOUCHE LLP**

Charlotte, North Carolina

September 5, 1997

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM T-1

Statement of Eligibility Under the

Trust Indenture Act of 1939 of a Corporation Designated to Act as Trustee

**FIRST TRUST NATIONAL ASSOCIATION**  
(Exact name of Trustee as specified in its charter)

United States  
(State of Incorporation)

41-0257700  
(I.R.S. Employer  
Identification No.)

First Trust Center  
180 East Fifth Street  
St. Paul, Minnesota  
(Address of Principal Executive Offices)

55101  
(Zip Code)

**SPEEDWAY MOTORSPORTS, INC.**  
(Exact name of Registrant as specified in its charter)

Delaware  
(State of Incorporation)

51-0363307  
(I.R.S. Employer  
Identification No.)

U.S. Highway 29 North  
P.O. Box 600  
Concord, North Carolina  
(Address of Principal Executive Offices)

28026-0600  
(Zip Code)

**8 1/2% SENIOR SUBORDINATED NOTES DUE 2007**  
(Title of the Indenture Securities)

## GENERAL

1. General Information Furnish the following information as to the Trustee.

(a) Name and address of each examining or supervising authority to which it is subject. Comptroller of the Currency Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers. Yes

2. AFFILIATIONS WITH OBLIGOR AND UNDERWRITERS If the obligor or any underwriter for the obligor is an affiliate of the Trustee, describe each such affiliation. None

See Note following Item 16.

Items 3-15 are not applicable because to the best of the Trustee's knowledge the obligor is not in default under any Indenture for which the Trustee acts as Trustee.

16. LIST OF EXHIBITS List below all exhibits filed as a part of this statement of eligibility and qualification.

1. Copy of Articles of Association.\*

2. Copy of Certificate of Authority to Commence Business.\*

3. Authorization of the Trustee to exercise corporate trust powers (included in Exhibits 1 and 2; no separate instrument).\*

4. Copy of existing By-Laws.\*

5. Copy of each Indenture referred to in Item 4. N/A.

6. The consents of the Trustee required by Section 321(b) of the act.

7. Copy of the latest report of condition of the Trustee published pursuant to law or the requirements of its supervising or examining authority is incorporated by reference to Registration Number 333-34585.

\* Incorporated by reference to Registration Number 22-27000.

## **NOTE**

The answers to this statement insofar as such answers relate to what persons have been underwriters for any securities of the obligors within three years prior to the date of filing this statement, or what persons are owners of 10% or more of the voting securities of the obligors, or affiliates, are based upon information furnished to the Trustee by the obligors. While the Trustee has no reason to doubt the accuracy of any such information, it cannot accept any responsibility therefor.

## **SIGNATURE**

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, First Trust National Association, an Association organized and existing under the laws of the United States, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the City of Saint Paul and State of Minnesota on the 4th day of September, 1997.

## **FIRST TRUST NATIONAL ASSOCIATION**

*/s/ Richard H. Prokosch  
Richard H. Prokosch  
Trust Officer*

*/s/ Kathe M. Barrett  
Kathe M Barrett  
Assistant Secretary*

**ARTICLE 5**

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF SPEEDWAY MOTORSPORTS, INC. FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE ON SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	JUN 30 1997
CASH	37,114
SECURITIES	2,152
RECEIVABLES	29,103
ALLOWANCES	0
INVENTORY	8,206
CURRENT ASSETS	81,102
PP&E	386,797
DEPRECIATION	56,358
TOTAL ASSETS	528,617
CURRENT LIABILITIES	67,303
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	413
OTHER SE	233,601
TOTAL LIABILITY AND EQUITY	528,617
SALES	8,022
TOTAL REVENUES	119,594
CGS	4,850
TOTAL COSTS	69,504
OTHER EXPENSES	(22)
LOSS PROVISION	0
INTEREST EXPENSE	382
INCOME PRETAX	49,730
INCOME TAX	20,476
INCOME CONTINUING	29,254
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	29,254
EPS PRIMARY	.69
EPS DILUTED	.67

**Exhibit 99.1**

**SPEEDWAY MOTORSPORTS, INC.  
OFFER TO EXCHANGE**

**8 1/2% SENIOR SUBORDINATED NOTES DUE 2007 WHICH HAVE  
BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED,**

**FOR ANY AND ALL OUTSTANDING  
8 1/2% SENIOR SUBORDINATED NOTES DUE 2007**

**Pursuant to the Prospectus dated September \_\_, 1997.  
THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M. NEW YORK CITY TIME,  
ON \_\_\_\_\_, 1997, UNLESS EXTENDED (THE "EXPIRATION DATE").  
TENDERS MAY BE WITHDRAWN PRIOR TO 5:00 P.M., NEW YORK  
CITY TIME, ON \_\_\_\_\_, 1997.**

**BY MESSENGER, MAIL, OR OVERNIGHT DELIVERY:**

First Trust National Association  
First Trust Center  
Suite 200  
180 East Fifth Street  
St. Paul, Minnesota 55101  
Attention: Ms. Kathe Barrett

**FACSIMILE TRANSMISSION:**

(612) 244-0711

**CONFIRM BY TELEPHONE:**

(612) 244-0719  
Ms. Kathe Barrett

**DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF  
INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.**

The undersigned acknowledges receipt of the Prospectus, dated September \_\_, 1997 (the "Prospectus"), of Speedway Motorsports, Inc., a Delaware corporation (the "Company"), and this Letter of Transmittal (this "Letter"), which together constitute the offer (the "Exchange Offer") to exchange an aggregate principal amount of up to \$125,000,000 8 1/2% Senior Subordinated Notes Due 2007 (the "New Notes") for an equal principal amount of the outstanding 8 1/2% Senior Subordinated Notes Due 2007 (the "Old Notes").

For each Old Note accepted for exchange, the holder of such Old Note will receive a New Note having a principal amount at maturity equal to that of the surrendered Old Note. The

New Notes will bear interest at a rate equal to 8 1/2% per annum. Interest on the New Notes is payable semiannually, commencing February 15, 1998, on February 15 and August 15 of each year (each, an "Interest Payment Date") and shall accrue from August 4, 1997, or from the most recent Interest Payment Date with respect to the Old Notes to which interest was paid or for which interest was duly provided. The New Notes will mature on August 15, 2007.

Subject to certain exceptions, in the event of a Registration Default (as defined below), holders of Old Notes are entitled to receive Liquidated Damages of \$0.05 per week per \$1,000 principal amount of Old Notes held by such holders (up to a maximum of \$0.30 per week per \$1,000 principal amount of Old Notes). A "Registration Default" with respect to the Exchange Offer shall occur if: (i) the registration statement concerning the exchange offer (the "Exchange Offer Registration Statement") has not been filed with the Commission on or prior to October 3, 1997; (ii) the Exchange Offer Registration Statement is not declared effective on or prior to December 2, 1997 (the "Effectiveness Target Date"), (iii) the Company fails to consummate the Exchange Offer within 30 business days after the Effectiveness Target Date with respect to the Exchange Offer Registration Statement, or (iv) the Exchange Offer Registration Statement is declared effective but thereafter ceases to be effective during the period specified in the Registration Rights Agreement. Holders of New Notes will not be and, upon consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to (i) the right to receive the Liquidated Damages or (ii) certain other rights under the Registration Rights Agreement intended for holders of Old Notes. The Exchange Offer shall be deemed consummated upon the occurrence of the delivery by the Company to the Registrar under the Indenture of New Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that are tendered by holders thereof pursuant to the Exchange Offer.

The Company reserves the right, in its sole discretion, (i) to delay accepting any Old Notes, (ii) to extend the Exchange Offer, in which event the term "Expiration Date" shall mean the latest time and date to which the Exchange Offer is extended, (iii) if the Commission does not declare the Registration Statement effective, to terminate the Exchange Offer, by giving oral or written notice of such delay, extension, or termination to the Exchange Agent, and (iv) to amend the terms of the Exchange Offer in any manner. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendments by means of a prospectus supplement that will be distributed to the registered holders of the Old Notes. Modifications of the Exchange Offer, including but not limited to (i) extension of the period during which the Exchange Offer is open and (ii) satisfaction of the conditions set forth under the caption "The Exchange Offer -- Conditions of the Exchange Offer" in the Prospectus, may require that at least ten business days remain in the Exchange Offer. In order to extend the Exchange Offer, the Company will notify the Exchange Agent of any extension by oral or written notice and will make a public announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

This Letter is to be completed by a holder of Old Notes either if Old Notes are to be forwarded herewith or if a tender of Old Notes, if available, is to be made by book-entry transfer

to the account maintained by the Exchange Agent at The Depository Trust Company (the "Book-Entry-Transfer Facility") pursuant to the procedure set forth in "The Exchange Offer" section of the Prospectus. Holders of Old Notes whose Notes are not immediately available, or who are unable to deliver their Notes or confirmation of the book-entry tender of their Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility (a "Book-Entry Confirmation") and all other documents required by this Letter to the Exchange Agent on or prior to the Expiration Date, must tender their Old Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus. See Instruction 1. Delivery of documents to the Book Entry Transfer Facility does not constitute delivery to the Exchange Agent.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer.

List below the Old Notes to which this Letter relates. If the space provided below is inadequate, the Note numbers and principal amount of Old Notes should be listed on a separate signed schedule affixed hereto.

DESCRIPTION OF OLD NOTES	1	2	3
Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	Aggregate Note Number(s) *	Principal Amount of Old Note(s)	Principal Amount Tendered**

**Total:**

\* Need not be complete if Old Notes are being tendered by book-entry transfer.

\*\* Unless otherwise indicated in this column, a holder will be deemed to have tendered the entire principal amount represented by the Old Note indicated in column 2. See Instruction 2. Old Notes tendered hereby must be in denominations of principal amount of \$1,000 and any integral multiple thereof. See Instruction 1.

**[ ] CHECK HERE IS TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:**

**Name of Tendering Institution** \_\_\_\_\_

**Account Number** \_\_\_\_\_ **Transaction Code Number** \_\_\_\_\_

**[ ] CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:**

**Name of Registered Holder(s)**\_\_\_\_\_

**Window Ticket Number (if any)**\_\_\_\_\_

**Date of Execution of Notice of Guaranteed Delivery**\_\_\_\_\_

Name of Institution which guaranteed delivery\_\_\_\_\_

**IF DELIVERED BY BOOK-ENTRY TRANSFER, COMPLETE THE FOLLOWING:**

**Account Number**\_\_\_\_\_ **Transaction Code Number**\_\_\_\_\_

**[ ] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.**

Name:\_\_\_\_\_

Address:\_\_\_\_\_

**PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the aggregate principal amount of Old Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Old Notes tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Old Notes as are being tendered hereby.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Old Notes tendered hereby and that the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Company. The undersigned hereby further represents that any New Notes acquired in exchange for Old Notes tendered hereby will have been acquired in the ordinary course of business of the person receiving such New Notes, whether or not such person is the undersigned, that neither the holder of such Old Notes nor any such other person is engaged in, or intends to engage in, a distribution of such New Notes, or has an arrangement or understanding with any person to participate in the distribution of such New Notes, and that neither the holder of such Old Notes nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), of the Company.

The undersigned also acknowledges that this Exchange Offer is being made based upon the Company's understanding of an interpretation by the staff of the Securities and Exchange Commission (the "Commission") as set forth in no-action letters issued to third parties, including Exxon Capital Holdings Corporation, SEC No-Action Letter (available April 13, 1989), Morgan Stanley & Co. Incorporated, SEC No-Action Letter (available June 5, 1991) and Shearman & Sterling, SEC No-Action Letter (available July 2, 1993), that the New Notes issued in exchange for the Old Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof (other than a broker-dealer who acquires such New Notes directly from the Company for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Notes and have no arrangement with any person to participate in the distribution of such New Notes. If a holder of Old Notes is engaged in or intends to engage in a distribution of the New Notes or has any arrangement or understanding with respect to the distribution of the New Notes to be acquired pursuant to the Exchange Offer, which holder could not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and

prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, it represents that the Old Notes to be exchanged for the New Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Old Notes tendered hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer--Withdrawal Rights" section of the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the New Notes (and, if applicable, substitute Notes representing the remaining principal balance of any Old Note exchanged only in part) in the name of the undersigned or, in the case of a book-entry delivery of Old Notes, please credit the account indicated above maintained at the Book-Entry Transfer Facility. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the New Notes (and, if applicable, substitute Notes representing the remaining principal balance of any Old Note exchanged only in part) to the undersigned at the address shown above in the box entitled "Description of Old Notes."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF OLD NOTES" ABOVE AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE OLD NOTES AS SET FORTH IN SUCH BOX ABOVE.

**SPECIAL ISSUANCE INSTRUCTIONS**

(See Instructions 3 and 4)

To be completed ONLY if Notes for Old Notes not exchanged and/or New Notes are to be issued in the name of and sent to someone other than the person(s) whose signature(s) appear(s) on this Letter above, or if Old Notes delivered by book-entry transfer which are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above.

Issue New Notes and/or Old Notes to:

Name(s): \_\_\_\_\_

(Please Type or Print)

(Please Type or Print)

Address: \_\_\_\_\_

---

(Including Zip Code)

(Complete accompanying Substitute Form W-9)

Credit unexchanged Old Notes delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below.

(Book-Entry Transfer Facility Account Number, if applicable): \_\_\_\_\_

**SPECIAL DELIVERY INSTRUCTIONS**

(See Instructions 3 and 4)

To be completed ONLY if Notes for Old Notes not exchanged and/or New Notes are to be sent to someone other than the person(s) whose signature(s) appear(s) on this Letter above or to such person(s) at an address other than shown in the box entitled "Description of Old Notes" on this Letter above.

Mail New Notes and/or Old Notes to:

Name(s): \_\_\_\_\_

(Please Type or Print)

---

(Please Type or Print)

Address: \_\_\_\_\_

---

(Including Zip Code)

**IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF (TOGETHER WITH THE OLD NOTES OR A BOOK-ENTRY CONFIRMATION AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO 5:00 P.M., NEW YORK TIME, ON THE EXPIRATION DATE.**

**PLEASE READ THIS LETTER OF TRANSMITTAL  
CAREFULLY BEFORE COMPLETING ANY BOX ABOVE**

**PLEASE SIGN HERE**  
(TO BE COMPLETED BY ALL TENDERING HOLDERS)  
(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9)

Dated: \_\_\_\_\_, 1997

\_\_\_\_\_ x

\_\_\_\_\_ x

(Signature(s) of Owner) (Date)

Area Code and Telephone Number: \_\_\_\_\_

If a holder is tendering any Old Notes, this Letter must be signed by the registered holder(s) as the name(s) appear(s) on the Note(s) for the Old Notes or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 3.

Name(s): \_\_\_\_\_

(PLEASE PRINT OR TYPE)

Capacity: \_\_\_\_\_

Address: \_\_\_\_\_

(INCLUDING ZIP CODE)

**SIGNATURE GUARANTEE**  
(IF REQUIRED BY INSTRUCTION 3)

Signature(s) Guaranteed by  
an Eligible Institution: \_\_\_\_\_

(AUTHORIZED SIGNATURE)

\_\_\_\_\_

(TITLE)

\_\_\_\_\_

(NAME AND FIRM)

Dated: \_\_\_\_\_, 1997

**INSTRUCTIONS  
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER TO EXCHANGE**

**8 1/2% SENIOR SUBORDINATED NOTES DUE 2007,  
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF  
1993, AS AMENDED, FOR ANY AND ALL OUTSTANDING 8 1/2%**

**SENIOR SUBORDINATED NOTES DUE 2007  
SPEEDWAY MOTORSPORTS, INC.**

**1. DELIVERY OF THIS LETTER AND OLD NOTES; GUARANTEED DELIVERY PROCEDURES.**

This Letter is to be completed by holders of Old Notes either if Notes are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offer--Procedures for Tendering Old Notes" section of the Prospectus. Physically tendered Old Notes, or Book-Entry Confirmation, as the case may be, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by this Letter, must be received by the Exchange Agent at the address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Old Notes tendered hereby must be in denominations of principal amount of \$1,000 or any integral multiple thereof.

Holders whose Old Notes are not immediately available or who cannot deliver their Notes and all other required documents to the Exchange Agent on or prior to the Expiration Date, may tender their Old Notes pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus. Pursuant to such procedures, (i) such tender must be made through an Eligible Institution (as defined below) and a Notice of Guaranteed Delivery must be signed by such holder, (ii) on or prior to the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Notes, the certificate number or numbers of the tendered Old Notes and the principal amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that within four business days after the date of execution of the Notice of Guaranteed Delivery, the tendered Old Notes, a duly executed Letter and any other required documents will be deposited by the Eligible Institution with the Exchange Agent, and (iii) such properly completed and executed documents required by this Letter and the tendered Old Notes in proper form for transfer must be received by the Exchange Agent within four business days after the Expiration Date.

The method of delivery of this Letter, the Old Notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Old Notes are sent by mail, it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. See "The Exchange Offer" section of the Prospectus.

2. PARTIAL TENDERS (NOT APPLICABLE TO HOLDERS OF OLD NOTES WHO TENDER BY BOOK-ENTRY TRANSFER).

If less than the entire principal amount of any submitted Note is to be tendered, the tendering holder(s) should fill in the aggregate principal amount to be tendered in the box above entitled "Description of Old Notes--Principal Amount Tendered." A reissued Note representing the balance of nontendered principal of any submitted Old Notes will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter, promptly after the Expiration Date. THE ENTIRE PRINCIPAL AMOUNT OF ANY OLD NOTES DELIVERED TO THE EXCHANGE AGENT WILL BE DEEMED TO HAVE BEEN TENDERED UNLESS OTHERWISE INDICATED.

3. SIGNATURES ON THIS LETTER; ASSIGNMENTS AND ENDORSEMENT; GUARANTEE OF SIGNATURES.

If this Letter is signed by the registered holder of the Old Notes tendered hereby, the signature must correspond exactly with the name as written on the face of the Notes without any change whatsoever.

If any tendered Old Notes are owned of record by two or more joint owners, all such owners must sign this Letter.

If any tendered Old Notes are registered in different names on several Notes, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of Notes.

When this Letter is signed by the registered holder of the Old Notes specified herein and tendered hereby, no endorsements of the submitted Notes or separate instruments of assignment are required. If, however, the New Notes are to be issued, or any untendered Old Notes are to be reissued, to a person other than the registered holder, then endorsements of any Notes transmitted hereby or separate instruments of assignment are required. Signatures on such Notes must be guaranteed by an Eligible Institution.

If this Letter is signed by a person other than the registered holder of any Notes specified herein, such Notes must be endorsed or accompanied by appropriate instruments of assignment, in either case signed exactly as the name of the registered holder appears on the Notes and the signatures on such Notes must be guaranteed by an Eligible Institution.

If this Letter or any Notes or instruments of assignment are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

Endorsements on Old Notes or signatures on instruments of assignment required by this Instruction 3 must be guaranteed by a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., by a commercial bank or trust company having an office or correspondent in the United States or by an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934 (an "Eligible Institution").

Signatures on this Letter need not be guaranteed by an Eligible Institution, provided the Old Notes are tendered: (i) by a registered holder of Old Notes (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Old Notes) tendered who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Letter, or (ii) for the account of an Eligible Institution.

#### 4. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS.

Tendering holders of Old Notes should indicate in the applicable box the name and address to which New Notes issued pursuant to the Exchange Offer and/or substitute Notes evidencing Old Notes not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. A holder of Old Notes tendering Old Notes by book-entry transfer may request that Old Notes not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such holder of Old Notes may designate hereon. If no such instructions are given, such Old Notes not exchanged will be returned to the name or address of the person signing this Letter.

#### 5. TAX IDENTIFICATION NUMBER.

Federal income tax law generally requires that a tendering holder whose Old Notes are accepted for exchange must provide the Company (as payor) with such Holder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 below, which, in the case of a tendering holder who is an individual, is his or her social security number. If the Company is not provided with the current TIN or an adequate basis for an exemption, such tendering holder may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, delivery of New Notes to such tendering holder may be subject to backup withholding in an amount equal to 31% of all reportable payments made after the exchange. If withholding results in an overpayment of taxes, a refund may be obtained.

Exempt holders of Old Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed Guidelines of Certification of Taxpayer Identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions.

To prevent backup withholding, each tendering holder of Old Notes must provide its correct TIN by completing the "Substitute Form W-9" set forth below, certifying that the TIN provided is correct (or that such holder is awaiting a TIN) and that (i) the holder is exempt from backup withholding, (ii) the holder has not been notified by the Internal Revenue Service that such holder is subject to a backup withholding as a result of a failure to report all interest or dividends or (iii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Old Notes is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Company a completed Form W-8, Notice of Foreign Status. These forms may be obtained from the Exchange Agent. If the Old Notes are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write "applied for" in lieu of its TIN. Note: checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If such holder does not provide its TIN to the Company within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Company.

#### 6. TRANSFER TAXES.

The company will pay all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, a transfer tax is imposed for any reason other than the exchange of Old Notes pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder.

**EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT IS NOT NECESSARY FOR**

**TRANSFER TAX STAMPS TO BE AFFIXED TO THE OLD NOTES SPECIFIED IN THIS LETTER.**

#### 7. WAIVER OF CONDITIONS.

The Company reserves the absolute right to waive satisfaction of any or all conditions enumerated in the Prospectus.

#### 8. NO CONDITIONAL TENDERS.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Old Notes, by execution of this Letter, shall waive any right to receive notice of the acceptance of their Old Notes for exchange.

Neither the Company, the Exchange Agent nor any other person is obligated to give notice of any defeat or irregularity with respect to any tender of Old Notes nor shall any of them incur any liability for failure to give any such notice.

9. MUTILATED, LOST, STOLEN OR DESTROYED OLD NOTES.

Any holder whose Old Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

10. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus, this Letter and other related documents, should be directed to the Exchange Agent, at the address and telephone number indicated above.

**TO BE COMPLETED BY ALL TENDERING HOLDERS**

(See Instruction 5)

**PAYOR'S NAME: SPEEDWAY MOTORSPORTS, INC.**

SUBSTITUTE  
Form W-9

Part 1 -- PLEASE PROVIDE YOUR  
TIN IN THE BOX AT RIGHT AND  
CERTIFY BY SIGNING AND  
DATING BELOW.

TIN: \_\_\_\_\_  
(Social Security Number or  
Employer Identification  
Number)

Department of the  
Treasury  
Internal Revenue  
Service

Payor's Request for  
Taxpayer  
Identification  
Number ("TIN")  
and Certification

Part 2 -- TIN Applied for [    ]

**CERTIFICATION: UNDER PENALTIES OF PERJURY, I CERTIFY THAT:**

- (1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me).
- (2) I am not subject to backup withholding either because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- (3) any other information provided on this form is true and correct

**SIGNATURE:** \_\_\_\_\_

**DATE** \_\_\_\_\_

You must cross out item (2) of the above certification if you have been notified by the IRS that you are subject to backup withholding because of under reporting of interest or dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding.

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED  
THE BOX IN PART 2 OF SUBSTITUTE FORM W-9**

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of the exchange, 31 percent of all reportable payments made to me thereafter will be withheld until I provide a number.

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**Signature Date**

**Exhibit 99.2**

**SPEEDWAY MOTORSPORTS, INC.**

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Speedway Motorsports, Inc. (the "Company") made pursuant to the Prospectus, dated September \_\_, 1997 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal") if Old Notes are not immediately available or if time will not permit all documents required by the Letter of Transmittal to reach the First Trust National Association (the "Exchange Agent") prior to the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to Exchange Agent as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender Old Notes pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal (or facsimile thereof) must also be received by the Exchange Agent on or prior to 5:00 P.M., New York City time, on the Expiration Date. Capitalized terms not defined herein are defined in the Prospectus.

**DELIVERY TO: FIRST TRUST NATIONAL ASSOCIATION, EXCHANGE AGENT**

**BY MESSENGER, MAIL, OVERNIGHT DELIVERY:**

First Trust National Association  
First Trust Center  
Suite 200  
180 East Fifth Street  
St. Paul, Minnesota 55101  
Attention: Ms. Kathe Barrett

**FACSIMILE TRANSMISSION:**

(612) 244-0711

**CONFIRM BY TELEPHONE:**

(612) 244-0719  
Ms. Kathe Barrett

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus and the accompanying Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Old Notes set forth below, pursuant to the guaranteed delivery procedure described in "The Exchange Offer - Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Old Notes Tendered Name(s) of Record Holder(s):

\$ _____	_____
Note Certificate Nos. (if available): _____	_____
_____	Address(es): _____
_____	_____
_____	_____
If Old Notes will be delivered by book- entry transfer to The Depository Trust account number.	Area Code and Telephone Number(s): _____
_____	_____
Account Number: _____	Signature(s): _____
_____	_____

**THE ACCOMPANYING GUARANTEE MUST BE COMPLETED.**

**GUARANTEE**  
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office correspondent in the United States or any "eligible guarantor" institution within the meaning of Rule 17Ad-15 of the Exchange Act of 1934, as amended, hereby guarantees to deliver to the Exchange Agent, at its address set forth above, the Old Notes described above, in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other documents required by the Letter of Transmittal within four business days after the date of execution of this Notice of Guaranteed Delivery.

Name of Firm: \_\_\_\_\_

\_\_\_\_\_  
(Authorized Signature)

Title: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Address: \_\_\_\_\_  
Area Code and  
Telephone Number: \_\_\_\_\_

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**End of Filing**



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