UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2008

OR

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

For the transition period from _______to _______

Commission File Number 1-13582

SPEEDWAY MOTORSPORTS, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**51-0363307** **(I.R.S. Employer Identification No.)**
5555 Concord Parkway South, Concord, North Carolina **(Address of principal executive offices)**	**28027** **(Zip Code)**

(704) 455-3239
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of August 6, 2008, there were 43,430,511 shares of common stock outstanding.

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This Quarterly Report on Form 10-Q may contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such forward-looking statements may include (i) statements that reflect projections or expectations of the Company's future financial or economic performance; (ii) statements that are not historical information; (iii) statements of the Company's beliefs, intentions, objectives, plans, and strategies for future operations, including those contained in "Legal Proceedings", "Controls and Procedures", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk"; (iv) statements relating to the Company's operations or activities, including revenues, costs and margins for 2008 and beyond; and (v) statements relating to the Company's future capital projects, hosting of races, broadcasting rights, sponsorships, financing needs, merchandising joint ventures, oil and gas activities, including the possibility of discontinuing operations, and legal proceedings and other contingencies. Words such as "anticipates", "approximates", "believes", "estimates", "could", "expects", "hopes", "intends", "likely", "may", "objectives", "plans", "possible", "projects", "seeks", "should", "will" and variations of such words and similar expressions are intended to identify such forward-looking statements. No assurance can be given that actual results or events will not differ materially from those projected, estimated, assumed or anticipated in any such forward-looking statements. Important factors that could result in such differences, in addition to other factors noted with such forward-looking statements, include those discussed in the Company's 2007 Annual Report on Form 10-K, Item 1A "Risk Factors" and any subsequent Quarterly Reports on Form 10-Q. Forward-looking statements included in this report are based on information available to the Company as of the date filed, and the Company assumes no obligation to update any such forward-looking information contained in this report.

The Company's website is located at *www.speedwaymotorsports.com* . The Company makes available free of charge, through its website, the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and other reports filed or furnished pursuant to Section 13(a) or 15(d) under the Securities Exchange Act. These reports are available as soon as reasonably practicable after those materials are electronically filed with the Securities and Exchange Commission (SEC). The Company's SEC filings are publicly available over the internet at the SEC's website at www.sec.gov . You may also read and copy any document the Company files with the SEC at its Public Reference Facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the Public Reference Room operations by calling the SEC at 1-800-SEC-0330. The Company posts on its website the charters of the Company's Audit, Compensation and Nominating/Corporate Governance Committees; Corporate Governance Guidelines, Code of Business Conduct and Ethics, and any amendments or waivers thereto; and certain corporate governance materials contemplated by SEC or New York Stock Exchange (NYSE) regulations. Please note that the Company's website is provided as an inactive textual reference only. Information provided on the Company's website is not part of this report, and is not incorporated by reference unless otherwise specifically referenced as such in this report. The documents are also available in print, free of charge, to any requesting shareholder by contacting the Company's corporate secretary at its company offices.

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 2008	December 31, 2007
Assets		
Current Assets:		
Cash and cash equivalents	$ 126,240	$ 156,273
Short-term investments	7,721	12,189
Accounts and notes receivable, net	66,374	42,280
Prepaid income taxes	—	13,329
Inventories	16,927	14,904
Prepaid expenses	4,717	3,673
Deferred income taxes	5,950	—
Total Current Assets	227,929	242,648
Notes and Other Receivables:		
Affiliates	5,219	8,790
Other	4,446	4,601
Other Assets	22,507	23,217
Property and Equipment, Net	1,159,519	1,066,393
Equity Investment in Associated Entity	80,240	76,678
Other Intangible Assets, Net	351,475	101,539
Goodwill	206,841	54,454
Total	$2,058,176	$ 1,578,320

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

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SPEEDWAY MOTORSPORTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS—(Continued)
(In thousands, except share amounts)
(Unaudited)

	June 30, 2008	December 31, 2007
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 19	$ 20
Accounts payable	55,134	19,149
Deferred race event income, net	104,485	112,099
Accrued income taxes	10,463	—
Accrued interest	2,795	2,130
Accrued expenses and other current liabilities	24,784	22,093
Deferred income taxes	—	22,229
Total Current Liabilities	197,680	177,720
Long-term Debt	680,000	428,440
Payable to Affiliate	2,594	2,594
Deferred Income, Net	9,690	10,245
Deferred Income Taxes	250,873	118,191
Other Liabilities	14,446	13,459
Total Liabilities	1,155,283	750,649
Commitments and Contingencies (Notes 2, 6, 8 and 11)		
Stockholders' Equity:		
Preferred Stock, $.10 par value, shares authorized—3,000,000; no shares issued	—	—
Common Stock, $.01 par value, shares authorized—200,000,000; issued and outstanding—43,457,000 in 2008 and 43,546,000 in 2007	448	448
Additional Paid-in Capital	239,253	237,721
Retained Earnings	713,134	635,214
Accumulated Other Comprehensive Loss	(33)	(23)
Treasury stock at cost, shares—1,388,000 in 2008 and 1,232,000 in 2007	(49,909)	(45,689)
Total Stockholders' Equity	902,893	827,671
Total	$2,058,176	$ 1,578,320

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

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

	Three Months Ended June 30:	
	2008	2007
Revenues:		
Admissions	$ 58,199	$ 49,309
Event related revenue	72,910	63,882
NASCAR broadcasting revenue	68,600	55,775
Other operating revenue	13,082	11,798
Total Revenues	212,791	180,764
Expenses and Other:		
Direct expense of events	40,109	29,675
NASCAR purse and sanction fees	46,230	37,016
Other direct operating expense	11,768	10,822
General and administrative	21,251	21,358
Depreciation and amortization	11,922	11,270
Interest expense, net	8,341	4,753
Equity investee (earnings) losses	(2,953)	307
Other (income) expense, net	(1,336)	573
Total Expenses and Other	135,332	115,774
Income before Income Taxes	77,459	64,990
Provision for Income Taxes	30,441	24,674
Net Income	$ 47,018	$ 40,316
Basic Earnings Per Share	$ 1.08	$ 0.92
Weighted Average Shares Outstanding	43,485	43,810
Diluted Earnings Per Share	$ 1.08	$ 0.92
Weighted Average Shares Outstanding	43,497	44,016

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

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

	Six Months Ended June 30: 2008	2007
Revenues:		
Admissions	$111,819	$105,825
Event related revenue	124,185	112,840
NASCAR broadcasting revenue	106,233	92,677
Other operating revenue	25,780	21,598
Total Revenues	368,017	332,940
Expenses and Other:		
Direct expense of events	63,148	53,984
NASCAR purse and sanction fees	73,124	63,345
Other direct operating expense	24,924	21,925
General and administrative	42,731	41,498
Depreciation and amortization	23,722	21,823
Interest expense, net	17,790	9,447
Equity investee (earnings) losses	(4,544)	3,761
Other (income) expense, net	(1,247)	548
Total Expenses and Other	239,648	216,331
Income before Income Taxes	128,369	116,609
Provision for Income Taxes	50,449	44,428
Net Income	$ 77,920	$ 72,181
Basic Earnings Per Share	$ 1.79	$ 1.65
Weighted Average Shares Outstanding	43,504	43,791
Diluted Earnings Per Share	$ 1.79	$ 1.64
Weighted Average Shares Outstanding	43,530	43,992

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

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

	Outstanding Common Stock Shares	Outstanding Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance, January 1, 2008	43,546	$ 448	$ 237,721	$ 635,214	$ (23)	$(45,689)	$ 827,671
Net income	—	—	—	77,920	—	—	77,920
Change in net unrealized loss on marketable equity securities, net of tax	—	—	—	—	(10)	—	(10)
Comprehensive income							77,910
Exercise of stock options	34	—	738	—	—	—	738
Tax benefit from exercise of stock options	—	—	91	—	—	—	91
Share-based compensation	33	—	703	—	—	—	703
Repurchases of common stock at cost	(156)	—	—	—	—	(4,220)	(4,220)
Balance, June 30, 2008	43,457	$ 448	$ 239,253	$ 713,134	$ (33)	$(49,909)	$ 902,893

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

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

	Six Months Ended June 30:	
	2008	2007
Cash Flows from Operating Activities:		
Net income	$ 77,920	$ 72,181
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of property and equipment	98	113
Depreciation and amortization	23,722	21,823
Amortization of deferred income	(893)	(878)
Deferred income tax provision	(8,999)	(22,930)
Equity investee (earnings) losses	(4,544)	3,761
Share-based compensation	703	1,217
Changes in operating assets and liabilities, net of business acquisition:		
Accounts and notes receivable	(13,760)	(2,945)
Prepaid and accrued income taxes	24,011	4,567
Inventories	(2,211)	(2,551)
Prepaid expenses	(773)	(338)
Accounts payable	12,560	6,207
Deferred race event income	(21,135)	(11,542)
Accrued expenses and other liabilities	(375)	30
Deferred income	369	386
Other assets and liabilities	2,008	9,689
Net Cash Provided By Operating Activities	88,701	78,790
Cash Flows from Financing Activities:		
Borrowings under long-term debt	300,000	—
Principal payments on long-term debt	(48,441)	(32)
Payments of loan amendment costs	(419)	—
Exercise of common stock options	738	4,734
Tax benefit from exercise of stock options	91	712
Repurchases of common stock	(4,220)	(5,097)
Net Cash Provided By Financing Activities	247,749	317

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

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

	Six Months Ended June 30:	
	2008	2007
Cash Flows from Investing Activities:		
Payments for:		
Capital expenditures	$ (37,934)	$ (47,187)
Expenditures for oil and gas exploration and production	(3,339)	(1,713)
NHMS business acquisition, net of cash acquired (Note 11)	(330,066)	—
Proceeds from sales of property and equipment	233	1,189
Proceeds from distributions of short-term investments	4,468	—
Repayment of notes and other receivables:		
Affiliates	—	2,106
Other	155	260
Net Cash Used By Investing Activities	(366,483)	(45,345)
Net (Decrease) Increase In Cash and Cash Equivalents	(30,033)	33,762
Cash and Cash Equivalents at Beginning of Period	156,273	118,011
Cash and Cash Equivalents at End of Period	$ 126,240	$151,773
Supplemental Cash Flow Information:		
Cash paid for interest, net of amounts capitalized	$ 19,804	$ 13,788
Cash paid for income taxes	35,438	53,376
Supplemental Non-Cash Investing and Financing Activities Information:		
Increase (decrease) in accounts payable for capital expenditures	23,311	(4,394)

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

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

The consolidated financial statements include the accounts of Speedway Motorsports, Inc. (SMI) and all of its wholly-owned subsidiaries: Atlanta Motor Speedway LLC (AMS), Bristol Motor Speedway LLC (BMS), Charlotte Motor Speedway LLC a/k/a Lowe's Motor Speedway (LMS), Nevada Speedway LLC d/b/a Las Vegas Motor Speedway (LVMS), Speedway Sonoma LLC a/k/a Infineon Raceway (IR), New Hampshire Speedway, Inc., d/b/a New Hampshire Motor Speedway (NHMS), Texas Motor Speedway, Inc. (TMS), SMISC Holdings, Inc. d/b/a SMI Properties (SMI Properties), 600 Racing, Inc. (600 Racing), Motorsports By Mail LLC (MBM), Oil-Chem Research Corp. (Oil-Chem), SMI Trackside LLC (SMI Trackside), Speedway Funding LLC, Speedway Motorsports International Limited (BVI) and consolidated foreign entities (SMIL), Speedway Properties Company LLC a/k/a Performance Racing Network (PRN), Speedway Media LLC a/k/a Racing Country USA (RCU), Speedway TBA LLC a/k/a North Carolina Speedway (NCS), and TSI Management Company LLC d/b/a The Source International LLC (TSI) (collectively, the Company). See Note 1 to the Consolidated Financial Statements in the Company's 2007 Annual Report on Form 10-K for further description of its business operations, properties and scheduled events.

In 2008, the National Association for Stock Car Auto Racing, Inc. (NASCAR) sanctioned NEXTEL Cup Series was renamed the Sprint Cup Series, and the Busch Series was renamed the Nationwide Series. Hereafter, the Sprint and Nationwide naming conventions are used throughout this document.

Racing Events —In 2008, the Company plans to hold 22 major annual racing events sanctioned by NASCAR, including 13 Sprint Cup and nine Nationwide Series racing events. The Company also plans to hold eight NASCAR Craftsman Truck Series racing events, two IndyCar Series (IRL) racing events, five major National Hot Rod Association (NHRA) racing events, and two World of Outlaws (WOO) racing events. The 22 major NASCAR sanctioned races include two Sprint Cup and one Nationwide Series races at NHMS purchased in January 2008 as further described below. In 2007, the Company held 19 major annual racing events sanctioned by NASCAR, including 11 Sprint Cup and eight Nationwide Series racing events, seven NASCAR Craftsman Truck Series racing events, two IRL racing events, four major NHRA racing events, and two WOO racing events.

Current Year Business Acquisitions —On January 11, 2008, the Company purchased 100% of the outstanding stock of New Hampshire Speedway, Inc., d/b/a New Hampshire International Speedway, for $340,000,000 in cash. The New Hampshire International Speedway was renamed New Hampshire Motor Speedway. NHMS owns and operates a multi-use complex located in Loudon, New Hampshire, featuring a 1.058-mile oval superspeedway and a 1.6-mile road course on approximately 1,175 acres. The purchase also included 50% ownership interest in the outstanding stock of North Wilkesboro Speedway, Inc. (NWS). NHMS currently has approximately 96,000 permanent seats and 38 luxury suites. NHMS has annual sanction agreements to host two NASCAR Sprint Cup and one NASCAR Nationwide Series races in 2008, among other events and track rentals. The purchase of NHMS expands the Company's motorsports business into one of the largest media markets in North America. Management believes its facilities and racing events provide the Company with opportunities for increasing revenues and profitability and for cost-saving synergies and other financial benefits. The purchase price was funded with available cash and $300,000,000 in borrowings under the Company's Credit Facility as further described in Note 5. Management anticipates that increased add-on debt interest payments and working capital requirements, if any, will be largely funded by advance ticket and other event related revenues associated with NASCAR Sprint Cup Series and other racing events at NHMS. See Note 11 for purchase accounting, pro forma financial and other information related to the NHMS acquisition.

On May 21, 2008, the Company entered into an asset purchase agreement with Kentucky Speedway, LLC (KS) to purchase substantially all of its assets through the assumption or satisfaction of $63,300,000 in debt, payment of $7,500,000 in 60 monthly installments of $125,000 beginning 30 days after closing, and a contingent payment of an additional $7,500,000 in 60 monthly installments of $125,000 beginning on the first day of the month following satisfaction of specified conditions. KS presently annually hosts one NASCAR Nationwide Series, one NASCAR Craftsman Truck Series, one IndyCar Series, and other racing events. Acquisition closing is subject to customary closing conditions, and includes a 90-day due diligence period beginning May 21, 2008 whereby the Company may elect to not close and terminate the agreement. At this time, the acquisition is scheduled to close in the fourth quarter 2008. The Company plans to use available cash, assumption of debt, and borrowings under its Credit Facility to fund the purchase price.

KS, which opened in 2000, is located in Sparta, Kentucky, approximately one-half hour south of Cincinnati, Ohio, on approximately 820 acres. KS features a 1.5-mile tri-oval speedway with approximately 66,000 permanent grandstand seats and 50 luxury suites. The purchase of KS expands the Company's motorsports business into a desirable market, and management believes these facilities provide opportunities for increasing revenues and profitability and for cost-saving synergies and other financial benefits.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES

These unaudited consolidated financial statements should be read in conjunction with the Company's consolidated financial statements included in its 2007 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 in accordance with accounting principles generally accepted in the United States. All such adjustments are of a normal recurring nature unless otherwise noted. 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 nature of the Company's motorsports business. See Note 2 to the Consolidated Financial Statements in the Company's 2007 Annual Report on Form 10-K for further discussion of significant accounting policies, including classification and recognition of revenues, expenses and deferred race event income, net.

Quarterly Reporting —The Company recognizes revenues and operating expenses for all events in the calendar quarter in which conducted. Changes in race schedules at the Company's speedways from time to time, including speedway acquisitions, can lessen the comparability of operating results between quarterly financial statements of successive years and increase or decrease the seasonal nature of its motorsports business.

The more significant racing schedule changes for the three and six months ended June 30, 2008 as compared to 2007 include the following:

- One NASCAR Sprint Cup and one Nationwide Series racing event were held in the second quarter 2008 at NHMS purchased in January 2008; and
- BMS held a major NHRA racing event in the second quarter 2008 that was held in the third quarter 2007.

Joint Venture Equity Investment and Equity Investee Earnings or Losses —The Company and International Speedway Corporation (ISC) equally own a joint venture (50% non-controlling interest) that operates independently under the name Motorsports Authentics (MA) to produce, market and sell exclusive and non-exclusive licensed motorsports collectible and consumer products. MA has license agreements with many of the top NASCAR, IRL, and NHRA teams and drivers. MA's products include die-cast scaled replicas of motorsports vehicles, apparel (including tee-shirts, hats and jackets), gifts and other memorabilia. The equity method is used to account for investments in joint ventures and other associated entities, including MA, where the Company has significant influence, generally representing equity ownership of at least 20% and not more than 50%.

MA has a November 30 fiscal year end that the Company adopted for reporting its share of MA's operating results, and the Company records its 50% share of MA's net income or loss based on their most recent quarterly financial statements. The Company's share of MA's operating results for December 1 through May 31 is included in "equity investee earnings or losses" for the Company's reporting periods ended June 30, 2008 and 2007. MA reports sales and other taxes collected from customers on a gross basis. All significant intercompany profits or losses have been eliminated in applying the equity method of accounting. No dividends have been declared or paid since formation of MA. The Company's share of undistributed equity deficit from equity investee losses included in the Company's retained earnings was approximately $55,183,000 at June 30, 2008 and $59,727,000 at December 31, 2007. See "Other Contingencies" below for additional information on a contingent guarantee obligation associated with MA.

The Company follows the impairment provisions of Accounting Principles Board Opinion (APB) No. 18 "The Equity Method of Accounting for Investments in Common Stock" whereby declines in investment value assessed as other than temporary would be recognized as a charge to earnings. As of June 30, 2008, the Company believes there were no indications of a decline below MA's carrying value that was other than temporary.

The following table presents summarized information on the second quarter and year-to-date operating results of MA for 2008 and 2007 (in thousands):

	Second Quarter		Year-to-Date	
	2008	2007	2008	2007
Net sales	$57,365	$53,367	$117,698	$96,754
Gross profit	22,394	22,106	41,700	33,247
Income (loss) from continuing operations	5,960	(1,020)	9,548	(7,689)
Net income (loss)	5,960	(553)	9,548	(7,255)

Oil and Gas Activities —The Company has been engaged in oil and gas exploration and production activities, and the purchase and sale of bulk petroleum products and associated commodity transactions. The Company has conducted these business activities primarily in Russia, Central America, North America, South America, Kuwait, Africa, and the United Kingdom. Oasis Trading Group LLC (Oasis), a United States company, provides the Company strategic, management and operational capabilities in connection with these activities. The Company provides financing and access to financial markets for such activities. The Company and Oasis generally share equally the profits and losses on all transactions and activities. At times, the Company has entered into futures contracts associated with petroleum products, utilizes letters of credit for the purchase and sale of bulk petroleum products, and guaranteed obligations of certain third parties to facilitate the purchase of bulk petroleum products in exchange for part of the anticipated profits that may be derived by those third parties on such transactions. The Company also had profit and loss sharing arrangements with certain foreign entities on the purchasing and selling of specified bulk petroleum products, and the Company's share of profits and losses is negotiated on a transaction-by-transaction basis, but generally ranges from 30% to 50%. Purchases, sales, bulk petroleum, oil and gas activities, futures contracts, and letters of credit hereafter are collectively associated with or referred to as "oil and gas activities", "oil and gas business", "oil and gas transactions" or "bulk petroleum transactions".

Consolidated Foreign Investments . In May 2006, the Company formed Speedway Motorsports International Limited (BVI) ("SMIL"), a wholly-owned subsidiary of Oil-Chem, to conduct oil and gas exploration and production activities. The Company's Credit Facility contains a separate sub-limit for letters of credit up to $75.0 million for use in oil and gas activities and other business transactions, permits the Company to invest in Oil-Chem and its direct or indirect subsidiaries for oil and gas activities up to specified amounts, and allows for contracts and certain contract assignments associated with the Company's oil and gas activities to specified foreign parties. In 2006, SMIL purchased interests in two foreign entities owning certain oil and gas mineral rights in Russia for cash consideration aggregating $4,000,000 for the company OOO Visheraneft and $2,589,000 for a majority interest in OOO Vorga. As of June 30, 2008 and December 31, 2007, amounts invested and capitalized in these entities aggregate $18,872,000 (approximately $7,674,000 for Visheraneft and $11,198,000 for Vorga) and $15,225,000, respectively, consisting principally of capitalized costs for oil and gas mineral rights, road construction, and exploration and drilling predominately with unproven reserves and, to a lesser extent, proven reserves accounted for under the full cost accounting method. See Note 8 for information on legal proceedings associated with SMIL's interest in Visheraneft. While management believes resolution of legal issues affecting Visheraneft should be resolved in the Company's favor, an unfavorable outcome of these proceedings could have a material adverse impact on its future financial position, results of operations or cash flows. These entities are consolidated and associated minority interests aggregating $27,000 and $49,000 as of June 30, 2008 and December 31, 2007 are included in other liabilities and will be reported separately if and when significant. Capitalized expenditures for oil and gas exploration and production activities amounted to $1,690,000 and $1,546,000 for the three months ended June 30, 2008 and 2007, and $3,647,000 and $2,420,000 for the six months ended June 30, 2008 and 2007, respectively.

Revenue Recognition and Other Accounting Policies . The Company evaluates the underlying transactional terms and conditions, along with associated accounting guidance, in determining whether revenues, costs, and operating profits or losses, including changes in the fair value of commodity hedges and shared profits and losses from oil and gas transactions, should be reported on a gross or net basis. Associated oil and gas exploration and production activities are accounted for using the full-cost method of accounting. Direct and certain indirect costs associated with the acquisition, exploration, development and production of oil and gas properties are capitalized and included in property and equipment as “capitalized oil and gas exploration and production costs”. Amortization of these costs is determined using the unit-of-production method based on estimated proven oil and gas reserves. Costs associated with properties under development or unevaluated are initially excluded from full cost amortization bases until determined “proven” or not, at which time capitalized amounts become subject to the full cost ceiling limitations. The Company performs a quarterly ceiling test to evaluate whether carrying values of our full cost pools exceed ceiling limitations. No writedown of these costs was considered necessary as of June 30, 2008. In accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46R (FIN 46R) “Consolidation of Variable Interest Entities”, the Company evaluates whether the assets, liabilities, noncontrolling interests, and operations of a variable interest entity should be consolidated. The Company has evaluated certain parties involved with its oil and gas investment activities under FIN 46R. Under certain FIN 46R exemptions, the Company excluded from evaluation certain parties due to the business exemption or access to financial data. However, the activities of these entities are described below.

Gross revenues and product and associated operating costs from bulk petroleum transactions, if any, are included in other operating revenue and other direct operating expense, respectively. The accounting for oil and gas activities, including underlying commodities or hedge transactions, can be affected by many factors, including contract terms, title transfer, settlement timing, underlying commodity or hedge terms and other transactional terms or conditions. Depending on transactional terms and conditions, future transactions and resulting gains or losses, if any, could be reported on either a gross or net basis. Mark-to-market accounting may be used for certain commodities or hedges and bulk petroleum purchases or supply contracts if deemed to be derivatives under Statement of Financial Accounting Standards (SFAS) No. 133. Depending on settlement timing and other transactional factors, associated accounts receivable, inventories, liabilities, and outstanding letters of credit could significantly increase during and between reporting periods. The Company was not involved in any energy supply contracts as of June 30, 2008 or December 31, 2007.

There were no significant revenues from Russian oil and gas exploration and production activities during the three and six months ended June 30, 2008 or 2007, and associated operating costs were not significant. There were no oil and gas transactions reported on a gross basis, and no energy supply contract related oil and gas transactions reported on a net basis, in the three and six months ended June 30, 2008 or 2007.

Credit and Other Risks and Contingencies . Notwithstanding these oil and gas activities, the Company’s core business has been and remains motorsports. Management recognizes that this oil and gas business has financial and operational risks different from those of our core operations. Many are risks ordinarily experienced by any new business, risks ordinarily associated with conducting business in foreign countries, as well as risks generally associated with petroleum products, commodities, oil and gas activities, hedging and similar transactions of this nature. However, the Company’s oil and gas activities involve concentrations of credit and other risks different from motorsports operations as of June 30, 2008. These credit and other risks are further described below and in Item 1A “Risk Factors—Our oil and gas business incurs financial and operational risks different from those of our other operations” in the Company’s 2007 Annual Report on Form 10-K.

As of June 30, 2008, the Company had credit risk concentration in receivables associated with bulk petroleum sales and purchase transactions. Approximately $2,000,000 of net accounts receivable are due from a relatively small number of petroleum industry customers and merchants in Central America. Also, from time to time, bulk petroleum inventory products may be located in and managed by a relatively small number of vendors in Russia. The Company’s Credit Facility contains a separate sub-limit for letters of credit of up to $75,000,000 for use in oil and gas activities and other business transactions. As of June 30, 2008, the Company had no outstanding standby letters of credit associated with oil and gas activities and no bulk petroleum product inventory.

As of June 30, 2008 and December 31, 2007, uncertainty exists as to the recovery of $12,000,000 drawn by a bank under a Company guarantee for obligations owed by certain third parties for petroleum product purchases utilizing their bank line of credit. The bank claimed and took possession of funds for payment under the guarantee for non-payment by the third parties, notwithstanding the Company's belief that payment was not required nor rightfully drawn upon by the bank. The Company believes it has lawful recourse against the third parties and the bank, and is seeking recovery of the funds. However, uncertainty exists as to ultimate recovery of the amount due, which is reflected in accounts receivable, and has been fully reserved as of June 30, 2008 and December 31, 2007. The recovery allowance of $12,000,000 was reflected in other direct operating expense in the fourth quarter 2007. This assessment is subjective and based on facts, circumstances and assumptions existing at the time of evaluation, all of which are subject to significant change.

At June 30, 2008 and December 31, 2007, uncertainty exists as to the full realization of receivables due from two foreign entities and Oasis under certain profit and loss sharing arrangements. Uncertainty exists about collecting amounts from two foreign entities because of problems with respect to access to funds, creditworthiness and certain other factors outside of management's control when conducting operations in foreign countries. Management is currently pursuing available recovery alternatives. Under its profit and loss sharing arrangement, the Company has recorded receivables from Oasis, a significant portion of which pertains to that entity's reimbursable share of loss associated with the recoverability assessment of amounts due from these two foreign entities. Oasis's ability to repay the Company this or any future amount is largely dependent on sufficient profitability of future oil and gas activities; therefore, uncertainty exists regarding recoverability. As of June 30, 2008 and December 31, 2007, the Company has recorded allowances for these possibly uncollectible amounts of approximately $25,600,000 and $23,086,000 based on estimated ultimate realization after possible recovery, settlement and other costs and insurance.

As of June 30, 2008 and December 31, 2007, the Company has recorded allowances for possible uncollectible amounts aggregating approximately $37,900,000 and $35,086,000. Recovery allowances, which are reflected in other direct operating expense, amounted to approximately $855,000 and $1,049,000 for the three months ended June 30, 2008 and 2007, and $2,814,000 and $4,574,000 for the six months ended June 30, 2008 and 2007, respectively. This assessment is subjective and based on facts, circumstances and assumptions existing at the time of evaluation, all of which are subject to significant change. Such changes, if significantly negative or unfavorable, could have a material adverse impact on the outcome of management's realization assessment and the Company's future financial condition or results of operations.

Possibility of Discontinuing Oil and Gas Operations in 2008. Because of the ongoing challenges with oil and gas activities, the Company is contemplating discontinuing those operations during 2008, although no final decision has been made. Those operations have been conducted primarily in foreign countries and particularly in Russia since the second quarter 2006. These oil and gas operations involve business, credit and other risks different from the Company's motorsports operations, and the ability to invest and compete successfully and profitably has been subject to many factors outside management's control. Many operating risks and challenges involve difficult or restrictive governmental situations when attempting to conduct business, access or transfer assets or funds, or facilitate production and similar activities in Russia and other foreign countries. If and when the Company decides to discontinue the oil and gas business, it would likely be presented as discontinued operations and prior period financial statements will be reclassified when presented. As of June 30, 2008, assets and liabilities associated with the oil and gas business consist primarily of invested and capitalized amounts for the two foreign entities owning certain oil and gas mineral rights in Russia and net receivables as described above, and current liabilities of $959,000.

At this time, the Company no longer plans to expand or increase its investment in oil and gas activities except as described herein. The Company may decide or be required to spend certain additional amounts or take legal actions to protect or preserve its interests in oil and gas mineral rights and maintain or maximize the potential recovery value of proven and unproven reserves, and to protect other aspects of the Company's oil and gas investments. This may include entering into other contracts or joint venture arrangements depending on perceived opportunities for maintaining or maximizing potential recovery value. Such additional expenditures, although presently undeterminable, could become material depending on the facts, circumstances and ultimate outcome of any attempted recovery or resolution. Those costs, if significant and ultimately not recovered, could have a material adverse effect on the Company's future financial position, results of operations or cash flows.

Although discontinuation plans are being contemplated, many or most of the risk and other factors discussed herein remain relevant to the Company's oil and gas business activities. Oil and gas transactions may continue to occur in the near future, and they may or may not be significant. Realization of receivables, inventories and investments, including property and equipment, and the ability to invest and compete successfully and profitably, are subject to many factors outside management's control. Factors that can adversely impact realization include changes or deterioration in customer financial condition and creditworthiness; current and future market demand; customary risks associated with oil and gas exploration and production and other business activities; regional and global market and economic conditions; elevated terrorism alerts, terrorist attacks or military actions including geopolitical situations in and surrounding specific countries or regions; government actions that restrict transactions, access to or transfers of assets or funds; other factors outside of management's control when conducting operations in Russia and other foreign countries; global petroleum product supply and demand; regional or worldwide natural disasters such as hurricanes that adversely impact supply channels, merchandising, distribution and operating costs; and other factors. Default on payment by one or more customers, or should inventory not be realized or recovered, could have a material adverse impact on the Company's operating results. The Company's oil and gas activities include exploration and production arrangements that may be unsuccessful for many reasons including weather, cost overruns, dry wells, equipment shortages and mechanical difficulties. Proven or unproven reserves may be less than originally expected or found not cost beneficial to extract. Successful drilling of a well does not ensure ultimate realization of sufficient profits or return on investments because of a variety of factors, including geological, market, geopolitical and other unforeseen factors. Additionally, unsuccessful wells can result in costs with no direct associated revenue streams. The carrying value of current and future investments could become impaired from insufficient sustained profitability and operating cash flows resulting from the aforementioned and other factors. Such factors, if significantly negative or unfavorable, could result in an impairment charge that has a material adverse impact on the Company's future financial condition or results of operations.

Income Taxes —At both June 30, 2008 and December 31, 2007, the Company had significant net noncurrent deferred tax liabilities, a large portion of which pertain to accelerated depreciation on its property and equipment for tax reporting purposes. In evaluating the potential effects of a tax advice memorandum published by the Internal Revenue Service (IRS), the Company filed in 2005 a change in tax accounting method with the IRS with respect to, among other things, changing tax depreciation methods and extending depreciable lives for certain significant motorsports facility assets. The tax method accounting change reduced the Company's tax depreciation expense for certain previous years and is being included in federal and state taxable income over four years beginning in 2005. The Company paid accelerated taxes of $28,179,000 in 2007, and $14,090,000 in the six months ended June 30, 2008. Final payments aggregating approximately $14,089,000 are due within the next twelve months. Management believes filing the change in tax accounting method was the best course of action to minimize costs and uncertainty. Management believes the Company has sufficiently provided for income taxes and associated reserves, and no current or future charge to earnings is expected at this time resulting from the tax accounting change. These amounts should be substantially recovered in succeeding years from increased tax depreciation as these assets continue to be depreciated for tax purposes over longer periods. As such, management does not believe the tax accounting change will have a material adverse effect on the Company's future financial position or results of operations.

Effective Income Tax Rates . The Company's effective income tax rate for the three months ended June 30, 2008 and 2007 was 39.3% and 38.0%, and for the six months ended June 30, 2008 and 2007 was 39.3% and 38.1%, respectively. The three and six months 2008 increase reflects state income tax rates, associated with accounting for the future income tax effect of temporary differences between financial and income tax bases of assets and liabilities associated with NHMS, that are higher than blended income tax rates for other states where the Company operates. As of June 30, 2008 and December 31, 2007, the Company has reflected a valuation allowance of approximately $20,547,000 against deferred tax assets associated with equity investee losses of Motorsports Authentics because management has determined that ultimate realization is not more likely than not.

FASB Interpretation No. 48 Disclosures. The Company follows FIN 48 "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109" (FIN 48) which, among other things, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, and disclosures.

As of June 30, 2008 and December 31, 2007, income tax liabilities for unrecognized tax benefits of approximately

$7,611,000 and $7,159,000 were included in other noncurrent liabilities, all of which would affect the Company's effective tax rate if recognized. The Company reports interest expense and penalties related to income tax liabilities, when applicable, in income tax expense. The Company recognized interest and penalties on uncertain tax positions of $147,000 and $295,000 in the three and six months ended June 30, 2008, and none in the three or six months ended June 30, 2007. As of June 30, 2008 and December 31, 2007, the Company had $3,668,000 and $3,373,000 accrued for the payment of interest and penalties on uncertain tax positions, which is included in other noncurrent liabilities. As of June 30, 2008, management was not aware of any significant tax positions where it appeared reasonably possible that unrecognized tax benefits might significantly increase or decrease within the next twelve months, except the Company could recognize approximately $407,000 of unrecognized tax benefits upon the expiration of a statute of limitations. The tax years that remain open to examination include 2002 through 2007 by the North Carolina Department of Revenue, and 2004 through 2007 by all other taxing jurisdictions to which the Company is subject.

A reconciliation of the change in the total unrecognized tax benefits and other information for the three and six months ended June 30, 2008 is as follows (in thousands):

	Three Months Ended June 30: 2008	Six Months Ended June 30: 2008
Beginning of period	$ 7,611	$ 7,159
Increases for tax positions of current year	—	452
Reductions for lapse of applicable statute of limitations	—	—
End of period	$ 7,611	$ 7,611

Taxes Collected from Customers —The Company reports sales, admission and other taxes collected from customers on both a gross and net basis in the Consolidated Statement of Operations. Such taxes reported on a gross basis for the three months ended June 30, 2008 and 2007 amounted to $2,785,000 and $2,668,000, and for the six months ended June 30, 2008 and 2007 amounted to $5,584,000 and $6,870,000.

Other Contingencies —LMS's property includes areas used as solid waste landfills for many years. Landfilling of general categories of municipal solid waste on the LMS property ceased in 1992, but LMS currently allows certain property to be used for land clearing and inert debris landfilling (LCID). Landfilling for construction and demolition debris (C&D) has ceased on the LMS property. Management believes the Company's operations, including the landfills on its property, comply with all applicable federal, state and local environmental laws and regulations. Management is not aware of any situation related to landfill operations which would have a material adverse effect on the Company's financial position, future results of operations or cash flows.

As of June 30, 2008, the Company had contingent guarantee obligations associated with an equity investment that are limited to $12,500,000, decrease annually and expire through 2015 based on specified terms and conditions. At this time, management believes the fair value of this guarantee is presently insignificant.

Fair Value of Financial Instruments —As further described below in "Recently Issued Accounting Standards", the Company adopted SFAS No. 157 "Fair Value Instruments" in the first quarter 2008. SFAS No. 157, along with FASB Staff Position (FSP) 157-2, requires that financial assets and financial liabilities measured and reported on a fair value basis be classified, disclosed and categorized as further described below. Fair value estimates are based on relevant market information and quoted market prices where available at a specific point in time, and changes in assumptions or market conditions could significantly affect estimates. The carrying values of cash and cash equivalents, short-term investments, accounts and notes receivable, and accounts payable approximate fair value because of the short maturity of these financial instruments. Short-term investments, marketable debt and equity securities, and interest rate swaps are carried at fair value based on quoted market prices. Notes and other receivables and bank revolving credit facility borrowings are variable interest rate financial instruments and, therefore, carrying values approximate fair value.

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The following table presents estimated fair values and categorization levels of the Company's financial instruments as of June 30, 2008 and December 31, 2007 (in thousands):

			June 30, 2008		December 31, 2007	
	Level	Class	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets						
Cash and cash equivalents	1	R	$126,240	$126,240	$156,273	$156,273
Short-term investments	2	R	7,721	7,721	12,189	12,189
Marketable equity securities	1	R	79	79	97	97
Liabilities						
Floating rate revolving Credit Facility	2	R	350,000	350,000	98,438	98,438
6 3/4 % Senior subordinated notes payable	1	NR	330,000	323,400	330,000	323,400
Cash flow interest swap on revolving Credit Facility	2	R	205	205	Less than $1	Less than $1

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.
Class R: Measured at fair value on recurring basis, subsequent to initial recognition.
Class NR: Measured at fair value on nonrecurring basis, subsequent to initial recognition.

Short-term investments consist principally of highly liquid marketable mutual fund securities and auction rate securities held in large, qualified financial institutional investment accounts. These investments are classified as "trading" securities and carried at fair value, and realized and unrealized gains or losses are included in the Company's consolidated statement of income. The Company has marketable securities investments in the Columbia Strategic Asset Mutual Fund of Bank of America which suspended redemptions in December 2007. The Company had initially invested approximately $10,200,000, of which approximately $5,360,000 or 52% has been returned through June 30, 2008. The fund manager has advised the Company that it intends to make an orderly fund liquidation with the goal of preserving and distributing as much of the original investment values as possible to the fund investors. As of June 30, 2008 and December 31, 2007, the investment was recorded at its estimated fair market value of 97.1% and 98.7% of par. The bond market for auction rate securities has recently experienced difficulties caused by decreased demand, failed auctions, unusual interest rates and other challenges. As of June 30, 2008 and December 31, 2007, the Company has approximately $3,000,000 invested in auction rate securities which approximates fair value. Management has the ability and intends to hold these securities until the bond market recovers. Management believes that further declines, if any, in the market value of these short-term investments are not likely to result in a significant loss to the Company.

Recently Issued Accounting Standards —In September 2006, SFAS No. 157 "Fair Value Instruments" was issued which, among other things, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value instruments. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157, among other things, clarifies various market participation assumptions and fair value measurement, expands disclosures about using fair values in interim and annual periods subsequent to initial recognition, and applies for derivatives and other financial instruments measured at fair value under SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" at initial recognition and in all subsequent periods. This statement also nullifies certain guidance in EITF No. 02-3 "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities". SFAS No. 157 applies to and may impact the Company's reporting of equity investments in associated entities, which includes Motorsports Authentics, and impairment analysis for long-lived assets, goodwill and other intangible assets. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. However, in February 2008, FSP 157-2 was issued which allowed, and the Company has elected, deferral of the effective date of SFAS No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in financial statements on a nonrecurring basis. The Company adopted SFAS No. 157 as of January 1, 2008, and the required disclosures are presented in “Fair Value of Financial Instruments” above.

In February 2007, SFAS No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115” was issued which, among other things, permits entities to irrevocably choose to measure many financial instruments and certain other items at fair value at specified election dates. SFAS No. 159 was issued to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to FASB Statement No. 115 “Accounting for Certain Investments in Debt and Equity Securities” applies to all entities with available-for-sale and trading securities, and unrealized gains and losses are to be reported on items for which the fair value option has been elected in earnings at each subsequent reporting date. The Company has elected not to measure eligible items at fair value and adoption of SFAS No. 159 as of January 1, 2008 had no significant impact on its financial statements or disclosures.

In December 2007, SFAS No. 160 “Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB 51” was issued which, among other things, changes the accounting and reporting for noncontrolling interests in subsidiaries or minority interests. Minority interests will be recharacterized as noncontrolling interests and reported as a component of equity separate from parent equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. Consolidated net income will be reported at amounts that include amounts attributable to both the parent and noncontrolling interests, and amounts attributable to the parent and noncontrolling interests will be disclosed on the face of the consolidated statement of income. SFAS No. 160 establishes a single method of accounting for changes in parent ownership interest in a subsidiary that do not result in deconsolidation, and eliminates the requirement to apply purchase accounting to parent acquisition of noncontrolling ownership interests in a subsidiary. A parent will be required to recognize a gain or loss in net income when a subsidiary is deconsolidated, and deconsolidate a subsidiary as of the date the parent ceases to have a controlling financial interest. Upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. Also, expanded disclosures will be required that clearly identify and distinguish between the interests of parent owners and noncontrolling owners of a subsidiary. SFAS No. 160 is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008, except for presentation and disclosure requirements, which are to be applied retrospectively. The Company is currently assessing the impact, if any, adopting SFAS No. 160 may have on its financial statements or disclosures.

In December 2007, SFAS No. 141 (Revised 2007) “Business Combinations” was issued which, among other things, replaces SFAS No. 141. SFAS No. 141R retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized under purchase accounting. It changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires capitalizing in-process research and development costs at fair value, and requires expensing acquisition-related costs as incurred. SFAS No. 141R defines an acquirer as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date that acquirers achieve control. Noncontrolling interests in acquirees are required to be measured at fair value which could result in recognizing goodwill attributable to noncontrolling interests. Also, specific guidance is provided on the subsequent accounting for assets and liabilities arising from contingencies acquired or assumed in a business combination. SFAS No. 141R does not apply to joint venture formations, acquisitions of an asset or a group of assets that does not constitute a business, or a combination between entities or businesses under common control. SFAS No. 141R is effective for business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. As such, the Company expects SFAS No. 141R to have no significant impact on the Company’s financial statements or disclosures prior to any such business combination.

In March 2008, SFAS No. 161 “Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133” was issued which, among other things, changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about how and why derivative instruments are used in terms of underlying risk, including credit-risk-related contingent features, and how derivative instruments and related hedged items are accounted for under SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities" and related interpretations, and how an entity's financial position, financial performance, and cash flows are affected. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently assessing the impact, if any, adopting SFAS No. 161 may have on its financial statements or disclosures.

In April 2008, FSP 142-3 "Determination of the Useful Life of Intangible Assets" was issued which, among other things, amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142 "Goodwill and Other Intangible Assets". FSP 142-3 also requires additional disclosures on information that can be used to assess the extent to which future cash flows associated with intangible assets are affected by an entity's intent or ability to renew or extend such arrangements and on associated accounting policies. FSP 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently assessing the impact, if any, adopting FSP 142-3 may have on its financial statements or disclosures.

In May 2008, SFAS No. 162 "The Hierarchy of Generally Accepted Accounting Principles" was issued to clarify the sources of accounting principles and the framework for selecting the principles used in preparing financial statements in conformity with generally accepted accounting principles in the United States. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411 "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." The Company believes adoption of SFAS No. 162 will have no significant impact on its financial statements or disclosures.

3. INVENTORIES

Inventories consist of the following components (in thousands):

	June 30, 2008	December 31, 2007
Souvenirs and apparel	$ 9,566	$ 8,248
Finished vehicles, parts and accessories	5,422	4,659
Micro-lubricant ® and other	1,939	1,997
Total	$ 16,927	$ 14,904

All inventories are stated at the lower of cost or market with provisions for differences between cost and estimated market value based on assumptions about current and future demand, market conditions and trends that might adversely impact realization. At June 30, 2008 and December 31, 2007, inventories reflect provisions of $8,784,000 and $7,912,000, and there were no bulk petroleum inventories.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets represent the excess of business acquisition costs over the fair value of net assets acquired, and are all associated with the Company's motorsports related activities and reporting unit. Intangible assets consist predominately of goodwill and nonamortizable intangible assets for race event sanctioning and renewal agreements and, to a lesser extent, goodwill associated with event related motorsports merchandising and amortizable intangible assets associated with network and other media promotional contracts for non-event motorsports merchandising. Acquired intangible assets are valued using the direct value method. Nonamortizable intangible assets for race event sanctioning and renewal agreements are considered to have indefinite useful lives because their renewal and cash flow generation are expected to continue indefinitely.

The Company follows SFAS No. 142 "Goodwill and Other Intangible Assets" which specifies, among other things, nonamortization of goodwill and other intangible assets with indefinite useful lives and expanded testing for possible impairment at least annually. Management considers each speedway and motorsports and non-motorsports merchandising subsidiary an operating segment and separate reporting unit principally because that is the lowest level for which discrete financial information is available to the Company's segment managers and chief operating decision maker. No reporting units are aggregated for purposes of evaluating intangible assets for possible impairment. The Company evaluates intangible assets for possible impairment based on expected future discounted operating cash flows and profitability attributable to such assets, which is supported by quoted market prices or comparable transactions where available or applicable. The Company evaluates goodwill and other intangible assets for possible impairment annually in the second quarter, or when events or circumstances indicate possible impairment may have occurred. Management's latest annual assessment of goodwill and other intangible assets in the second quarter 2008 indicated there had been no impairment, and there has since been no events or circumstances which might indicate possible impairment as of June 30, 2008.

As of June 30, 2008 and December 31, 2007, gross carrying values and accumulated amortization by class of intangible asset are as follows (dollars in thousands):

	June 30, 2008			December 31, 2007			Estimated Amortization
	Gross Carrying Value	Accumulated Amortization	Net	Gross Carrying Value	Accumulated Amortization	Net	Period (Years)
Nonamortizable race event sanctioning and renewal agreements	$348,783	—	$348,783	$ 98,783	—	$ 98,783	—
Amortizable network and other media promotional contracts	3,320	$ (628)	2,692	3,320	$ (564)	2,756	30
Total	$352,103	$ (628)	$351,475	$102,103	$ (564)	$101,539	

Changes in the gross carrying value of other intangible assets and goodwill during the six months ended June 30, 2008 are as follows (in thousands):

	Other Intangible Assets	Goodwill
Balance, beginning of period	$ 102,103	$ 54,454
Increase from NHMS acquisition (Note 11)	250,000	152,387
Balance, end of period	$ 352,103	$206,841

Increases in the gross carrying value of other intangible assets and goodwill in the six months ended June 30, 2008 reflect the Company's preliminary purchase accounting for the NHMS acquisition as further described in Note 1 "Current Year Business Acquisitions" and Note 11. Other intangible assets acquired consist of nonamortizable race event sanctioning and renewal agreements to annually host two NASCAR Sprint Cup and one NASCAR Nationwide Series racing events.

5. LONG-TERM DEBT

Bank Credit Facility and 2008 Amendments —The Company has a long-term, senior revolving credit facility (the Credit Facility) obtained from a syndicate of banks led by Bank of America, N.A. as an agent and lender. As of June 30, 2008, the Credit Facility: (i) provides for aggregate borrowings of up to $500,000,000, including separate sub-limits of $10,000,000 for borrowings under 15-day swing line loans and $75,000,000 for letters of credit; (ii) matures March 2010; (iii) allows annual aggregate payments of dividends and repurchases of SMI securities of up to $75,000,000, increasing up to $150,000,000 subject to maintaining certain financial covenants; (iv) limits annual capital expenditures to $80,000,000; (v) allows the Company to consummate motorsports industry related transactions provided that aggregate cash consideration in any fiscal year does not exceed 35% of its consolidated net worth at the immediately preceding fiscal year end; and (vi) allows the Company to consummate other acquisitions consistent with its business provided that cash consideration paid for such other acquisitions does not exceed an aggregate of $100,000,000 over the Credit Facility term. After amendment in May 2006, the Credit Facility permits investments aggregating up to an additional $50,000,000 in the Company's oil and gas activities and certain other businesses, and allows for additional investments, contracts and contract assignment associated with the Company's buying and selling of bulk petroleum products to specified foreign parties. Loans under the Credit Facility may be borrowed, repaid and reborrowed, from time to time, subject to certain conditions on the date borrowed. Interest is based, at the Company's option, upon LIBOR plus 0.875% to 1.75% or the greater of Bank of America's prime rate or the Federal Funds rate plus 0.5%. The margin applicable to LIBOR borrowings is adjustable periodically based upon certain ratios of funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA). At June 30, 2008 and December 31, 2007, outstanding borrowings under the Credit Facility were $350,000,000 and $98,438,000. The Company repaid $48,438,000 of Credit Facility borrowings during the three months ended June 30, 2008. As of June 30, 2008, outstanding letters of credit amounted to $1,144,000, and the Company could borrow up to an additional $148,856,000 under the Credit Facility.

The Credit Facility contains a number of affirmative and negative financial covenants, including requiring the Company to maintain certain ratios of funded debt to EBITDA, funded senior debt to EBITDA and earnings before interest and taxes (EBIT) to interest expense, and to maintain a minimum net worth. Negative covenants restrict, among other things, the incurrence and existence of liens, specified types of investments, restricted payments, dividends, equity and debt security repurchases, capital expenditures, transactions with affiliates, acquisitions, sales of assets, and incurring other debt. Indebtedness under the Credit Facility is guaranteed by all operative Company subsidiaries except Oil-Chem and its subsidiaries (the Guarantors), and is secured by a pledge of all capital stock and limited liability company interests of the Guarantors.

In January 2008, the Company amended its Credit Facility to increase the amount available for borrowing under revolving loans from $400,000,000 to $500,000,000, and to specifically exclude the NHMS purchase (see Note 11) from the provision that aggregate cash consideration for the Company's motorsports industry related transactions in any fiscal year could not exceed 35% of its consolidated net worth at the immediately preceding fiscal year end. In April 2008, the Company amended the Credit Facility to clarify that nonrecurring, non-cash gains or losses related to Motorsports Authentics are specifically excluded from financial covenants that use EBITDA and EBIT.

Senior Subordinated Notes —In 2003, the Company issued 6 3/4% Senior Subordinated Notes due 2013 for principal of $230,000,000. In 2004, the Company completed a $100,000,000 private placement add-on offering to the $230,000,000 Senior Subordinated Notes issued in 2003 to fund the purchase of North Carolina Speedway. The add-on notes are identical to the Senior Subordinated Notes issued in 2003 with the same interest rate, maturity, covenants, limitations, and other terms and are governed by the same indenture (hereafter both issuances are referred to as the Senior Subordinated Notes).

The Senior Subordinated Notes mature in 2013, are guaranteed by all operative Company subsidiaries except Oil-Chem and its subsidiaries, and interest payments are due semi-annually on June 1 and December 1. The Indenture governing the Senior Subordinated Notes permits annual dividend payments of up to approximately $0.40 per share of common stock, increasable subject to meeting certain financial covenants. The Senior Subordinated Notes are subordinated to all present and future senior secured indebtedness of the Company, including the Credit Facility described above. The Company may redeem some or all of the Senior Subordinated Notes at annually declining redemption premiums ranging from 103.375% of par in fiscal years beginning June 1, 2008 to par after June 1, 2011. In the event of a change of control, the Company must offer to repurchase the Senior Subordinated Notes at 101% of par value plus accrued and unpaid interest.

The Credit Facility and Senior Subordinated Notes contain certain other requirements and restrictive financial covenants and limitations on capital expenditures, acquisitions, dividends, repurchase or issuance of SMI securities, and other limitations or prohibitions on incurring other indebtedness, pledges of assets to any third party, transactions with affiliates, guarantees, asset sales, investments, distributions and redemptions. The Credit Facility and Senior Subordinated Notes Indenture agreements contain cross-default provisions. Management believes the Company was in compliance with all applicable covenants under the Credit Facility and Senior Subordinated Notes as of June 30, 2008. See Note 6 to the Consolidated Financial Statements in the Company's 2007 Annual Report on Form 10-K for further

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information on the terms and conditions of the Credit Facility and the Senior Subordinated Notes.

Interest Rate Swaps —The Company at times uses interest rate swaps for non-trading purposes to hedge interest rate risk and optimize a combination of variable and fixed interest rate debt. The Company presently has one interest rate cash flow swap that provides fixed interest rate features on certain variable rate term loan obligations. Changes in fair value and differentials paid or received in periodic settlements are reflected as an adjustment to interest expense and included in operating activities in the statement of cash flows. For early terminated swap agreements, net settlement payments at termination are deferred when received and amortized into income as a yield adjustment to interest expense over the underlying hedged debt term.

Under the present interest rate swap agreement, the Company pays a 3.87% fixed interest rate and receives a variable interest rate based on LIBOR on a principal notional amount of $28,125,000. The agreement provides for quarterly settlement and expires corresponding with the underlying hedged debt term. The cash flow swap agreement does not meet the conditions for hedge accounting under SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities”. Interest expense for the three months ended June 30, 2008 and 2007 decreased $376,000 and $114,000, and for the six months ended June 30, 2008 and 2007 increased $204,000 and $109,000, due to market value changes of the interest rate swap agreement. At June 30, 2008 and December 31, 2007, the Company has reflected a derivative liability for this swap of $205,000 and less than $1,000. In 2005, a fair value hedge swap agreement was terminated and settled with a $501,000 net payment to the Company. The $501,000 net gain was deferred when received and is being amortized into income as an adjustment to interest expense over the underlying hedged debt term through May 2013. Such interest expense adjustments totaled $16,000 and $31,000 in each of the three and six months ended June 30, 2008 and 2007. Interest expense reflects net settlement payments of $97,000 and $14,000 in the three and six months ended June 30, 2008, and net settlement receipts of $163,000 and $334,000 in the three and six months ended June 30, 2007.

Subsidiary Guarantees —Amounts outstanding under the Credit Facility and Senior Subordinated Notes are guaranteed by all of SMI’s operative subsidiaries except for Oil-Chem and its subsidiaries. These guarantees are full and unconditional and joint and several. The parent company has no independent assets or operations. There are no restrictions on the subsidiaries’ ability to pay dividends or advance funds to SMI.

Interest Expense, Net —Interest expense, interest income and capitalized interest costs are summarized as follows (in thousands):

	Three Months Ended June 30:		Six Months Ended June 30:	
	2008	2007	2008	2007
Gross interest costs	$ 10,275	$ 7,319	$21,542	$14,944
Less: capitalized interest costs	(688)	(575)	(1,049)	(1,511)
Interest expense	9,587	6,744	20,493	13,433
Interest income	(1,246)	(1,991)	(2,703)	(3,986)
Interest expense, net	$ 8,341	$ 4,753	$17,790	$ 9,447
Weighted-average interest rate on borrowings under bank Credit Facility	4.5%	6.3%	4.7%	6.3%

6. PER SHARE AND OTHER EQUITY INFORMATION

The following schedule reconciles basic and diluted earnings per share (in thousands except per share amounts):

	Three Months Ended June 30:		Six Months Ended June 30:	
	2008	2007	2008	2007
Net income applicable to common stockholders and assumed conversions	$ 47,018	$ 40,316	$ 77,920	$ 72,181
Weighted average common shares outstanding	43,485	43,810	43,504	43,791
Dilution effect of assumed conversions:				
Common stock equivalents—stock awards	12	206	26	201
Weighted average common shares outstanding and assumed conversions	43,497	44,016	43,530	43,992
Basic earnings per share	$ 1.08	$ 0.92	$ 1.79	$ 1.65
Diluted earnings per share	$ 1.08	$ 0.92	$ 1.79	$ 1.64
Anti-dilutive common stock equivalents excluded in computing diluted earnings per share	699	28	535	36

Stock Repurchase Program —In April 2005, the Company's Board of Directors approved a stock repurchase program authorizing SMI to repurchase up to 1,000,000 shares of the Company's outstanding common stock from time to time, depending on market conditions, share price, applicable limitations under the Credit Facility and Senior Subordinated Notes (see Note 5), and other factors the Board of Directors or their designees, in their sole discretion, may consider relevant. The purchases can be in the open market or private transactions. In February 2007, the Company's Board of Directors authorized SMI to repurchase up to an additional 1,000,000 shares of outstanding common stock under the same terms and conditions as the initial share repurchase authorization. The stock repurchase program is presently funded using the Company's available cash and cash equivalents and may be suspended or discontinued at any time. During the three and six months ended June 30, 2008, the Company repurchased 81,000 and 156,000 shares of common stock for $2,041,000 and $4,220,000. As of June 30, 2008, the Company could repurchase up to an additional 612,000 shares under the current authorization.

7. RELATED PARTY TRANSACTIONS

Before July 30, 2002, the Company made loans to, and paid certain expenses on behalf of, Sonic Financial Corporation (Sonic Financial), a Company affiliate through common ownership by the Company's Chairman and Chief Executive Officer, for various corporate purposes. Also, the Company and Sonic Financial currently share various expenses in the ordinary course of business. Notes and other receivables from affiliates at June 30, 2008 and December 31, 2007 include $5,219,000 and $5,331,000 due from Sonic Financial. The amount due bears interest at 1% over prime, is payable on demand, and because the Company did not anticipate or require repayment before June 30, 2009, is classified as a noncurrent asset in the accompanying consolidated balance sheet. Changes in the amount due from December 31, 2007 primarily reflect increases for accrued interest on outstanding balances, and decreases from shared expenses, with affiliates. Any increases pertain to note receivable arrangements in place before July 30, 2002. The amounts due were reduced from shared expenses and repayments, if any, net of accrued interest by $62,000 and $25,000 in the three months ended June 30, 2008 and 2007, and $112,000 and $95,000 in the six months ended June 30, 2008 and 2007.

Notes and other receivables from affiliates at June 30, 2008 and December 31, 2007 also include $3,543,000 and $3,459,000, including accrued interest, due from Motorsports Authentics, a 50% owned joint venture (see Note 2). The note was executed in 2006, bears interest at prime and is due within thirteen months of demand. In July 2008, the note, including accrued interest, was settled in full by offset of the same amount owed to MA as further described below. As such, the amount has been classified as a current asset in the accompanying June 30, 2008 consolidated balance sheet.

Amounts payable to affiliate at June 30, 2008 and December 31, 2007 consist of $2,594,000 for acquisition and other expenses paid on behalf of AMS by Sonic Financial prior to 1996. Of this amount, approximately $1,800,000 bears interest at 3.83% and the remainder at prime plus 1%. The entire amount is classified as long-term based on expected repayment dates.

600 Racing, SMI Properties and Oil-Chem each lease an office and warehouse facility from Chartown, a Company affiliate through common ownership by the Company's Chairman and Chief Executive Officer, under annually renewable lease agreements. Rent expense for 600 Racing approximated $61,000 and $49,000 for the three months ended June 30, 2008 and 2007, and $122,000 and $98,000 for the six months ended June 30, 2008 and 2007. Rent expense for SMI Properties approximated $60,000 and $66,000 for the three months ended June 30, 2008 and 2007, and $120,000 and $144,000 for the

six months ended June 30, 2008 and 2007. Rent expense for Oil-Chem approximated $24,000 and $48,000 for the three and six month periods ending June 30, 2008, and was insignificant for the three and six months ended June 30, 2007. At June 30, 2008 and December 31, 2007, amounts owed to Chartown were not significant.

AMS, BMS, NHMS, LVMS, 600 Racing and SMIP purchased new and used vehicles for employee use from certain subsidiary dealerships of Sonic Automotive, Inc. (SAI), an entity in which the Company's Chairman and Chief Executive Officer is a controlling stockholder, for an aggregate of approximately $20,000 in the three months ended June 30, 2008. There were no vehicles purchased in the three months ended June 30, 2007. Vehicles purchases in the six months ended June 30, 2008 and 2007 were approximately $161,000 and $323,000. Vehicles sold to SAI approximated $163,000 in the six months ended June 30, 2007. Vehicles sold in the three and six months ended June 30, 2008, and the three months ended June 30, 2007, were insignificant. At June 30, 2008 and December 31, 2007, there were no associated amounts due to or from SAI.

Oil-Chem sold zMax micro-lubricant ® product to certain SAI dealerships for resale to service customers of the dealerships in the ordinary course of business. Total purchases from Oil-Chem by SAI dealerships approximated $464,000 and $470,000 for the three months ended June 30, 2008 and 2007, and $864,000 and $1,164,000 for the six months ended June 30, 2008 and 2007. At June 30, 2008 and December 31, 2007, approximately $214,000 and $175,000 was due from SAI and is reflected in current assets.

At June 30, 2008 and December 31, 2007, current liabilities included $161,000 owed to SAI in connection with project management services provided by SAI employees in connection with supervising and managing construction and renovation projects at various SMI speedways in prior years.

SMI Properties purchased and sold motorsports merchandise, and received commissions for merchandise sold during Company events from Motorsports Authentics. In the three months ended June 30, 2008 and 2007, merchandise purchases approximated $4,125,000 and $3,491,000, and merchandise sales and event related commissions approximated $1,490,000 and $1,143,000. In the six months ended June 30, 2008 and 2007, merchandise purchases approximated $11,076,000 and $5,576,000, and merchandise sales and event related commissions approximated $3,232,000 and $2,476,000. At June 30, 2008 and December 31, 2007, net amounts owed to MA approximated $5,788,000 and $4,004,000, and are reflected in current liabilities. As further described above, in July 2008, amounts due under a note receivable from MA were repaid by offset of $3,547,000 owed to MA.

The foregoing related party balances as of June 30, 2008 and December 31, 2007, and transactions for the three and six months ended June 30, 2008 and 2007 are summarized below (in thousands):

	2008	2007
Notes receivable and other receivables	$8,976	$8,964
Amounts payable to affiliates	8,543	6,759

	Three Months Ended June 30:		Six Months Ended June 30:	
	2008	2007	2008	2007
Merchandise and vehicle purchases	$ 4,145	$ 3,491	$ 11,237	$ 6,079
Merchandise and vehicle sales and event related commissions, and reimbursed shared expenses	2,050	1,736	4,287	3,993
Rent expense	145	115	290	242
Interest income	101	175	224	358
Interest expense	29	35	61	70

8. LEGAL PROCEEDINGS AND CONTINGENCIES

The Company is involved in various lawsuits in the normal course of business, some of which involve material claims. Management does not currently believe the outcome of these lawsuits or incidents will have a material adverse effect on the Company's future financial position, results of operations or cash flows.

Karen Davies and William Davies, individually and as guardians of Ryan Davies and Peyton Davies filed a lawsuit seeking damages against TMS, INEX, 600 Racing and SMI in the District Court of Tarrant County, Texas on January 2, 2007. Ryan Davies was injured while participating in an event at TMS, and the Davies allege that negligence on the part of TMS, INEX, 600 Racing and SMI caused the accident. TMS, INEX, and 600 Racing filed answers on February 2, 2007 denying all material allegations. SMI made a special appearance on February 2, 2007 challenging the jurisdiction of the Texas court over it. TMS, INEX, 600 Racing and SMI are vigorously defending this matter. On March 5, 2007, TMS, INEX, and 600 Racing filed counterclaims and third-party claims asserting that other parties were liable for the accident involving Ryan Davies. On February 6, 2008 INEX was dismissed with prejudice by the Plaintiffs from the suit. Discovery is ongoing in this matter. SMI is currently unable to predict the amount of claims relating to this accident which may be made against it and how those claims might be resolved. At this time, management does not expect disposition of this case will have a material adverse effect on the Company's future financial position, results of operations or cash flows.

The Company entered into an agreement with IDIA Network, LLC (IDIA) on or about March 29, 2006, pursuant to which IDIA would provide certain advertising at the Company's subsidiary motorsports venues through permanently installed video monitors. By letter dated April 27, 2007, the Company issued a notice to IDIA that it was in default under the agreement. On May 10, 2007, IDIA filed for protection under Chapter 11 of the U.S. Bankruptcy Code, in the United States Bankruptcy Court for the Western District of Washington (the "Bankruptcy Court"). On May 24, 2007, IDIA filed an Adversary Proceeding against the Company in the Bankruptcy Court alleging fraud in the inducement and breach of contract. IDIA seeks a determination regarding the ownership of certain equipment, and sought damages of at least $5,000,000. The Company filed a motion seeking in the alternative a dismissal of the Adversary Proceeding or a transfer to the United States District Court for the Western District of North Carolina. The Bankruptcy Court ruled on the Company's motions on August 24, 2007. The Bankruptcy Court dismissed without prejudice IDIA's fraudulent inducement claim. IDIA previously amended its complaint to drop its breach of contract claim and to add a fraudulent conveyance claim regarding monies paid by IDIA to the Company. The Bankruptcy court maintained jurisdiction over the claim seeking a determination over the ownership of certain equipment and the fraudulent conveyance claim. The Bankruptcy Court has approved the settlement and entered an order dismissing this matter with prejudice. The Company has resolved this matter with IDIA in a manner that will not have a material adverse effect on the Company.

In 2006, the Company purchased a Russian entity, OOO Visheraneft, to exploit certain mineral rights in an existing oilfield in the Perm region of Russia (the Perm Oilfield). The Company has been informed that Visheraneft's alleged predecessor entity and several of its shareholders have filed suit in the Russian courts challenging certain rights of Visheraneft. The alleged predecessor entity and the shareholders contend they maintain an interest in the mineral rights license registered to Visheraneft with respect to the Perm Oilfield. On October 17, 2007, the trial court ruled in Visheraneft's favor with respect to challenges by its predecessor entity and several of its shareholders against Visheraneft's rights in its license. On December 19, 2007, the intermediate appellate court upheld Visheraneft's subsoil license rights. No appeal has been taken from that judgment. Additionally, the Company was informed on January 23, 2008 that it was discovered in the process of attempting to make required filings with the local tax office to finalize the Company's acquisition of Visheraneft, that an unknown third party had made what appeared to be a fraudulent filing purporting to show that party as the owner of Visheraneft. The fraudulent filing was set aside by the Russian trial court on May 12, 2008, and has not been appealed. Based upon this ruling, the Company is working to finalize its position in OOO Visheraneft, and also continues to work to secure its position with respect to the mineral rights in the Perm Oilfield. However, the Company remains uncertain as to whether the issues involving Visheraneft will result in a material adverse impact on the Company's future financial position, results of operations or cash flows.

On April 22, 2008, SMIL filed a complaint (the Complaint) against Bronwen Energy Trading, Ltd. (Bronwen), Bronwen Energy Trading UK, Ltd. (Bronwen UK), Dr. Patrick Denyefa Ndiomu, BNP Paribas (Suisse) SA (BNP Suisse), BNP Paribas S.A. (BNP France), Swift Aviation Group, Inc. (SAG), Swift Air, LLC (SA), and Swift Aviation Group, LLC (Swift Aviation). On May 29, 2008, SMIL filed an amended complaint (the Amended Complaint) adding Swift Transportation Company, Inc. (Swift Transportation) as a party defendant (the Complaint and Amended Complaint being hereafter referred to as the "Litigation"). In the Litigation, SMIL is seeking recovery of $12,000,000 it alleges was wrongfully drawn from its bank account by BNP Suisse and BNP France in connection with obligations SMIL contends are owed by Bronwen, Bronwen UK, Dr. Ndiomu, SAG, SA, Swift Aviation and Swift Transportation for petroleum product purchases utilizing credit extended by BNP France. SMIL is also seeking to recover contractual amounts it alleges are owed by Bronwen, Bronwen UK, Dr. Ndiomu, SAG, SA, Swift Aviation and Swift Transportation under the terms of various contracts regarding the petroleum product purchases. Additionally, SMIL is seeking treble damages, attorneys' fees and costs. In the Litigation, SMIL has asserted claims for breach of contract, wrongful honor on a guarantee demand, conversion, fraud, negligent misrepresentation, equitable subrogation, alter ego, unfair and deceptive trade practices, and has sought an accounting. The Litigation was filed in the Superior Court of North Carolina sitting in Mecklenburg County. On July 7, 2008, SAG, SA, Swift Aviation, and Swift Transportation filed an answer to the Amended Complaint denying all material allegations. On August 4, 2008, BNP Suisse filed a motion to dismiss the claims against it alleging the North Carolina court does not possess personal jurisdiction over BNP Suisse. No responsive pleading has been filed to date by BNP France, Bronwen UK or Dr. Ndiomu. On July 23, 2008, SMIL obtained an entry of default against Bronwen due to its failure to timely file a responsive pleading. The Litigation is in the early stages of discovery and motions practice and management is unable at this time to assess its probable outcome.

9. STOCK COMPENSATION PLANS

2004 Stock Incentive Plan —Awards under the 2004 Stock Incentive Plan (the 2004 Plan) may consist of incentive stock options, non-statutory stock options or restricted stock. Exercise prices for awarded stock options generally may not be less than the fair or trading value of the Company's common stock at, and exercise periods may not exceed ten years from, the option grant date. The 2004 Plan is scheduled to terminate ten years from adoption in February 2004. No individual may be granted options aggregating more than 100,000 shares of common stock during any calendar year. In the case of restricted stock awards that are designated as performance awards, no individual may be granted an aggregate of more than 35,000 shares of common stock during any calendar year. All stock options granted under the 2004 Plan have an exercise price equal to the market value of the underlying common stock at grant date. To date, stock options expire ten years from grant date and vest immediately or in equal installments over three years and restricted stock vests three years from grant date. The Company awarded 7,000 shares of restricted stock under the Company's performance based incentive compensative plan, subject to reaching certain defined full year 2008 earnings targets, to each of three executive officers during the six months ended June 30, 2008.

1994 Stock Option Plan —The 1994 Stock Option Plan (the 1994 Plan) expired by its terms on December 21, 2004 and no further options can be granted under that plan. Adoption of the 2004 Plan described above, and termination of the 1994 Plan, did not adversely affect rights under any outstanding stock options previously granted under the 1994 Plan. All options granted to purchase shares under the 1994 Plan are fully vested and generally expire ten years from grant date. The exercise price of all stock options granted under the 1994 Plan was the fair or trading value of the Company's common stock at grant date.

Formula Stock Option Plan for Directors —The Formula Stock Option Plan, which was for the benefit of the Company's outside directors, was suspended in December 2007 and a new plan, as further described below, was approved by stockholders at the Annual Meeting on April 23, 2008. Approval of the new plan terminated the Formula Stock Option Plan. Prior to plan suspension and termination, before February 1 each year, individual outside directors were awarded an option to purchase 10,000 shares of common stock at an exercise price equal to the average fair market value per share for the ten day period prior to award. Termination of the Formula Stock Option Plan did not adversely affect rights under any outstanding stock options previously granted. All options granted under this plan generally vested in six months, and expired ten years, from grant date. No options were granted under this plan in 2008.

New 2008 Formula Restricted Stock Plan —In December 2007, the SMI Board of Directors, excluding non-employee directors, suspended the Formula Stock Option Plan and, in February 2008, adopted a new 2008 Formula Restricted Stock Plan (the 2008 Formula Plan) which stockholders approved at the Annual Meeting of Stockholders on April 23, 2008. The 2008 Formula Plan is intended to promote the interests of the Company and its stockholders by providing non-employee directors with Company ownership interests to more closely align their interests with the Company's stockholders and to enhance the Company's ability to attract and retain highly qualified non-employee directors. The 2008 Formula Plan is intended to constitute a "formula plan" within the meaning of SEC Rule 16b-3 of the Exchange

Act. Approval of the 2008 Formula Plan, and termination of the Formula Stock Option Plan, did not adversely affect the rights of any outstanding stock options previously granted under the Formula Stock Option Plan. The 2008 Formula Plan is administered by the Board of Directors, excluding non-employee directors, and expires by its terms in February 2018. The Board of Directors, excluding non-employee directors, may amend, suspend or terminate the 2008 Formula Plan in whole or in part, provided that no such amendment, suspension or termination adversely affects previously granted awards without the consent of the award recipient. Any such amendment, suspension or termination may be subject to stockholder approval.

Under the 2008 Formula Plan, 100,000 shares of SMI's common stock will be reserved for issuance and awards will be in the form of restricted stock. On the first business day following each annual meeting, beginning with the Company's 2008 Annual Meeting, each non-employee director who is then a member of the Board shall receive a grant of restricted stock consisting of the number of shares equaling $60,000 divided by the average market value of the common stock as of the grant date. Average market value is defined as the average of closing sale prices for the twenty days immediately preceding the grant gate, rounded up to the nearest whole share. Grants of restricted stock fully vest on the earlier of (i) the first grant date anniversary or (ii) the day before the Company's next annual meeting following the grant date. Vesting is subject to continued service as a director through scheduled vesting dates. The Company awarded 2,381 shares of restricted stock to each of the five outside directors on April 24, 2008 in accordance with plan provisions.

Employee Stock Purchase Plan —No shares were granted to employees under the Employee Stock Purchase Plan for calendar year 2008 or 2007.

SFAS No. 123R "Share-Based Payment" —The Company follows SFAS No. 123R "Share-Based Payment" and is using the modified prospective method of transitioning to SFAS No. 123R. Under the modified prospective transition method, share-based compensation cost is recognized for (i) unvested share-based awards granted before January 1, 2006 based on the grant date fair value estimated using the original provisions of SFAS No. 123 and (ii) share-based awards granted after January 1, 2006 based on grant-date fair value estimated using the provisions of SFAS No. 123R. The Company's practice has been to issue new shares upon option exercise; however, repurchases of shares in the open market are permitted.

There were no significant changes in the characteristics of stock options or restricted stock granted during 2008 or 2007 as compared to prior grants and no modifications of the terms of any share-based payment arrangements. There were no significant changes in estimates, assumptions or valuation methods used to estimate the fair value of share-based payment awards.

Share-based compensation cost is included in general and administrative expense. Share-based compensation cost for the three months ended June 30, 2008 and 2007 totaled $399,000 and $613,000, before income taxes of $157,000 and $233,000, and for the six months ended June 30, 2008 and 2007 totaled $703,000 and $1,217,000, before income taxes of $276,000 and $464,000, respectively. There were no capitalized share-based compensation costs at June 30, 2008 or December 31, 2007.

As of June 30, 2008, there was approximately $255,000 of unrecognized compensation cost related to non-vested stock options granted under the 2004 Plan that is expected to be recognized over a weighted-average period of 0.7 year. The Company generally records stock-based compensation cost for granted stock options on the accelerated method using a graded vesting schedule over the requisite service period. As of June 30, 2008, there was approximately $2,350,000 of unrecognized compensation cost related to non-vested restricted stock granted under the 2004 Plan that is expected to be recognized over a weighted-average period of 1.2 years. The Company generally records stock-based compensation cost for restricted stock awards using the straight line method over the requisite service period.

See Note 11 to the Consolidated Financial Statements in the Company's 2007 Annual Report on Form 10-K for additional information and terms of the Company's stock incentive, stock option, restrictive stock and employee stock purchase plans.

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10. SEGMENT DISCLOSURES

The Company's operations are predominately comprised of promoting, marketing and sponsoring motorsports racing events, merchandising and other related activities conducted at its various major speedway facilities located in the United States. The Company's business and activities, including those of its subsidiaries and joint venture equity investees, are further described in Note 1 to the Consolidated Financial Statements in the Company's 2007 Annual Report on Form 10-K. The Company's "motorsports event related" segment consists of revenues and expenses associated with all admissions, event related, NASCAR broadcasting and event motorsports merchandising activities, and joint venture equity investee earnings or losses associated with motorsports merchandising. The segment includes motorsports related events and operations for all Company speedways, NASCAR broadcasting and ancillary media rights, PRN and RCU motorsports radio programming, and SMI Properties, SMI Trackside and MA joint venture motorsports merchandising at Company and non-Company speedways. These operating segments have been aggregated into the motorsports related reporting segment as each share similar types and classes of customers, similar methods for providing or distributing motorsports related services, souvenirs and other merchandise, and other similar economic characteristics. The Company's "all other" operations consist of TSI and MBM non-event motorsports and non-motorsports merchandising, 600 Racing non-event merchandising and sanctioning body activities, SMIL and Oil-Chem oil and gas and micro-lubricant activities, and office rentals at certain Company speedways. Certain oil and gas activities include operations and assets located in foreign countries as further described in Note 2 –"Oil and Gas Activities".

Segment information as presented below comports with information the Company's chief operating decision maker and management use and focus on when assessing segment performance and allocating resources. Segment operating income excludes interest, taxes and other expense (income) and specified unusual non-recurring items, if any, and corporate general and administrative and depreciation costs are allocated to operating segments based on their respective revenues relative to consolidated revenues. There were no significant intersegment or intercompany revenues, expenses or other transactions during the periods presented. The following segment information is for the three and six months ended June 30, 2008 and 2007, and as of June 30, 2008 and December 31, 2007 (in thousands):

	Three Months Ended June 30:					
	2008			2007		
	Motorsports Event Related	All Other	Consolidated	Motorsports Event Related	All Other	Consolidated
Revenues	$ 202,787	$10,004	$ 212,791	$ 171,698	$ 9,066	$ 180,764
Depreciation and amortization	11,755	167	11,922	11,122	148	11,270
Equity investee earnings (losses)	2,953	—	2,953	(307)	—	(307)
Operating income (loss)	82,588	(1,077)	81,511	71,790	(1,167)	70,623

	Six Months Ended June 30:					
	2008			2007		
	Motorsports Event Related	All Other	Consolidated	Motorsports Event Related	All Other	Consolidated
Revenues	$ 347,865	$20,152	$ 368,017	$ 316,263	$16,677	$ 332,940
Depreciation and amortization	23,391	331	23,722	21,545	278	21,823
Equity investee earnings (losses)	4,544	—	4,544	(3,761)	—	(3,761)
Operating income (loss)	144,169	(3,801)	140,368	134,986	(4,621)	130,365
Capital expenditures	37,729	205	37,934	46,731	2,169	48,900

	June 30, 2008			December 31, 2007		
Goodwill and other intangibles	$ 550,132	$ 8,184	$ 558,316	$ 147,745	$ 8,248	$ 155,993
Total assets	1,992,397	65,779	2,058,176	1,504,453	73,867	1,578,320
Equity investments	80,240	—	80,240	76,678	—	76,678

The following table reconciles segment operating income above to consolidated income before income taxes for the three and six months ended June 30, 2008 and 2007 (in thousands):

	Three Months Ended June 30:		Six Months Ended June 30:	
	2008	2007	2008	2007
Total segment operating income	$ 81,511	$ 70,623	$140,368	$130,365
Adjusted for:				
Interest expense, net	(8,341)	(4,753)	(17,790)	(9,447)
Equity investee earnings (losses)	2,953	(307)	4,544	(3,761)
Other income (expense), net	1,336	(573)	1,247	(548)
Consolidated income before income taxes	$ 77,459	$ 64,990	$128,369	$116,609

11. PURCHASE OF NEW HAMPSHIRE MOTOR SPEEDWAY

As further described in Note 1, on January 11, 2008, the Company purchased 100% of the outstanding stock of New Hampshire Speedway, Inc., d/b/a New Hampshire International Speedway, for $340,000,000 in cash. NHMS owns and operates a multi-use complex located in Loudon, New Hampshire, featuring a 1.058-mile oval superspeedway and a 1.6-mile road course on approximately 1,175 acres. The purchase also included 50% ownership interest in the outstanding stock of North Wilkesboro Speedway, Inc., which had an insignificant fair value. The Company has owned the remaining 50% interest for several years. NWS has no operations and its assets consist primarily of real estate which has no significant fair value. NHMS currently has approximately 96,000 permanent seats and 38 luxury suites. NHMS has annual sanction agreements to host two NASCAR Sprint Cup and one NASCAR Nationwide Series races in 2008, among other events and track rentals. The purchase price was funded with available cash and $300,000,000 in borrowings under the Company's Credit Facility as further described in Note 5.

The acquisition is being accounted for as a purchase business combination pursuant to SFAS No. 141 "Business Combinations", and the results of operations after acquisition are included in the Company's consolidated statements of operations. The NHMS purchase was significant and the required NHMS historical financial statements and unaudited pro forma financial information were included in the Company's Current Report on Form 8-K/A filed March 27, 2008. The purchase price and direct acquisition costs were allocated to NHMS's tangible and identifiable intangible assets and liabilities based on preliminary estimates of their fair values at acquisition date, with the excess recorded as goodwill. Also, the net assets of now 100% owned NWS have been consolidated resulting in the elimination of SMI and NHMS equity investments in NWS, all of which had an insignificant impact on the Company's consolidated financial statements. SMI is obtaining appraisals of the fair value of NHMS property and equipment, other net assets acquired, including identifiable intangibles, and NWS property and equipment. Those appraisals, and analysis of associated tax bases, are currently being finalized and, accordingly, the purchase price allocation is preliminary. The final purchase price allocation will be based on completed valuation analyses, appraisals and other studies, as may be determined necessary, and could vary significantly from the preliminary amounts reflected in the Company's consolidated financial statements. Allocation of an increased portion of the purchase price to property and equipment or amortizable or nonamortizable identifiable intangible assets would reduce the amount of the purchase price allocated to goodwill. Also, finalization of expected depreciable useful lives could significantly increase or decrease future depreciation. Goodwill is not deductible for tax purposes.

The preliminary purchase price allocation for the NHMS acquisition is as follows (in thousands):

Cash	$ 10,283
Accounts receivable, net	6,572
Other current assets	534
Property and equipment	51,250
Other intangible assets, nonamortizable	250,000

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Goodwill	152,387
Deferred race event income, net	(16,547)
Deferred income taxes	(113,503)
Other liabilities	(627)
	340,349
Cash acquired	(10,283)
Purchase price, net of cash acquired	$ 330,066

The following unaudited pro forma financial information presents a summary of consolidated results of operations as if the NHMS acquisition had occurred as of January 1, 2007, after giving effect to certain adjustments including: elimination of depreciation and expenses associated with certain non-motorsports related NHMS assets and operations not acquired; adjustments to depreciation expense for valuing acquired property and equipment at estimated fair value; elimination of excess distributions to previous NHMS owners which were treated as compensation; increased interest expense for Credit Facility borrowings to fund the purchase; and related income tax effects. The unaudited pro forma combined statement of operations does not reflect any new revenue sources or cost-saving or other synergies which may be attainable subsequent to acquisition and, accordingly, does not attempt to predict or suggest future results. Also, the unaudited pro forma consolidated results of operations have not been adjusted to exclude certain non-recurring items including, among other items: payment of $150,000 under a noncompetition agreement which expired in 2007; discretionary one-time change in control payments of approximately $1.3 million to employees approved by the previous NHMS owners; and interest expense of approximately $1.1 million on a note payable not assumed in acquisition that was used primarily to fund distributions to previous NHMS owners. The unaudited pro forma financial information is not intended to represent or be indicative of the operating results that would have been reported had the acquisition been consummated as of the beginning of the periods presented or which may be attained in the future.

Pro forma Financial Information	Three Months Ended June 30:		Six Months Ended June 30:	
(in thousands, except per share amounts)	2008	2007	2008	2007
Total revenues	$212,791	$208,064	$368,017	$360,342
Net income	47,018	45,025	77,920	72,470
Basic earnings per share	$ 1.08	$ 1.03	1.79	1.65
Diluted earnings per share	$ 1.08	$ 1.02	1.79	1.65

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read along with the Consolidated Financial Statements and Notes.

OVERVIEW

The Company's revenues and expenses are classified in the following categories because they are important to, and used by, management in assessing operations: admissions, event related revenue, NASCAR broadcasting revenue, and other operating revenue. "Admissions" includes ticket sales for all of our events. "Event related revenue" includes amounts received from sponsorship and naming rights fees, luxury suite rentals, event souvenir merchandise sales, commissions from food and beverage sales, promotional and hospitality revenues, track rentals, driving school and karting revenues, broadcasting rights other than NASCAR broadcasting revenue, and other event and speedway related revenues. "NASCAR broadcasting revenue" includes rights fees obtained for domestic television broadcasts of NASCAR-sanctioned events held at the Company's speedways.

"Other operating revenue" includes: revenues of TSI, which develops electronic media promotional programming and is a wholesale and retail distributor of racing and other sports related souvenir merchandise and apparel; certain merchandising revenues of SMI Properties and its wholly-owned subsidiary, MBM, a wholesale and retail mail-order distributor of racing and other sports related souvenir merchandise and apparel; oil and gas activities; Legends Car and parts sales of 600 Racing; restaurant, catering and membership income from the Speedway Clubs at LMS and TMS; revenues of Oil-Chem, which produces an environmentally-friendly micro-lubricant ®; and industrial park and office rentals. "Earnings or losses on equity investees" primarily includes the Company's share of its Motorsports Authentics merchandising joint venture equity investee profits or losses. The Company's revenue items produce different operating margins. Broadcast rights, sponsorships, ticket sales, commissions from food and beverage sales, and luxury suite and track rentals produce higher margins than non-event merchandise sales, as well as sales of TSI, Legends Cars, Oil-Chem, SMI Trackside, MBM, bulk petroleum transactions, oil and gas exploration and production activities, or other operating revenues.

The Company classifies expenses to include direct expense of events, NASCAR purse and sanction fees, and other direct operating expense, among other categories. "Direct expense of events" principally includes cost of souvenir sales, non-NASCAR race purses and sanctioning fees, property and event insurance, compensation of certain employees, advertising, sales and admission taxes, cost of driving school and karting revenues, event settlement payments to non-NASCAR sanctioning bodies and outside event support services. "NASCAR purse and sanction fees" includes payments to NASCAR for associated events held at the Company's speedways. "Other direct operating expense" includes the cost of TSI, MBM and certain SMI Properties merchandising, gross bulk petroleum, non-capitalized oil and gas exploration and production activities, Legends Car, Speedway Clubs, Oil-Chem and industrial park and office tower rental revenues.

See Note 10 to the Consolidated Financial Statements for operating and other financial information on the Company's reporting segments.

The Company promotes outdoor motorsports events. Weather conditions surrounding these events affect sales of tickets, concessions and souvenirs, among other things. Although the Company sells a substantial number of tickets well in advance of its larger events, poor weather conditions can have a negative effect on the Company's results of operations. Poor weather can affect current periods as well as successive events in future periods because consumer demand can be affected by the success of past events.

Management does not believe the Company's financial performance has been materially affected by inflation, and has generally been able to mitigate the effects of inflation by increasing prices.

Seasonality and Quarterly Results

In 2008, the Company plans to hold 22 major annual racing events sanctioned by NASCAR, including 13 Sprint Cup and nine Nationwide Series racing events. The Company also plans to hold eight NASCAR Craftsman Truck Series racing events, two IRL racing events, five major NHRA racing events, and two WOO racing events. The 22 major NASCAR sanctioned races include the two Sprint Cup and one Nationwide Series races at NHMS purchased in January 2008. In 2007, the Company held 19 major annual NASCAR-sanctioned racing events, including 11 Sprint Cup and eight Nationwide Series racing events, seven NASCAR Craftsman Truck Series racing events, two IRL racing events, four major NHRA racing events, and two WOO racing events.

The Company's business has been, and is expected to remain, somewhat seasonal. Concentration of racing events in any particular future quarter, and the growth in the Company's operations, including speedway acquisitions, with attendant increases in overhead expenses, may tend to minimize operating income in respective future quarters. As presently scheduled, one NASCAR Sprint Cup racing event is held at the newly purchased NHMS in the second and third quarters each year, and operating income will likely be positively impacted in those quarters and negatively impacted in the first and fourth quarters. Racing schedules may change from time to time which can lessen the comparability of operating results between quarters of successive years and increase or decrease the seasonal nature of the Company's motorsports business. The results of operations for the six months ended June 30, 2008 and 2007 are not indicative of results that may be expected for the entire year because of such seasonality.

Set forth below is certain comparative summary information with respect to the Company's scheduled major NASCAR-sanctioned racing events for 2008 and 2007.

	Number of scheduled major NASCAR-sanctioned events	
	2008	2007
1 st Quarter	6	6
2 nd Quarter	8	6
3 rd Quarter	3	2
4 th Quarter	5	5
Total	22	19

NEAR-TERM OPERATING FACTORS

There are many factors that affect the Company's growth potential, future operations and financial results, including the following operating factors that are discussed below or elsewhere in this report as indicated:

Items discussed in this section:

- General factors and current operating trends
- Eight-year NASCAR broadcast rights agreement
- Motorsports Authentics merchandising joint venture
- Non-event and event souvenir and other merchandising revenues
- 2008 earnings guidance
- Insurance coverage

Items discussed elsewhere in indicated sections of this report:

- Purchase of New Hampshire Speedway and Amendment of Bank Credit Facility as further described in Notes 1, 5 and 11 to the Consolidated Financial Statements
- Pending Agreement to Purchase Kentucky Speedway as further described below in "Liquidity and Capital Resources" and in Note 1 to the Consolidated Financial Statements
- Oil and gas activities and plans to discontinue operations as further described in Note 2 to the Consolidated Financial Statements – "Oil and Gas Activities"
- Repurchases of common stock (discussed below in "Liquidity and Capital Resources, Future Liquidity – Stock Repurchase Program")

General Factors and Current Operating Trends —The Company's year-to-date results for the 2008 race season reflect ongoing increases in sponsorship, luxury suite rentals and other corporate revenues. All of the Company's 2008, and most of its 2009, NASCAR Sprint Cup and Nationwide Series event sponsorships are already sold, and pre-sales for other corporate event related revenues are showing similar trends. For the Company's upcoming 2008 events, tickets are essentially sold-out for BMS's August Sprint Cup events. Ticket sales at AMS, LMS, NHMS and TMS are slightly below or below, ticket sales at this same time last year. However, at this early date, management is unable to determine whether event results will differ from those previously estimated. The 2008 to-date broadcast television and cable ratings for the NASCAR Sprint Cup and Nationwide Series have shown increases over the prior year.

High fuel prices, difficult consumer credit and housing markets, and volatile interest rates, among other geopolitical and economic factors, may continue to dampen consumer spending. Natural disasters such as Hurricanes Katrina and Rita could cause further increases in fuel prices and significant adverse economic effects. National incidents such as those of September 11, 2001, along with the Iraq war and terrorism alerts, affect public concerns regarding air travel, military actions, and additional national or local catastrophic incidents. Economic conditions could be severely affected by future actual or threatened events of a similar nature or other national, regional or local incidents, which could materially adversely affect the Company's future operating results. Although the Company sells a substantial number of tickets well in advance of its larger events, poor weather conditions surrounding racing events can have a negative effect on successive events in future periods because consumer demand can be affected by the success of past events. These factors affect consumer and corporate spending sentiment. The Company believes that reduced consumer spending impacted admissions and the demand for souvenir, apparel and other merchandise, with related effects on event related and other operating revenues. While management believes the Company's strong operating cash flow will continue, economic conditions, high fuel prices, competitiveness of racing, popularity of drivers and teams for NASCAR's Sprint Cup Series, and the success of NASCAR's "Car of Tomorrow" can affect ticket, corporate marketing, sponsorships and other sales. Management believes long-term ticket demand, including corporate marketing and promotional spending, should continue to grow. However, similar to past years, management again decided not to increase many ticket and concession prices in 2008 to help foster fan support and mitigate any near-term demand weakness.

NASCAR Broadcasting Rights Agreement —Broadcasting revenues continue to be a significant long-term revenue source for the Company's core business. A substantial portion of the Company's profit growth in recent years, notwithstanding 2007, has resulted from a significant increase in television revenues received from NASCAR contracts with various television networks. NASCAR ratings can impact attendance at Company events and sponsorship opportunities. The former six-year NASCAR domestic television broadcast rights agreements with NBC Sports, Turner Sports, FOX and FX expired after 2006, and have been replaced with combined eight-year agreements with FOX, ABC/ESPN, TNT and SPEED Channel for the domestic broadcast rights to all NASCAR Sprint Cup, Nationwide and Craftsman Truck Series events for 2007 through 2014. NASCAR announced these agreements have an approximate $4.5 billion contract period value, representing approximately $560 million in gross average annual rights fees for the industry and a 40% increase over the former contract annual average of $400 million. The announced 2007 total NASCAR broadcasting rights fees for the entire industry approximated $505 million and, although initially lower than the 2006 rights fees of approximately $574 million, this eight-year arrangement provides the Company with increases in annual contracted revenues through 2014 averaging 3% per year. The Company's 2007 NASCAR broadcasting revenues were $143 million, reflecting a decrease of approximately $20 million or 12% from 2006. These lower 2007 revenues were partially offset by a decrease in associated contracted NASCAR purse and sanction fees of approximately $5 million or 5%. The Company's total contracted 2008 NASCAR broadcasting revenues, based on the current race schedule including NHMS, are approximately $168 million. Management believes this long-term contracted revenue source helps solidify the Company's financial strength, stabilize earnings and cash flows, and bodes well for the future of SMI and the motorsports industry.

Management also believes these new contracts have long-term strategic benefits. For instance, over the past several years, major sports programming has begun to shift between network and cable. Cable broadcasters can support a higher investment through subscriber fees not available to networks, which is resulting in increased rights fees for these sports properties. However, cable reaches fewer households than network broadcasts. NASCAR's decision to retain approximately two-thirds of its event schedule on network television is believed to be important to the sport's future growth, and should continue to drive increased fan and media awareness for all three NASCAR racing series, which should help increase long-term attendance and corporate marketing appeal. Management believes ESPN's involvement should result in the Nationwide Series benefiting from the improved continuity of its season-long presence on ESPN, and motorsports in general should benefit from increased ancillary programming and nightly and weekly NASCAR-branded programming and promotions, similar to that ESPN provides with the other major sports.

Future changes in race schedules would impact broadcasting revenues. Similar to many televised sports, overall seasonal averages for motorsports may increase or decrease from year to year, and television ratings for certain individual events may fluctuate from year to year for any number of reasons. While this long-term rights agreement will likely result in annual revenue increases over the contract period, associated annual increases in purse and sanction fees paid to NASCAR may continue. The Company's share of the television broadcast revenues are contracted, and purse and sanction fees are negotiated, with NASCAR on an annual basis.

Motorsports Authentics Joint Venture —The Company and ISC equally own a joint venture that operates independently under the name Motorsports Authentics to produce, market and sell exclusive and non-exclusive licensed motorsports collectible and consumer products. MA has license agreements with many of the top NASCAR, IRL, and NHRA teams and drivers. MA's products include die-cast scaled replicas of motorsports vehicles, apparel (including tee-shirts, hats and jackets), gifts and other memorabilia. As further described in Note 2 to the Consolidated Financial Statements, the Company uses the equity method of accounting for its 50% ownership in MA. MA's business has been, and is expected to remain, somewhat seasonal. MA's interim operating results for 2008 are not indicative of results that may be expected for the entire year because of, among other factors, such seasonality.

The Company's equity investee earnings for the three and six months ended June 30, 2008 reflect an improvement in MA's operating results as compared to last year. These improved results reflect, among other factors, MA's ongoing strategic and operational changes and increased merchandise sales of Dale Earnhardt, Jr., a popular NASCAR driver and material MA licensor, who changed racing teams at the end of 2007 as previously announced. A significant portion of MA's 2008 revenues and gross profits relate to sales of this licensor's merchandise, which may or may not continue at current levels. MA has material amounts of inventory, goodwill and other intangible assets. Future profits or losses could be affected by or depend on future demand, trends, and other market conditions and factors such as the success of motorsports, the popularity of its licensed drivers and teams, the magnitude and timing of licensed driver and team changes, particularly NASCAR's Sprint Cup Series, the success of the "Car of Tomorrow", competition for MA products, and the success of MA management in achieving sustained profitability. The management of MA periodically assesses the realization of inventories, including the sufficiency of lower of cost or market provisions based on, among other factors, current inventory levels, assumptions about current and future demand, market conditions and trends that might adversely impact exposure to excess product levels and realization.

The Company may increase its investment in MA, including additional equity contributions or loans. MA's ability to compete successfully and profitably depends on a number of factors both within and outside management's control. The Company's current and future carrying value of this equity investment could become impaired for changes in profitability, operating cash flows, market and economic conditions, and other factors that could adversely impact recovery. Should future MA inventory or long-lived assets become impaired resulting in a material impairment charge, the Company would be required to record its 50% share which could have a material adverse impact on the Company's future financial condition or results of operations. The Company follows the impairment provisions of Accounting Principles Board Opinion No. 18 "The Equity Method of Accounting for Investments in Common Stock" whereby declines in investment value assessed as other than temporary would be recognized as a charge to earnings. As of June 30, 2008, the Company believes there were no indications of a decline below MA's carrying value that was other than temporary. However, should the fair value of the Company's equity investment in MA decline below its carrying value, and such decline was other than temporary, the Company would be required to record an impairment charge to reduce the carrying value to fair value, which could have a material adverse impact on its future financial condition or results of operations.

Non-Event and Event Souvenir and Other Merchandising Revenues —Management continues to seek new merchandising opportunities, including expanded product offerings through electronic media promotional programming, and marketing of motorsports and non-motorsports related souvenir merchandise at our speedways, third party speedways and other venues, and with corporate customers. The Company's merchandising event related and other operating revenues may increase or decrease depending on, among other factors, the success of such efforts. Future profits or losses could be affected by or depend on future demand, trends, and other market conditions and factors such as the success of motorsports and popularity of its licensed drivers and teams, particularly NASCAR's Sprint Cup Series, the success of the "Car of Tomorrow", and competition for the Company's non-event products and outside venues. The Company's ability to compete successfully depends on a number of factors both within and outside management's control. These revenue items may produce lower operating margins than broadcast rights, sponsorships, ticket sales, commissions from food and beverage sales, and luxury suite and track rentals. While our revenues may increase, there may be associated increases in receivables and inventory levels whose realization is subject to changes in market and economic conditions and other factors that might adversely impact realization. Such changes, if significantly negative or unfavorable, could have a material adverse impact on the outcome of management's realization assessment and the Company's future financial condition or results of operations.

Reiterated 2008 Earnings Guidance —In connection with the Company's second quarter 2008 earnings release, management reaffirmed its previous full year 2008 guidance of $2.40-$2.50 per diluted share, assuming current industry and economic trends continue, and excluding the Company's 50% share of Motorsports Authentics joint venture operating results, non-core businesses, capital expenditures exceeding current plans, the impact of further increases in fuel prices, interest rates, geopolitical conflicts, poor weather surrounding events and other unforeseen factors.

Insurance Coverage —Heightened concerns and challenges regarding property, casualty, liability, business interruption, and other insurance coverage have resulted from the national incidents on September 11, 2001, natural disasters and incidents such as the pedestrian bridge collapse at LMS in 2000. The Company has a material investment in property and equipment at each of its seven speedway facilities that are generally located near highly populated cities and hold motorsports events typically attended by large numbers of fans. These operational, geographical, and situational factors, among others, have resulted in significant increases in insurance premium costs, and further increases are possible. While management believes it has reasonable limits of property, casualty, liability, and business interruption insurance in force, including coverage for acts of terrorism, management cannot guarantee that such coverage would be adequate should a catastrophic event occur. The occurrence of such an incident at any of the Company's speedway facilities could have a material adverse effect on its future financial position, results of operations or cash flows if asset damage and/or its liability were to exceed insurance coverage limits. The occurrence of additional incidents, and particularly incidents at sporting events, entertainment or other public venues, may significantly impair the Company's ability to obtain such insurance coverage in the future. Management cannot assure you that future increases in such insurance costs and difficulties obtaining high policy limits will not adversely impact the Company's profitability, thereby possibly impacting its operating results and growth.

The Company uses a combination of insurance and self-insurance to manage various risks associated with its speedway and other properties, and motorsports events and other business risks. 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 from material financial loss due to liability for personal injuries sustained by persons on our premises in the ordinary course of business. Nevertheless, there can be no assurance that such insurance will be adequate at all times and in all circumstances. The Company may increase the marketing of certain products using self-insured promotional warranty programs which could subject it to increased risk of loss should the number and amount of claims significantly increase. Also, as described in "Oil and Gas Activities" above, the Company has conducted oil and gas transactions for which customary insurance was obtained with experienced carriers. While management believes it has reasonable limits of property, casualty, and liability insurance in force, including coverage for environmental pollution and loss of or damaged cargo, management cannot guarantee that such coverage would be adequate should a significant incident occur. The occurrence of such an incident could have a material adverse effect on the Company's future financial position, results of operations or cash flows if damages, losses and/or its liability were to exceed insurance coverage limits. The Company has increased and may further increase its self-insurance limits which could subject the Company to increased risk of loss should the number of incidents, damages, casualties or other claims below such self-insured limits increase. While management believes it has reasonable self-insurance limits in place, management cannot guarantee that the number of uninsured losses will not increase. An increase in the number of uninsured losses could have a material adverse effect on the Company's future financial position, results of operations or cash flows. See Item 1A "Risk Factors" in the Company's 2007 Annual Report on Form 10-K for additional information on our liability insurance program and self-insured retention.

RESULTS OF OPERATIONS

As discussed above, the Company purchased NHMS on January 11, 2008 using available cash and borrowings under its Credit Facility. The operating results for the three and six months ended June 30, 2008, as compared to the same periods last year, reflect racing events held at NHMS, along with attendant increases in overhead and interest expenses, as further described below. Another NASCAR Sprint Cup Series racing event is scheduled at NHMS in the third quarter 2008.

The more significant racing schedule changes for the three and six months ended June 30, 2008 as compared to 2007 include the following:
- One NASCAR Sprint Cup and one Nationwide Series racing event were held in the second quarter 2008 at NHMS purchased in January 2008; and
- BMS held a major NHRA racing event in the second quarter 2008 that was held in the third quarter 2007.

Three Months Ended June 30, 2008 Compared To Three Months Ended June 30, 2007

Total Revenues for the three months ended June 30, 2008 increased by $32.0 million, or 17.7%, over such revenues for the same period last year due to the factors discussed below.

Admissions for the three months ended June 30, 2008 increased by $8.9 million, or 18.0%, over such revenue for the same period last year. This increase is due primarily to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, BMS hosting a NHRA racing event in the second quarter 2008 that was held in the third quarter 2007. The overall increase was partially offset by lower admissions revenue at NASCAR-sanctioned racing events held at LMS and, to a lesser degree, IR and TMS in the current period.

Management believes admissions were negatively impacted by declines in consumer spending due to higher fuel prices and difficult consumer credit and housing markets.

Event Related Revenue for the three months ended June 30, 2008 increased by $9.0 million, or 14.1%, over such revenue for the same period last year. This increase is due to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, BMS hosting a NHRA racing event in the second quarter 2008 that was held in the third quarter 2007. The increase also reflects higher sponsorship, luxury suite rental, and other event related revenues associated with NASCAR-sanctioned racing events, and higher track rental revenues, at other Company speedways as compared to the same period last year.

Management believes concessions, souvenir merchandising and certain other event related revenues were negatively impacted by declines in consumer spending from higher fuel prices and difficult consumer credit and housing markets.

NASCAR Broadcasting Revenue for the three months ended June 30, 2008 increased by $12.8 million, or 23.0%, over such revenue for the same period last year. This increase is due primarily to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, higher annual contractual broadcast rights fees for NASCAR-sanctioned racing events held at other Company speedways as compared to the same period last year.

Other Operating Revenue for the three months ended June 30, 2008 increased by $1.3 million, or 10.9%, over such revenue for the same period last year. This increase is due to approximately 19% higher non-event motorsports merchandising revenues, and to approximately 15% higher Legends Car revenues, in the current period.

Direct Expense of Events for the three months ended June 30, 2008 increased by $10.4 million, or 35.2%, over such expense for the same period last year. This increase is due to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser extent, BMS hosting a NHRA racing event in the second quarter 2008 that was held in the third quarter 2007. The increase was also due to approximately 19% higher operating costs associated with the growth in event related revenues and with event souvenir merchandising, and to higher event insurance costs, at other Company speedways as compared to the same period last year. The increase also reflects current period reporting of certain event revenue based compensation in direct expense of events that was reported as general and administrative expense for the same period last year.

NASCAR Purse and Sanction Fees for the three months ended June 30, 2008 increased by $9.2 million, or 24.9%, over such expense for the same period last year. This increase is due primarily to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, higher annual contractual race purses and sanctioning fees for NASCAR-sanctioned racing events held at other Company speedways as compared to the same period last year.

Other Direct Operating Expense for the three months ended June 30, 2008 increased by $946,000, or 8.7%, over such expense for the same period last year. This increase is due primarily to 25% higher operating costs associated with increased non-event motorsports merchandising and Legends Car revenues in the current period.

General and Administrative Expense for the three months ended June 30, 2008 decreased by $107,000, or 0.5%, from such expense for the same period last year. This decrease is due primarily to current period reporting of certain event revenue based compensation in direct expense of events that was reported as general and administrative expense for the same period last year. The decrease was also due to lower property taxes and, to a lesser extent, other operating costs. The overall decrease was partially offset by operating costs associated with NHMS purchased in January 2008.

Depreciation and Amortization Expense for the three months ended June 30, 2008 increased by $652,000, or 5.8%, over such expense for the same period last year. This increase is due primarily to increased depreciation expense from additions to property and equipment at the Company's speedways and other facilities, including NHMS purchased in January 2008.

Interest Expense, Net for the three months ended June 30, 2008 was $8.3 million compared to $4.8 million for the same period last year. This change is due primarily to increased borrowings under the Credit Facility to fund the NHMS purchase in January 2008. The change also reflects lower investment interest rates earned on lower invested cash balances and higher interest expense associated with a cash flow hedge swap agreement. Those changes were partially offset by lower average interest rates on Credit Facility borrowings during the current period. See Note 5 to the Consolidated Financial Statements for additional information.

Equity Investee Earnings for the three months ended June 30, 2008 of $3.0 million, as compared to equity investee losses of $307,000 for the same period last year, represents the Company's 50% share of joint venture equity investee operating results (see Note 2 to the Consolidated Financial Statements for additional information).

Other Income, Net for the three months ended June 30, 2008 was $1.3 million compared to other expense, net of $573,000 for the same period last year. This change reflects a gain associated with certain SMI property recognized in the current period. The change also reflects the loss recognized on disposal of certain BMS and LVMS property and equipment in the same period last year. No such loss was recognized in the current period. The remainder of the change was due to a combination of individually insignificant items.

Income Tax Provision . The Company's effective income tax rate for the three months ended June 30, 2008 and 2007 was 39.3% and 38.0%, respectively. The second quarter 2008 increase reflects higher state income tax rates associated with accounting for the future income tax effect of temporary differences between financial and income tax bases of assets and liabilities associated with NHMS. The overall increased tax rate was partially offset by the benefit of higher tax-free investment earnings compared to the same period last year.

Net Income for the three months ended June 30, 2008 was $47.0 million compared to $40.3 million for the same period last year. This change is due to the factors discussed above.

Six Months Ended June 30, 2008 Compared To Six Months Ended June 30, 2007

Total Revenues for the six months ended June 30, 2008 increased by $35.1 million, or 10.5%, over such revenues for the same period last year due to the factors discussed below.

Admissions for the six months ended June 30, 2008 increased by $6.0 million, or 5.7%, over such revenue for the same period last year. This increase is due primarily to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, BMS hosting a NHRA racing event in the second quarter 2008 that was held in the third quarter 2007. The overall increase was partially offset by lower overall attendance at NASCAR-sanctioned racing events held in the current period. Also, BMS's first quarter 2008 NASCAR Nationwide Series race was delayed and shortened, and pole position qualifying for its NASCAR Sprint Cup Series race was cancelled, due to poor weather. First quarter 2008 admission revenues also reflect LVMS's decision to pass along savings from repealed taxes on certain admission revenues to its fans by not increasing or reducing various ticket prices to help foster fan support.

Management believes admissions were negatively impacted by declines in consumer spending due to higher fuel prices and difficult consumer credit and housing markets, and by poor weather surrounding certain NASCAR racing events held at AMS and BMS in the first quarter 2008.

Event Related Revenue for the six months ended June 30, 2008 increased by $11.3 million, or 10.1%, over such revenue for the same period last year. This increase is due to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, BMS hosting a NHRA racing event in the second quarter 2008 that was held in the third quarter 2007. The increase was also due to higher sponsorship, luxury suite rental, ancillary broadcasting rights, and other event related revenues associated with NASCAR-sanctioned racing events as compared to last year. The increase also reflects higher current period event related revenues associated with LVMS's infield media center, garage and fan-zone entertainment facilities, which opened in the first quarter last year. The overall increase was partially offset by approximately 5% lower food and beverage concession, and to a lesser extent, souvenir merchandising revenues associated with NASCAR-sanctioned racing events held at other Company speedways as compared to last year.

Management believes concessions, souvenir merchandising and certain other event related revenues were negatively impacted by declines in consumer spending from higher fuel prices and difficult consumer credit and housing markets, and by poor weather surrounding certain NASCAR racing events held at AMS and BMS.

NASCAR Broadcasting Revenue for the six months ended June 30, 2008 increased by $13.6 million, or 14.6%, over such revenue for the same period last year. This increase is due primarily to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, higher annual contractual broadcast rights fees for NASCAR-sanctioned racing events held at other Company speedways as compared to the same period last year.

Other Operating Revenue for the six months ended June 30, 2008 increased by $4.2 million, or 19.4%, over such revenue for the same period last year. This increase is due to approximately 54% higher non-event motorsports merchandising revenues, and to approximately 9% higher Legends Car revenues, in the current period.

Direct Expense of Events for the six months ended June 30, 2008 increased by $9.2 million, or 17.0%, over such expense for the same period last year. This increase is due to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser extent, BMS hosting a NHRA racing event in the second quarter 2008 that was held in the third quarter 2007. The increase was also due to approximately 5% higher operating costs associated with the growth in event related revenues and with event souvenir merchandising, and to higher event insurance costs, at other Company speedways as compared to the same period last year. The increase also reflects current period reporting of certain event revenue based compensation in direct expense of events that was reported as general and administrative expense for the same period last year. The overall increase was partially offset by lower taxes on certain LVMS admissions revenue in the current period as compared to the same period last year.

NASCAR Purse and Sanction Fees for the six months ended June 30, 2008 increased by $9.8 million, or 15.4%, over such expense for the same period last year. This increase is due primarily to hosting NASCAR-sanctioned racing events at newly acquired NHMS and, to a lesser degree, higher annual contractual broadcast rights fees for NASCAR-sanctioned racing events held at other Company speedways as compared to the same period last year.

Other Direct Operating Expense for the six months ended June 30, 2008 increased by $3.0 million, or 13.7%, over such expense for the same period last year. This increase is due primarily to 45% higher operating costs associated with higher non-event motorsports merchandising and Legends Car revenues in the current period. The overall increase was partially offset by 38% lower recovery allowances for certain oil and gas transactions in the current period as further described in Note 2 to the Consolidated Financial Statements.

General and Administrative Expense for the six months ended June 30, 2008 increased by $1.2 million, or 3.0%, over such expense for the same period last year. This increase is due primarily to operating costs associated with NHMS purchased in January 2008 and, to a lesser degree, higher non-event insurance costs. The overall increase was partially offset by current period reporting of certain event revenue based compensation in direct expense of events that was reported as general and administrative expense for the same period last year. The decrease was also due to lower property taxes, stock compensation expense reflected under SFAS No. 123R "Share-Based Payment" as further discussed in Note 9 to the Consolidated Financial Statements and, to a lesser extent, other operating costs.

Depreciation and Amortization Expense for the six months ended June 30, 2008 increased by $1.9 million, or 8.7%, over such expense for the same period last year. This increase is due primarily to increased depreciation expense from additions to property and equipment at the Company's speedways and other facilities, including NHMS purchased in January 2008 and LVMS's new infield media center, garage and fan-zone entertainment facilities opened in March 2007.

Interest Expense, Net for the six months ended June 30, 2008 was $17.8 million compared to $9.5 million for the same period last year. This change is due primarily to increased borrowings under the Credit Facility to fund the NHMS purchase in January 2008. The change also reflects lower investment interest rates earned on lower invested cash balances, lower capitalized interest, and higher interest expense associated with a cash flow hedge swap agreement. Those changes were partially offset by lower average interest rates on Credit Facility borrowings during the current period. See Note 5 to the Consolidated Financial Statements for additional information.

Equity Investee Earnings for the six months ended June 30, 2008 of $4.5 million, as compared to equity investee losses of $3.8 million for the same period last year, represents the Company's 50% share of joint venture equity investee operating results (see Note 2 to the Consolidated Financial Statements for additional information).

Other Income, Net for the six months ended June 30, 2008 was $1.2 million compared to other expense, net of $548,000 for the same period last year. This change reflects a gain associated with certain SMI property recognized in the current period. This change reflects the loss recognized on disposal of certain BMS and LVMS property and equipment in the same period last year. No such loss was recognized in the current period. The remainder of the change was due to a combination of individually insignificant items.

Income Tax Provision . The Company's effective income tax rate for the six months ended June 30, 2008 and 2007 was 39.3% and 38.1%, respectively. The current period increase reflects higher state income tax rates associated with accounting for the future income tax effect of temporary differences between financial and income tax bases of assets and liabilities associated with NHMS. The overall increased tax rate was partially offset by the benefit of higher tax-free investment earnings compared to the same period last year.

Net Income for the six months ended June 30, 2008 was $77.9 million compared to $72.2 million for the same period last year. This change is due to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically met its working capital and capital expenditure requirements through a combination of cash flows from operations, bank borrowings and other debt and equity offerings. Significant changes in the Company's financial condition and liquidity during the six months ended June 30, 2008 resulted primarily from:

(1) net cash provided by operations amounting to $88.7 million;
(2) borrowings under Credit Facility to fund NHMS purchase amounting to $300.0 million;
(2) repayments of long-term debt amounting to $48.4 million;
(4) cash outlays for purchase of NHMS amounting to $330.1 million;

(5) repurchases of common stock amounting to $4.2 million; and
(6) cash outlays for capital expenditures, including oil and gas activities, amounting to $41.3 million.

Cash flows from operations in the six months ended June 30, 2008 compared to 2007 were impacted by changes in billing and payment terms on certain advance ticket sales, sponsorships and other event related items.

The Company had the following contractual obligations as of June 30, 2008 (in thousands):

	Payments Due By Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual Cash Obligations: [1]					
Current liabilities, excluding deferred race event income, accrued income taxes and deferred income taxes	$ 82,713	$ 82,713	—	—	—
Long-term debt, bank credit facility and senior subordinated notes	680,019	19	$ 350,000	$ 330,000	—
Income taxes payable [2]	10,463	10,463	—	—	—
Payable to affiliate	2,594	—	—	—	2,594
Other liabilities	3,139	—	—	3,139	—
Interest on fixed rate debt obligations [1]	108,591	22,275	44,550	41,766	—
Operating leases	2,900	977	1,382	541	—
Total Contractual Cash Obligations	$890,419	$116,447	$ 395,932	$ 375,446	$ 2,594

	Commitment Expiration By Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Other Commercial Commitments:					
Letters of credit	$ 1,144	$ 1,144	–	–	–
Contingent guarantee obligations	12,500	1,500	$ 3,000	$ 3,000	$ 5,000
Total Other Commercial Commitments	$ 13,644	$ 2,644	$ 3,000	$ 3,000	$ 5,000

(1) Contractual cash obligations above exclude: (a) interest payments under the Company's floating rate Credit Facility which had outstanding borrowings aggregating $350.0 million and average interest rates of 4.7% in the six months ended June 30, 2008 (cash paid for interest, net of amounts capitalized, was approximately $19.8 million in the six months ended June 30, 2008); (b) income taxes that may be paid in future periods (cash paid for income taxes was approximately $35.4 million in the six months ended June 30, 2008); (c) any impact for likely future reversal of net deferred income tax liabilities when reversal occurs other than those discussed below in Item No. 2; (d) income tax liabilities of approximately $11.3 million as of June 30, 2008 for unrecognized tax benefits due to uncertainty in predicting the timing of any such related payments; and (e) capital expenditures that may be made although not under contract as of June 30, 2008 (cash paid for capital expenditures was approximately $41.3 million in the six months ended June 30, 2008).
(2) Reflects current income taxes payable as of June 30, 2008, including accelerated amounts as more fully described above in Note 2 to the Consolidated Financial Statements—"Income Taxes".

Future Liquidity

At June 30, 2008, the Company's cash and cash equivalents totaled $126.2 million, short-term investments totaled $7.7 million, outstanding borrowings under the Credit Facility amounted to $350.0 million, and outstanding letters of credit amounted to $1.1 million. At June 30, 2008, the Company had availability for borrowing up to an additional $148.9 million, including up to an additional $73.9 million in letters of credit, under the Credit Facility. At June 30, 2008, net deferred tax liabilities totaled $250.9 million. While primarily representing the tax effects of temporary differences between financial and income tax bases of assets and liabilities, the likely future reversal of net deferred income tax liabilities could negatively impact cash flows from operations in the years in which reversal occurs. Accelerated income taxes of $14.1 million are expected to be paid during the next twelve months as more fully described in Note 2 to the Consolidated Financial Statements.

The Company anticipates that cash from operations and funds available through the Credit Facility will be sufficient to meet its operating needs at least through the next twelve months, including estimated planned capital expenditures, additional repurchases of common stock, if any, income tax liabilities, payment of future dividends, if any, that may be declared, and any additional investments in or loans to its Motorsports Authentics joint venture. Based upon anticipated future growth and financing requirements, the Company may, from time to time, engage in additional financing of a character and in amounts to be determined. The Company may, from time to time, redeem or retire its debt securities, and purchase its debt and equity securities, depending on liquidity, prevailing market conditions, and such factors as permissibility under the Credit Facility and Senior Subordinated Notes, and as the Board of Directors, in its sole discretion, may consider relevant. The Credit Facility and the Senior Subordinated Notes agreements do not restrict the ability of the Company's subsidiaries to transfer, advance or dividend funds to the parent company, SMI, or other subsidiaries. While management expects to continue to generate positive cash flows from the Company's existing speedway operations, and has generally experienced improvement in its financial condition, liquidity and credit availability, additional liquidity and other resources could be needed to fund continued growth, including the continued expansion and improvement of the Company's speedways, other facilities and ancillary businesses.

Purchase of New Hampshire Motor Speedway —As further discussed above in "Near-term Operating Factors", in January 2008, the Company purchased 100% of the outstanding stock of New Hampshire Speedway, Inc., d/b/a New Hampshire International Speedway, for $340.0 million in cash. The purchase price was funded with available cash and $300.0 million in borrowings under the amended Credit Facility. Management anticipates that increased debt interest payments and working capital requirements, if any, for NHMS will be largely funded by advance ticket and other event related revenues associated with upcoming NASCAR and other racing events at NHMS. In 2008 and future years, the Company intends to make various improvements at NHMS, including possible expansion of concessions, camping, restrooms and other fan amenities. These improvements may involve material capital expenditures over several years in amounts that have not yet been determined. See Note 11 to the Consolidated Financial Statements for additional information.

Pending Purchase of Kentucky Speedway —On May 21, 2008, the Company entered into an asset purchase agreement with Kentucky Speedway, LLC to purchase substantially all of its assets through the assumption or satisfaction of $63.3 million in debt, payment of $7.5 million in 60 monthly installments of $125,000 beginning 30 days after closing, and a contingent payment of an additional $7.5 million in 60 monthly installments of $125,000 beginning on the first day of the month following satisfaction of specified conditions. KS presently annually hosts one NASCAR Nationwide Series, one NASCAR Craftsman Truck Series, one IndyCar Series, and other racing events. Acquisition closing is subject to customary closing conditions, and includes a 90-day due diligence period beginning May 21, 2008 whereby the Company may elect to not close and terminate the agreement. At this time, the acquisition is scheduled to close in the fourth quarter 2008. The Company plans to use available cash, assumption of debt, and borrowings under its Credit Facility to fund the purchase price.

KS, which opened in 2000, is located in Sparta, Kentucky, approximately one-half hour south of Cincinnati, Ohio, on approximately 820 acres. KS features a 1.5-mile tri-oval speedway with approximately 66,000 permanent grandstand seats and 50 luxury suites. The purchase of KS expands the Company's motorsports business into a desirable market, and management believes these facilities provide opportunities for increasing revenues and profitability and for cost-saving synergies and other financial benefits.

Credit Facility and 2008 Amendments —The Company has a long-term, senior revolving credit facility (the Credit Facility) obtained from a syndicate of banks led by Bank of America, N.A. as agent and lender. The Credit Facility, as amended in January 2008: (i) provides for aggregate borrowings of up to $500.0 million, including separate sub-limits of $10.0 million for borrowings under 15-day swing line loans and $75.0 million for letters of credit; (ii) matures March 2010; (iii) allows annual aggregate payments of dividends and repurchases of SMI securities of up to $75.0 million, increasing up to $150.0 million subject to maintaining certain financial covenants; (iv) limits annual capital expenditures to $80.0 million; (v) allows the Company to consummate motorsports industry related transactions provided that aggregate cash consideration in any fiscal year does not exceed 35% of its consolidated net worth at the immediately preceding fiscal year end; and (vi) allows the Company to consummate other acquisitions consistent with its business provided that cash consideration paid for such other acquisitions does not exceed an aggregate of $100.0 million over the Credit Facility term. Loans under the Credit Facility may be borrowed, repaid and reborrowed, from time to time, subject to certain conditions on the date borrowed.

The Credit Facility contains a number of affirmative and negative financial covenants, including requiring the Company to maintain certain ratios of funded debt to EBITDA, funded senior debt to EBITDA and earnings before interest and taxes (EBIT) to interest expense, and to maintain a minimum net worth. Negative covenants restrict, among other things, the incurrence and existence of liens, specified types of investments, restricted payments, dividends, equity and debt security repurchases, capital expenditures, transactions with affiliates, acquisitions, sales of assets, and incurring other debt. Indebtedness under the Credit Facility is guaranteed by all operative Company subsidiaries except Oil-Chem and its subsidiaries (the Guarantors), and is secured by a pledge of all capital stock and limited liability company interests of the Guarantors.

In January 2008, the Company amended its Credit Facility to increase the amount available for borrowing under revolving loans from $400.0 million to $500.0 million, and specifically exclude the NHMS purchase from the provision that aggregate cash consideration for the Company's motorsports industry related transactions in any fiscal year could not exceed 35% of its consolidated net worth at the immediately preceding fiscal year end. In April 2008, the Company amended the Credit Facility to clarify that nonrecurring, non-cash gains or losses related to Motorsports Authentics are specifically excluded from financial covenants that use EBITDA and EBIT. See Note 5 to the Consolidated Financial Statements for additional information.

Senior Subordinated Notes —The 6 $^3/_4$% Senior Subordinated Notes mature on June 1, 2013 and interest is paid semi-annually on June 1 and December 1. On or after June 1, 2008, the Company may redeem some or all of the Senior Subordinated Notes at any time at annually declining redemption premiums ranging from 103.375% of par in fiscal years beginning June 1, 2008 to par after June 1, 2011. In the event of a change of control, the Company must offer to repurchase the Senior Subordinated Notes at 101% of par value plus accrued and unpaid interest. The Indenture governing the Senior Subordinated Notes (the "Senior Subordinated Notes Indenture"), among other things, restricts the Company's ability to: incur additional debt; pay dividends and make distributions; incur liens; make specified types of investments; apply net proceeds from certain asset sales; engage in transactions with affiliates; merge or consolidate; sell equity interests of subsidiaries; and sell, assign, transfer, lease, convey, or dispose of assets. The Senior Subordinated Notes Indenture permits annual dividend payments of up to approximately $0.40 per share of common stock, increasable subject to meeting certain financial covenants. The Senior Subordinated Notes Indenture and the Credit Facility agreement contain cross-default provisions. See Note 5 to the Consolidated Financial Statements for additional information.

Stock Repurchase Program —In April 2005, the Company's Board of Directors approved a stock repurchase program authorizing SMI to repurchase up to one million shares of the Company's outstanding common stock from time to time, depending on market conditions, share price, applicable limitations under the Credit Facility and Senior Subordinated Notes, and other factors the Board of Directors or their designees, in their sole discretion, may consider relevant. The purchases can be in the open market or private transactions. In February 2007, the Board of Directors increased the authorized total number of shares that can be repurchased under this program from one million to two million shares. The stock repurchase program is presently funded using available cash and cash equivalents. During the six months ended June 30, 2008, the Company repurchased 156,000 shares of common stock for approximately $4.2 million. The Company could repurchase up to an additional 612,000 shares under the current authorization as of June 30, 2008.

Capital Expenditures —Management believes significant growth in the Company's revenues depends, in part, on consistent investment in facilities. As such, 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 significant capital projects are underway.

At June 30, 2008, the Company had various construction projects underway to increase and improve facilities for fan amenities and for other site improvements at its speedways. In 2008, LMS is constructing a modern, lighted dragstrip, and continues to renovate and modernize certain grandstand seating and expand its hospitality areas. Similar to prior years, the Company plans to continue expanding concessions, camping, restrooms and other fan amenities, particularly at its newly acquired NHMS. The Company also plans to continue improving and expanding on-site roads and available parking, and reconfiguring traffic patterns and entrances to ease congestion and improve traffic flow at its speedways, and may purchase additional land for expansion or development. In 2008 and future years, the Company intends to make various improvements and renovations at LMS and NHMS, each of which may involve material capital expenditures over several years in amounts that have not yet been determined.

The estimated aggregate payment for capital expenditures in 2008 is approximately $70.0 to $80.0 million. Management plans to fund these capital expenditures with available cash and cash investments, working capital or borrowings under the Credit Facility as needed. Numerous factors, many of which are beyond the Company's control, may influence the ultimate costs and timing of various capital improvements at its facilities, including:

- undetected soil or land conditions;
- additional land acquisition costs;
- increases in the cost of construction materials and labor;
- unforeseen changes in 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 estimates if 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 adversely affect the ultimate cost and timing of construction. Should projects be abandoned or substantially decreased in scope due to the inability to obtain necessary permits or other unforeseen negative factors, we could be required to expense some or all previously capitalized costs which could have a material adverse effect on our future financial condition or results of operations.

The Company also continually evaluates new opportunities that will add value for its stockholders, including the acquisition and construction of new speedway facilities, the expansion and development of existing Legends Cars and Oil-Chem products and markets, and the expansion into new and complementary businesses.

Dividends **—**Any decision concerning the payment of common stock dividends depends upon the Company's results of operations, financial condition and capital expenditure plans, applicable limitations under the Credit Facility and Senior Subordinated Notes, and other factors the Board of Directors, in its sole discretion, may consider relevant. As further described above and in Note 5 to the Consolidated Financial Statements, the Credit Facility allows annual aggregate payments of dividends and repurchases of SMI securities of up to $75.0 million, increasable up to $150.0 million, subject to maintaining certain financial covenants. The Senior Subordinated Notes Indenture permits annual dividend payments of up to approximately $0.40 per share of common stock, increasable subject to meeting certain financial covenants.

OFF-BALANCE SHEET ARRANGEMENTS

As further described in "Liquidity and Capital Resources" above and Note 2 to the Consolidated Financial Statements "Joint Venture Equity Investment and Equity Investee Earnings or Losses", as of June 30, 2008, the Company had aggregate outstanding letters of credit of $1.1 million and a contingent guarantee obligation associated with an equity investment that is limited to $12.5 million, decreases annually and expires through 2015 based on specified terms and conditions. At this time, management believes the guarantee's fair value is presently insignificant.

As further described in "Liquidity and Capital Resources" above, the Credit Facility provides for a separate sub-limit for letters of credit of up to $75.0 million for use in the Company's oil and gas activities and other business transactions. The Company presently does not have any other off-balance sheet arrangements (including off-balance sheet obligations, guarantees, commitments, or other contractual cash obligations, other commercial commitments or contingent obligations) that have, or are reasonably likely to have, a current or future material effect on its financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 2 to the Consolidated Financial Statements "Recently Issued Accounting Standards" for information on recently issued accounting pronouncements, their applicable adoption dates and possible effects, if any, on the Company's financial statements and disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk —The Company's financial instruments with interest rate risk exposure consist of cash and cash equivalents, short-term investments, notes receivable, the Credit Facility, and an interest rate swap agreement. A change in interest rates of one percent on floating rate notes receivable and debt balances outstanding at June 30, 2008, excluding the interest rate swap, would cause an approximate change in annual interest income of $71,000 and annual interest expense of $3.5 million. Interest rate swap values are affected by various market factors, including interest rate changes, which have a corresponding effect on interest expense. As discussed in "Liquidity and Capital Resources" above, the Credit Facility was amended in January 2008 which, among other things, increased the Credit Facility overall borrowing limit from $400.0 million to $500.0 million.

As discussed in Note 5 to the Consolidated Financial Statements, the Company uses interest rate swap agreements at times for non-trading purposes to hedge interest rate risk and optimize a combination of variable and fixed interest rate debt. The Company presently has one interest rate swap transaction related to variable rate debt obligations. The swap has a principal notional amount of $28.1 million, provides for quarterly settlement and expires corresponding with the debt term. At June 30, 2008 and December 31, 2007, the Company has reflected a derivative liability for this swap of $205,000 and less than $1,000. Fair value estimates are based on relevant market information at a specific point in time, and changes in assumptions or market conditions could significantly affect estimates.

Equity Price Risk —The Company has marketable equity securities, all classified as "available for sale", which are included in other noncurrent assets. These investments are subject to price risk, which we attempt to minimize generally through portfolio diversification. The carrying value of marketable equity securities amounted to $79,000 and $97,000 at June 30, 2008 and December 31, 2007.

Other Market Risk —As described in "Liquidity and Capital Resources" above, the Company had aggregate outstanding standby letters of credit of $1.1 million as of June 30, 2008. As described in "Off-Balance Sheet Arrangements" above, the Company also had contingent guarantee obligations of $12.5 million as of June 30, 2008.

As described in Note 2 to the Consolidated Financial Statements, at June 30, 2008 and December 31, 2007, the Company had short-term investments of approximately $4.7 million and $9.2 million in highly liquid marketable mutual fund securities and $3.0 million in auction rate securities held in large, qualified financial institutional investment accounts. As of June 30, 2008, these investments are classified as "trading" securities and carried at fair value, which was 97.1% and 100% of par for the marketable securities and the auction rate securities, respectively. The marketable securities investments consist of the Columbia Strategic Asset Mutual Fund of Bank of America which suspended redemptions in December 2007. Approximately $5.4 million or 52% of the Company's initial $10.2 million investment has been returned through June 30, 2008, and management believes the Company should substantially recover its remaining investment. The bond market for auction rate securities has recently experienced difficulties caused by decreased demand, failed auctions, unusual interest rates and other challenges. Management has the ability and intends to hold these securities until the bond market recovers. Management believes that further declines, if any, in the market value of these short-term investments are not likely to result in a significant loss to the Company.

As of and during the six months ended June 30, 2008, there have been no other significant changes in the Company's interest rate risk, equity price risk or other market risk.

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Item 4. Controls and Procedures

Management Evaluation of Disclosure Controls and Procedures —The Company's Chief Executive Officer and Chief Financial Officer (its principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of the end of the period covered by this Quarterly Report, that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls Over Financial Reporting —There were no changes in the Company's internal control over financial reporting in the second quarter of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various lawsuits in the normal course of business, some of which involve material claims. New or material developments, if any, on the more significant of these lawsuits are described below. Management does not believe the outcome of these lawsuits or incidents will have a material adverse effect on the Company's future financial position, results of operations or cash flows. See Note 8 to the Consolidated Financial Statements for additional information on the Company's legal proceedings. See Item 1A "Risk Factors" of the Company's 2008 Annual Report on Form 10-K for additional information on the Company's liability insurance program and self-insured retention.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company had no unregistered sales of equity securities during the six months ended June 30, 2008.

In April 2005, the Company's Board of Directors approved, and the Company publically announced, a stock repurchase program authorizing the repurchase of up to one million shares of SMI's outstanding $.01 par value common stock in open market or private transactions, depending on market conditions, share price, applicable limitations under the Credit Facility and Senior Subordinated Notes (see Note 5 to the Consolidated Financial Statements), and other factors the Board of Directors or their designees, in their sole discretion, may consider relevant. The amount of repurchases made under the program in any given month or quarter may vary as a result of changes in our business, operating results, working capital or other factors, and may be suspended or discontinued at any time. In February 2007, the Company's Board of Directors increased the authorized total number of shares that can be repurchased under this program from one million to two million shares. The program currently has no scheduled expiration date.

As set forth in the table below, the Company repurchased 156,000 shares of common stock in the open market for approximately $4.2 million in the six months ended June 30, 2008.

	Issuer Purchases of Equity Securities under Authorized Program as of June 30, 2008			
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number Of Shares That May Yet Be Purchased Under the Plans or Programs
January 2008	27,000	$ 30.42	27,000	741,000
February 2008	20,000	30.65	20,000	721,000
March 2008	28,000	26.61	28,000	693,000
First Quarter 2008	75,000	$ 29.06	75,000	693,000
April 2008	22,000	25.22	22,000	671,000
May 2008	23,000	26.38	23,000	648,000
June 2008	36,000	24.42	36,000	612,000
Second Quarter 2008	81,000	25.20	81,000	612,000
Total 2008	156,000	$ 27.05	156,000	612,000

Item 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Stockholders held on April 23, 2008, William R. Brooks, Mark M. Gambill, and James P. Holden were reelected directors by the Company's stockholders. Directors not reelected at the meeting, but whose terms of office continued after the meeting, were O. Bruton Smith, Marcus G. Smith, H.A. Wheeler, William P. Benton, Robert L. Rewey, and Tom E. Smith. Mr. Wheeler resigned as a director effective May 28, 2008. In addition to reelection of three directors, the stockholders ratified the selection of PricewaterhouseCoopers LLP as the principal independent registered public accounting firm of the Company and approved the Speedway Motorsports, Inc. 2008 Formula Restricted Stock Plan for Non-Employee Directors.

	For	Votes Against	Votes Withheld	Abstentions/ Broker Non-Votes
Reelection of William R. Brooks	41,386,167	—	1,436,087	—
Reelection of Mark M. Gambill	42,311,946	—	510,308	—
Reelection of James P. Holden	42,231,832	—	590,422	—
Ratification of PricewaterhouseCoopers LLP as principal auditors	42,274,720	540,402	—	7,132
Adoption of the Speedway Motorsports, Inc. 2008 Formula Restricted Stock Plan for Non-Employee Directors	38,145,240	3,491,105	—	1,185,909

Item 6. Exhibits

Exhibits filed with this Form 10-Q are as follows:

Exhibit Number	Description
10.1	2008 Formula Restricted Stock Plan for Non-Employee Directors (incorporated by reference to Annex A to the Definitive Proxy Statement on Schedule 14A filed on March 28, 2008).
10.2	Asset Purchase Agreement between the Company and Kentucky Speedway, LLC dated May 21, 2008.
31.1	Certification of Mr. O. Bruton Smith pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Mr. William R. Brooks pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Mr. O. Bruton Smith pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Mr. William R. Brooks pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

SPEEDWAY MOTORSPORTS, INC.
(Registrant)

Date: August 6, 2008	By:	/s/ O. Bruton Smith O. Bruton Smith *Chairman and Chief Executive Officer*
Date: August 6, 2008	By:	/s/ William R. Brooks William R. Brooks *Vice Chairman, Chief Financial Officer and Treasurer* *(Principal Financial and Accounting Officer)*

EXHIBIT 10.2

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement") is entered into as of the ___day of May, 2008, between Kentucky Speedway, LLC, a Kentucky limited liability company ("Seller"), and Speedway Motorsports, Inc., a Delaware corporation ("Buyer").

WHEREAS, the parties hereto desire for Seller to sell, and Buyer to purchase, the Assets on the terms and subject to the conditions set forth below;

WHEREAS, capitalized terms used and not otherwise defined herein shall have the meanings set forth in paragraph 13 hereof; and

WHEREAS, the members of Seller (individually "Member" and collectively "Members") are: Jerry Carroll, the RLD-C Bloodline Trust U/A/D 12/1/94, the RLD-D Bloodline Trust U/A/D 12/1/94, the RLD-B Bloodline Trust UA/D 12/1/94, the RLD-K Bloodline Trust U/A/D 12/1/94, Summer Hill Speedway, LLC, OSI Restaurant Partners, LLC, The Blue Water Trust dated as of August 1, 2002, and Carroll Speedway Investments, LLC. (The Members are parties to this Agreement only to the extent expressly provided in the Member Consent and Agreement set forth at the end of this Agreement.)

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Agreement, the payment of a $10,000 non-refundable deposit (the "Deposit") by Buyer to Seller, to be paid within three (3) business days following the execution and delivery of this Agreement by Buyer to Seller, and other good and valuable consideration, Seller, Members and Buyer agree as follows:

1. Sale and Purchase of Assets; Assumption of Liabilities .

a. Upon the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, transfer, assign, convey and deliver the Assets to Buyer, and Buyer shall purchase, accept, assume and receive the Assets from Seller, free and clear of all Encumbrances, other than Permitted Encumbrances, for the consideration set forth in this Agreement. The sale, transfer, assignment and conveyance of the Assets shall be made by the execution and delivery at Closing of a bill of sale substantially in the form of **Exhibit A** attached hereto (the "Bill of Sale"), an Assignment of Seller's leasehold estate (containing approximately 816 acres) substantially in the form of **Exhibit B** attached hereto (the "Assignment of Leasehold"), and such other instruments of assignment, transfer and conveyance as the Buyer shall reasonably request with respect to any other Real Property.

b. Notwithstanding anything in this Agreement to the contrary, the Excluded Assets shall be excluded from the transactions contemplated by this Agreement and shall not be sold, transferred, conveyed, assigned or delivered by Seller or purchased, accepted, assumed or received by Buyer by virtue of this Agreement.

c. Upon the terms and subject to the conditions of this Agreement, at the Closing, (i) Seller shall assign to Buyer and Buyer shall assume and agree to satisfy and discharge, pursuant to an Assignment and Assumption Agreement substantially in the form attached hereto as **Exhibit C** (the "Assignment and Assumption Agreement"), (A) the Assumed Indebtedness and (B) the rights and obligations of Seller arising after the Closing under the Contracts, but not as a result of a breach of such Contracts by Seller prior to the Closing, and (ii) Seller shall assign to Buyer and Buyer shall assume and agree to satisfy and discharge, pursuant to the Assignment of Leasehold, the obligations of Seller arising after the Closing under the Existing Lease for the Gallatin County Leased Real

Property and any other Existing Lease approved of in writing by Buyer, but not as a result of a breach of such Existing Leases by Seller prior to the Closing (all as defined in paragraph 4.f(ii)) pursuant to separate Lease Assignment Agreements substantially in the form attached hereto as **Exhibit D** (the "Lease Assignments"). The obligations of Seller referred to in clauses (i) and (ii) of this paragraph 1(c) shall hereinafter be referred to as the "Assumed Liabilities."

d. Except for the Assumed Liabilities, Buyer shall not assume, and Seller shall retain and shall satisfy and discharge, when and as due, any liabilities or obligations of Seller of any nature whatsoever, whether past, current or future, whether accrued or contingent, known or unknown, liquidated or unliquidated, arising now or in the future (the "Excluded Liabilities").

2. Purchase Price for the Assets; Allocation of Purchase Price .

a. The purchase price for the Assets (the "Purchase Price") shall be: (i) the Deposit; plus (ii) Buyer's assumption or satisfaction of the Assumed Indebtedness; plus (iii) the sum of $7,500,000 payable in sixty (60) equal monthly installments of $125,000 due beginning on the date which is thirty (30) days following the Closing Date; plus (iv) the Contingent Amount (as hereinafter defined), if any.

b. In the event (i) an extension is obtained for an additional twenty (20) years of the sales tax rebate contemplated by the Tourism Attraction Agreement as amended, by and between Seller and the Commonwealth of Kentucky (the "Sales Tax Incentives Agreement"), as assigned to Buyer, through specific authorizing resolution on or before June 1, 2010, and (ii) a Sprint Cup Race or successor series event is scheduled at Kentucky Speedway, then Buyer shall pay to Seller additional consideration in the amount of $7,500,000 (the "Contingent Amount") payable in sixty (60) equally monthly installments in the amount of $125,000 commencing on the first day of the month following the date on which the above contingencies are satisfied.

c. The Purchase Price shall be allocated among the Assets as of the Closing Date in accordance with **Schedule 2(c)** pursuant to and consistent with Internal Revenue Code Section 1060 (26 U.S.C. 1060) and as shown on Internal Revenue Service Form 8594 which each party hereto agrees to sign and provide within ninety (90) days following the Closing. For all tax purposes, Buyer and Seller agree to report the transactions contemplated by this Agreement in a manner consistent with the terms of this Agreement, including the allocation under **Schedule 2(c)** , and that neither of them will take any position inconsistent therewith in any tax return, refund claim, litigation or otherwise.

d. If any installment of the Purchase Price is not paid within thirty (30) days following written demand of Seller (a "Default"), Seller may, at its option, accelerate the due date of all remaining installments such that same shall be immediately due and payable. Interest shall accrue and be due and payable from Buyer to Seller on the remaining balance of the Purchase Price from Default until paid at the rate of twelve percent (12%) per annum (the Kentucky rate of interest on judgments). In addition, Buyer shall reimburse Seller for all collection costs of Seller incurred after a Default including, but not limited to, court costs and Seller's attorneys fees and expenses. Notwithstanding anything to the contrary Seller agrees that Buyer may offset from any installment of the Purchase Price or Contingent Amount an amount sufficient to satisfy any indemnity or payment obligation of Seller arising under this Agreement, including but not limited to Seller's failure to pay any sales or use tax owed by Seller as a result of the transactions herein, and that such offset shall not be a Default.

3. Closing .

a. Subject to paragraph 8 of this Agreement, the consummation of the sale of the Assets pursuant to this Agreement (the “Closing”) shall take place at 11:00 a.m., Buyer’s local time, within ten (10) days following satisfaction of the conditions in paragraph 6 of this Agreement and expiration or earlier termination of the Due Diligence Period (the “Closing Date”). Notwithstanding anything to the contrary, Closing shall not take place prior to October 1, 2008 without Buyer’s consent.

b. At Closing, Seller shall deliver or cause to be delivered the following documents to Buyer:

(i) the certificate contemplated by paragraphs 8(a)(i) and 8(a)(ii), duly executed by Seller and the Members

(ii) the Bill of Sale, the Assignment of Leasehold, the Assignment and Assumption Agreement and the Lease Assignments, each duly executed by Seller;

(iii) a certificate of the president of Seller, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying as to (A) the resolutions of the Board of Managers and Members of Seller authorizing the execution, delivery and performance of this Agreement and approving the transactions contemplated hereby and (B) the incumbency and signatures of the officers of Seller executing this Agreement;

(iv) certificates of title or origin (or like documents) with respect to any vehicles or other equipment included in the Assets for which a certificate of title or origin is required in order to transfer title;

(v) a lien and possession affidavit, duly executed by Seller, acceptable to Buyer’s title insurance company, and all other documents, title indemnities, and affidavits reasonably required by such title company in order for the title company to issue an owner’s leasehold title insurance policy without exceptions on Schedule B thereto other than the Permitted Encumbrances;

(vi) affidavits, duly executed by Seller, (A) to satisfy federal and state tax reporting requirements and (B) to confirm that Seller is not a “foreign person” within the meaning of the Foreign Investment in Real Property Tax Act;

(vii) all consents, waivers and approvals required to be set forth on Schedule 4(b) attached hereto and all other consents, waivers or approvals, if any, obtained by Seller with respect to the Assets or the consummation of the transactions contemplated by this Agreement;

(viii) documents in form and substance reasonably satisfactory to Buyer whereby Seller shall amend its Articles of Organization and take all other actions necessary to change its name to one sufficiently dissimilar to Seller’s present name; and

(ix) such other bills of sale, deeds, assignments and other instruments of transfer or conveyance, including without limitation, a domain name assignment and any applicable trademark, service mark and trade name assignments, duly executed by Seller, as may be reasonably requested by Buyer to effect the sale, conveyance and delivery of the Assets to Buyer.

c. At Closing, Buyer shall execute and deliver the following documents to Seller: (i) the certificate contemplated by paragraphs 8(b)(i) and 8(b)(ii); (ii) the Assignment and Assumption Agreement; and (iii) the Lease Assignments.

d. At Closing, the Assumed Indebtedness shall either be fully satisfied or Seller and all guarantors on behalf of Seller shall receive a full release of any further obligations with respect to the Assumed Indebtedness (except for Excluded Liabilities as defined in paragraph 7e.) and the original guaranties shall be cancelled and returned.

4. Representations and Warranties of Seller . Seller represents and warrants to Buyer as follows:

a. Organization of Seller; Authorization .

(i) Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky. Seller has all necessary limited liability company power and authority to carry on its business as now conducted. Seller is not qualified to transact business as a foreign corporation in any jurisdiction, and the ownership or leasing of the assets used in the Business and the conduct of the Business do not require Seller to be qualified to transact business as a foreign corporation. All of the outstanding membership interests of Seller are owned of record and beneficially by the Members.

(ii) Seller has the necessary limited liability company power and authority to execute, deliver and perform this Agreement and consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Seller have been duly and validly authorized by the board of managers and members of Seller and by all other necessary limited liability company action on the part of Seller. The Members have the capacity to execute, deliver and perform this Agreement and consummate the transactions contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of Seller and the Members, enforceable against Seller and the Members in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles relating to or limiting creditors' rights generally.

b. No Breach . Except as set forth on **Schedule 4(b)** attached hereto, the execution, delivery and performance of this Agreement by Seller and the Members does not and will not (i) violate the provisions of, or constitute a breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise) under (A) the charter documents or operating agreement of Seller, (B) any law, judgment or court order to which Seller or any Member is subject, (C) any Material Agreement (defined below) to which Seller or any Member is a party or (D) any contract or agreement to which the Members are individually or collectively a party; (ii) other than filings and notices under the HSR Act (defined below), require the approval, consent, authorization or act of, or the making by Seller or any Member of any declaration, filing or registration with, any Person; and (iii) require the obtainment by Seller or any Member of any permits or orders of any governmental entity or any other Person.

c. Financial Statements .

(i) Seller shall deliver to Buyer, within thirty (30) business days following Buyer's execution of this Agreement, the audited financial statements of Seller for the year ended 2007, and the unaudited financial statements of Seller for the three (3) month period ended March 31, 2008 (the "Interim Financial Statements"), in each case including the balance sheet as of each such date and the related consolidated statements of income and retained earnings and cash flows for each of the respective periods then ended (collectively, the "Financial Statements"). Except as noted therein, and except that the Interim Financial Statements do not include footnote disclosures, as required by generally accepted accounting principles ("GAAP"), and are subject to normal year end adjustments (which will not be material, individually or in the aggregate) consistent with past practice, such Financial Statements (A) have been prepared from the books and records of Seller, (B) are in accordance with GAAP consistently applied throughout and among the periods covered thereby, and (C) fairly present the financial condition, results of operations and cash flows of Seller as of the respective dates and for the respective periods thereof.

(ii) Seller does not have any material debts, liabilities or obligations whether accrued, absolute, contingent or otherwise and whether or not due or become due, except those (A) set forth in the Financial Statements not materially exceeding the amounts set forth therein, (B) incurred since the date of the Interim Financial Statements in the ordinary course of business consistent with past practice and in accordance with this Agreement, or (C) set forth in **Schedule 4(c)(ii)** attached hereto.

d. Permits/Approvals/Licenses . **Schedule 4(d)** attached hereto contains a complete and accurate list of all permits, approvals and licenses held by Seller which to Seller's Knowledge are the only permits, approvals or licenses necessary to carry on the Business. Except as described on **Schedule 4(d)** , all such permits, approvals and licenses shall be transferable to Buyer in connection with the transactions contemplated hereby and no notice or additional filings must be made in connection therewith.

e. Tax Matters . Seller has (i) timely filed in accordance with all applicable laws (taking into account valid extensions), all tax returns required to be filed by it, (ii) paid all taxes shown to have become due pursuant to such tax returns, and (iii) paid all taxes (other than those being contested in good faith) for which a notice of, or assessment, or demand for, payment has been received or which are otherwise due and payable. All tax returns filed by Seller with respect to taxes were true, correct and complete in all material respects as of the date on which they were filed or as subsequently amended to the date hereof. Except as set forth in **Schedule 4(e)** attached hereto, (A) Seller has not been notified by any taxing authority that any tax return will be examined, (B) there is no litigation or assessment pending or proposed with respect to any liability for tax due from Seller, (C) all amounts required to be collected or withheld by Seller with respect to taxes have been duly collected or withheld and any such amounts that are required to be remitted to any taxing authority have been duly remitted, (D) no extension of time within which to file any tax return that relates to Seller has been requested, which tax return has not since been filed, and (E) there are no waivers or extensions of any applicable statute of limitations for the assessment or collection of taxes with respect to any tax return which remains in effect. Seller is, and has always been, taxed as a partnership for Federal and state income tax purposes.

f. Real Property .

(i) **Schedule 4(f)(i)** attached hereto contains an accurate legal description, street address and tax parcel identification number of the real property owned by Seller (the "Owned Real Property"). Seller is the sole owner of the Owned Real Property and holds the Owned Real Property in fee simple or its equivalent under local law, free and clear of all exceptions, variances, limitations or title defects of any nature whatsoever, except for the Permitted Encumbrances. True, correct and complete copies of all deeds, surveys and environmental reports respecting the Owned Real Property shall be delivered to Buyer within three (3) business days following Buyer's execution of this Agreement. There are no leases affecting the Owned Real Property. Use of the Owned Real Property for the various purposes for which it is presently being used is permitted as of right under all applicable zoning legal requirements and is not subject to "permitted nonconforming" use or structure classifications. All improvements located on the Owned Real Property are in compliance with all applicable legal requirements, including those pertaining to zoning, building and the disabled, are in good repair and in good condition, ordinary wear and tear excepted, and are free from latent and patent defects. No part of any improvement located on the Owned Real Property encroaches on any real property not included in the Owned Real Property, and there are no buildings, structures, fixtures or other improvements primarily situated on adjoining property which encroach on any part of the Owned Real Property. The Owned Real Property abuts on and has direct vehicular access to a public road or has access to a public road via a permanent, irrevocable, appurtenant easement benefiting and comprising a part of the Owned Real Property, is supplied with public or quasi-public utilities and other services appropriate for the operation of the facilities locate thereon and is not located within any flood plain or area subject to wetlands regulation or any similar restriction. There is no existing or proposed plan to modify or realign any street or highway or any existing or proposed eminent domain proceeding that would result in the taking of all or any part of the Owned Real Property or that would prevent or hinder the continued use of the Owned Real Property as heretofore used in the conduct of the Business. None of the Owned Real Property constitutes tax-exempt bond financed property or tax-exempt use property within the meaning of Section 168 of the Internal Revenue Code of 1986, as amended (the "Code").

(ii) **Schedule 4(f)(ii)** attached hereto, lists, identifies by address and provides a legal description of the real property currently leased by Seller located in Gallatin County, Kentucky (the "Gallatin County Leased Real Property") and all other real property currently leased by Seller (the "Other Leased Real Property" and together with the Gallatin County Leased Real Property, collectively the "Leased Real Property"). True, correct and complete copies of each lease (an "Existing Lease"), and any survey and environmental report with respect to the Gallatin County Leased Real Property and the Other Leased Real Property shall be delivered to Buyer within five (5) business days following Buyer's execution of this Agreement. To Seller's Knowledge, no event or condition currently exists which would give rise to a material repair or restoration obligation if an Existing Lease were to terminate. To Seller's Knowledge, no event or condition currently exists which would create a legal or other impediment to the use of the Leased Real Property as currently used, or would increase the additional charges or other sums payable by the tenant under any Existing Lease (including, without limitation, any pending tax reassessment or other special assessment affecting the Leased Real Property). To Seller's Knowledge, the Leased Real Property conforms in all material respects with all laws.

g. Operations . Seller owns and operates Kentucky Speedway, which (among other things) hosted one NASCAR Busch Series race, one NASCAR Craftsman Truck Series race, and one ARCA Series race in 2007. Seller has executed sanction agreements with NASCAR to host one NASCAR Nationwide Series race and one NASCAR Craftsman Truck Series race in 2008 (the "2008 Sanction Agreements").

h. Assets . Seller has good and marketable title to all of the Assets, free and clear of all Encumbrances, except for Permitted Encumbrances. Upon delivery to Buyer on the Closing Date of the Bill of Sale and the Assignment of Leasehold, Seller will thereby transfer to Buyer good and marketable title to the Assets, subject to no Encumbrances except for Permitted Encumbrances. All of the Assets are located on the Real Property.

i. Litigation . Except as set forth in **Schedule 4(i)** : (i) there are no legal actions, proceedings or arbitrations pending or, to Seller's Knowledge, threatened (A) against Seller or affecting the Business or any of the Assets or (B) which seek to prohibit, restrict or delay consummation of the transactions contemplated by this Agreement or any of the conditions to consummation of such transactions and, (ii) there is no order outstanding (A) against Seller or affecting the Business or any of the Assets, or (B) which seeks to prohibit, restrict or delay consummation of the transactions contemplated by this Agreement or any of the conditions to consummation of such transactions. To Seller's Knowledge, no facts exist and no event has occurred that, in either case, forms the basis for any claim against Seller for products liability, whether in tort or strict liability or on account of any express or implied warranty.

j. Environmental . To Seller's Knowledge, (i) Seller and its business, operations and the Assets are and have been in compliance in all material respects with all Environmental Laws and (ii) no environmental condition exists (including, without limitation, the presence, release, threatened release or disposal of Hazardous Substances) related to the Real Property or to Seller's past or present operations, which would constitute a violation of any Environmental Law or otherwise give rise to costs, liabilities or obligations under any Environmental Law.

k. Employee Benefits . **Schedule 4(k)** attached hereto contains a complete list of plans consisting of each: (i) "employee welfare benefit plan," as defined in Section 3(1) of ERISA, to which Seller contributes or is required to contribute, including each multi-employer welfare plan (" Welfare Plan "), and sets forth the amount of any liability of Seller for payments more than thirty (30) days past due with respect to each Welfare Plan as of the Closing; (ii) "multi-employer plan," as defined in Section 4001(a)(3) of ERISA, to which Seller (or any Person which is, or at any time in the prior six (6) years has been, a member of a "controlled group of corporations" with or is under "common control" with Seller as defined in Section 414(b) or (c) of the Code (" Common Control Entity ")) has contributed or been obligated to contribute at any time after September 25, 1980 (" Multi-employer Plan "); (iii) "employee pension benefit plan," as defined in Section 3(2) of ERISA (other than a Multi-employer Plan) to which Seller or any Common Control Entity contributes, is required to contribute, or has been obligated to contribute at any time after December 31, 1991; (iv) deferred compensation plan, bonus plan, stock option plan, employee stock purchase plan and any other employee benefit plan, agreement, arrangement or commitment, other than normal payroll practices but including policies concerning holidays, vacations and salary continuation during short absences for illness or other reasons, maintained by Seller; and (v) any plan, agreement or arrangement providing for "fringe benefits" or perquisites to employees, officers, directors or agents of Seller, including but not limited to benefits relating to automobiles, clubs, vacation, child care, parenting, sabbatical or sick leave.

l. Intellectual Property . **Schedule 4(l)** attached hereto sets forth a complete and accurate list and description of (i) all United States federal, state and foreign patents, trademarks, trade names, service marks, copyrights (including any registrations and applications therefor) and all trade secrets, technology, processes, inventions and other intellectual property owned by or developed by or for the benefit of Seller (the " Intellectual Property Rights ") and (ii) all United States federal, state and foreign patents/trademarks, trade names, service marks, copyrights (including any registrations and applications therefor) and all technology, processes, inventions and other intellectual property licensed to Seller (the " Licensed Rights "). Seller (A) owns and has the full and exclusive right to use the Intellectual Property Rights and the Intellectual Property Rights are free of any encumbrances, are not subject to any license (royalty-bearing or royalty-free) and are not subject to any other arrangement requiring any payment to any Person or entity or the obligation to grant rights to any Person or entity, (B) the Intellectual Property Rights and the Licensed Rights are all those rights necessary to conduct the business of Seller as currently being conducted by Seller.

m. No Brokers or Finders . No agent, broker, finder or investment or commercial banker, or other Person or entity engaged by or acting on behalf of Seller, the Members or their affiliates in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement, is or will be entitled to any broker's or finder's or similar fees or other commissions as a result of this Agreement or such transactions.

n. Material Agreements. All Material Agreements to which Seller is a party are identified on **Schedule 4(n)**. For purposes of this Agreement, a "Material Agreement" shall mean (i) any sanction agreement to conduct motorsports events, (ii) any agreement pursuant to which any event held at the Kentucky Speedway will be publicly broadcast, (iii) any contract or lease with a term in excess of one year or having a total dollar commitment in excess of $50,000, (iv) any sponsorship or marketing agreement with respect to the Kentucky Speedway or any event to be held at the Kentucky Speedway, (v) any contract with a food and/or beverage concessionaire, (vi) any Existing Lease or (vii) the contractual obligations with respect to the Assumed Indebtedness. Each Material Agreement is in full force and effect and is binding and enforceable against the parties thereto in accordance with its terms. No breach or default or event which would (with the passage of time, notice or both) constitute a breach or default under any Material Agreement by Seller or, to Seller's Knowledge, any other party or obligor with respect thereto, has occurred. Except as set forth on **Schedule 4(n)**, the consummation of the transactions contemplated by this Agreement will not (and will not give any Person a right to) terminate or modify any rights of, or accelerate or augment any obligation of, Seller under any Material Agreement or result in the creation of any liens or encumbrances thereunder.

o. Disclosure. No representation or warranty of Seller or the Members contained in this Agreement, or in the Schedule or Exhibits attached hereto, and no statement furnished or to be furnished by Seller or the Members pursuant hereto or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation or warranty, or such statement, not misleading in light of the circumstances in which it was made.

p. Condition of Assets – "AS IS/WHERE IS". Except as set forth in this Agreement, Seller is selling, conveying and transferring all Assets "as is/where is" without any express or oral representations or warranties as to condition or suitability for any purpose.

5. Representations and Warranties of Buyer. Buyer represents and warrants to Seller and the Members as follows:

a. Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all necessary corporate power and authority to carry on its business as now conducted.

b. Authorization. Buyer has the necessary corporate power and authority to execute, deliver and perform this Agreement and consummate the transactions contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles relating to or limiting creditors' rights generally.

c. No Conflicts. The execution, delivery and performance of this Agreement by Buyer will not violate the provisions of, or constitute a breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise) under (i) the charter documents or bylaws of Buyer, (ii) any law, judgment or court order to which Buyer is subject or (iii) any material contract to which Buyer is a party.

d. No Brokers or Finders. No agent, broker, finder or investment or commercial banker, or other Person or entity engaged by or acting on behalf of Buyer or its affiliates in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this

Agreement, is or will be entitled to any broker's or finder's or similar fees or other commissions as a result of this Agreement or such transactions.

e. Legal Proceedings . There is no order or action pending, or to the knowledge of Buyer, threatened against Buyer that individually or when aggregated with one or more other orders or Actions has or might reasonably be expected to have a material adverse effect on Buyer's ability to perform this Agreement.

6. Hart-Scott-Rodino Antitrust Improvement Act of 1976 . If required, Seller and Buyer will file on or before sixty (60) days following last execution of this Agreement, an acquired person's and acquiring person's notification and report form as required by the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended ("HSR Act") with respect to the transactions contemplated by this Agreement. Seller, the Members and Buyer shall use commercially reasonable efforts and shall cooperate with each other as shall be reasonably necessary to secure the termination of any applicable HSR Act or other waiting period and to obtain as promptly as possible all other necessary approvals, authorizations and consents of governmental authorities required to be obtained by it, to consummate the transactions contemplated in this Agreement. Seller, the Members and Buyer further agree to use commercially reasonable efforts to comply promptly with all requests or requirements for information, documentary or otherwise, by any governmental authority pursuant to the HSR Act or other applicable law. The parties shall have no obligation to close on the transaction herein until all required governmental approvals have been obtained and the HSR Act waiting period has expired or earlier terminated. Seller and Buyer shall each pay the cost of their respective HSR Act filing.

7. Pre-Closing Covenants .

a. Best Efforts . Seller will use commercially reasonable efforts to obtain any third party consents to the sale of the Assets and the assumption of the Assumed Liabilities that Buyer reasonably may request. The parties will give any notices to, make any filings with, and use its commercially reasonable efforts to, obtain any authorizations, consents, and approvals required by governments and governmental agencies for the sale of the Assets and the assumption of the Assumed Liabilities.

b. Continued Operation . Pending the Closing, Seller shall operate in the Ordinary Course of Business, and (except in the good faith conduct of its Ordinary Course of Business) Seller will not sell or otherwise dispose of any of the assets of Seller, will not incur additional indebtedness except loans from Seller's members, and will refrain from extraordinary actions not in the Ordinary Course of Business.

c. Negotiations with Others . Seller and each of the Members hereby agree that, prior to the Closing Date, or until this Agreement is terminated in accordance with its terms, neither Seller, its managers nor any of the Members, or the respective agents or representatives of each of the foregoing, shall directly or indirectly, solicit or initiate discussions or engage in negotiations with, or provide information (other than publicly available information) to, or authorize any financial advisor or other Person to solicit or initiate discussions or engage in negotiations with, or provide information to, any Person (other than Buyer) concerning any potential sale of shares of capital stock of, or merger, consolidation, sale of assets or other similar transaction involving, Seller.

d. Due Diligence . Buyer shall have a ninety (90) day period (the "Due Diligence Period") commencing upon the date of this Agreement to conduct due diligence with respect to Seller, the Business and the Real Property, including without limitation, an environmental investigation. If, during the Due Diligence Period, Buyer determines that it is not in Buyer's interest to close on the transaction contemplated herein, for any reason or no reason determined by Buyer in its sole and absolute discretion, then Buyer may terminate this Agreement without obligation to Seller or the Members by giving written notice of such termination to the Seller. Beginning upon the date of Buyer's execution of this Agreement and running through the Closing Date, Seller shall provide to Buyer and its representatives, agents and independent contractors the access to Seller, the Business and its properties necessary for Buyer to complete its Due Diligence regarding the transactions contemplated herein. If the conditions set forth in paragraph 6 and 8 have been satisfied, Buyer may terminate the Due Diligence Period prior to its expiration by giving written notice, in which case the parties will proceed to Closing subject to the terms and conditions of this Agreement. Buyer shall defend, indemnify and hold harmless Seller from and against any and all claims, losses, damages or expenses, including but not limited to attorneys' fees, for personal injury or property damage that may be sustained, suffered or incurred by Seller or any third party arising directly out of Buyer's pre-closing due diligence activities pursuant to this paragraph 7.d. No party shall have any liability to any other party for any claims, losses damages or expenses arising from the announcement of this Agreement. Further, Buyer shall have no liability with respect to any pre-existing conditions on the Real Property under this paragraph 7.d.

e. Release of Seller and Guarantors from Assumed Indebtedness . In further consideration for the transfer of the Assets from Seller to Buyer, at Closing (as defined below), Buyer will cause the Seller and all of its guarantors to be released from all obligations with respect to the Assumed Indebtedness (other than obligations which arise as a result of a breach or default by Seller and/or its guarantors prior to the Closing or any prepayment penalties or premiums, which obligations shall be Excluded Liabilities).

f. Agreement Regarding Exhibits and Schedules . Within ten (10) business days of Buyer's execution of this Agreement, Seller shall deliver to Buyer a draft of the Exhibits and Schedules contemplated by this Agreement. Seller and Buyer shall agree upon the form and substance of such Exhibits and Schedules within sixty (60) days following the execution of this Agreement by all parties hereto. In the event the Exhibits and Schedules are not agreed upon within such time period, then Seller or Buyer may terminate this Agreement upon written notice to the other. Seller reserves the right to modify any Schedule to reflect matters arising after the agreement of the parties with respect to such Schedule and Buyer shall have the right to terminate this Agreement with written notice to Seller within ten (10) days of delivery to Buyer of a revised Schedule by Seller.

8. Conditions to Closing .

a. Consummation by Buyer of the transactions contemplated hereby is subject to the fulfillment on or prior to the Closing Date, of each of the following conditions, unless waived by Buyer:

(i) the representations and warranties of Seller contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty containing any materiality qualification) or true and correct in all material respects (in the case of any representation or warranty without any materiality qualification), in either case, as of the date hereof and at and as of the Closing Date, with the same force and effect as if made at and as of the Closing Date, and Buyer shall have received a certificate, dated as of the Closing Date, duly executed by Seller to such effect;

(ii) Seller and the Members shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing Date, and Buyer shall have received a certificate, dated as of the Closing Date, duly executed by Seller and the Members to such effect;

(iii) all consents, authorizations, orders and approvals of, and filings and registrations with any governmental entity or any other Person or entity which are required for or in connection with the execution and delivery of this Agreement and the consummation by each party hereto of the transactions contemplated hereby, shall have been obtained or made, including but not limited to (A) the expiration or early termination of the HSR Act waiting period, and (B) obtainment of the consents to the assignment of the Sales Tax Incentive Agreement, the 2008 Sanction Agreements, the Assumed Indebtedness, the Lease Assignments and the other Contracts to be assigned to Buyer;

(iv) no law shall have been enacted, entered, issued, promulgated or enforced by any governmental entity, nor shall any legal action, proceeding or arbitration be pending or threatened at what would otherwise be the Closing Date, which prohibits or restricts or, (if successful) would prohibit or restrict, the transactions contemplated by this Agreement or would not permit the Business of Seller as presently conducted to continue unimpaired following the Closing Date;

(v) there shall not have been: (A) any material adverse change in the properties or assets of Seller; (B) any change in applicable laws which would reasonably be expected to have a material adverse change in the business, operations, properties, prospects, assets or condition (financial or otherwise) of the business of Seller; and (C) any material damage to the assets or properties of Seller by fire, flood, casualty, act of God or the public enemy or other cause, regardless of insurance coverage for such damage;

(vii) the deliveries referred to in paragraph 3(b) shall have been made; and

(viii) this Agreement and the transactions contemplated herein having been approved by the Board of Directors of Buyer (evidence of which must be provided to Seller within ten (10) days following the expiration of the Due Diligence Period).

b. Consummation by Seller of the transactions contemplated hereby is subject to the fulfillment on or prior to the Closing Date, of each of the following conditions, unless waived by Seller:

(i) the representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty containing any materiality qualification) or true and correct in all material respects (in the case of any representation or warranty without any materiality qualification), in either case, as of the date hereof and at and as of the Closing Date, with the same force and effect as if made at and as of the Closing Date, and Seller and the Members shall have received a certificate, dated as of the Closing Date, duly executed by Buyer to such effect;

(ii) Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing Date, and Seller and the Members shall have received a certificate, dated as of the Closing Date, duly executed by Buyer to such effect;

(iii) the HSR Act waiting period shall have expired or been earlier terminated; and

(iv) the deliveries referred to in paragraph 3c. and d. shall have been made.

9. Indemnification by Seller . Seller agrees to defend, indemnify and hold harmless Buyer and its subsidiaries and affiliates, and their respective shareholders, members, managers, directors, officers, employees and affiliates (“ Buyer Indemnified Parties ”), from and after the Closing, from and against any and all claims, losses, damages or expenses, including but not limited to attorneys’ fees (collectively, “Losses”), that may be sustained, suffered or incurred by such Buyer Indemnified Party arising out of or relating to (a) any inaccuracy in or breach of any of the representations or warranties made by Seller in or pursuant to this Agreement, (b) any breach or nonperformance of any covenants or agreements made by Seller or the Members in or pursuant to this Agreement, (c) the Excluded Liabilities and (d) the presence of Hazardous Substances or any condition or contamination in, on, under, around or related to the Real Property, on or prior to the Closing which imposes or otherwise gives rise to liability under any Environmental Laws.

10. Indemnification by Buyer . Buyer agrees to defend, indemnify and hold harmless Seller and any subsidiaries and affiliates, and their respective members, managers, officers, employees and affiliates (“ Seller Indemnified Parties ”), from and after the Closing, from and against any and all Losses that may be sustained, suffered or incurred by such Seller Indemnified Party arising out of or relating to (a) any inaccuracy in or breach of any of the representations or warranties made by Buyer in or pursuant to this Agreement, (b) any breach or nonperformance of any covenants or agreements made by Buyer in or pursuant to this Agreement and (c) the Assumed Liabilities.

11. Limitations of Indemnity . Neither Seller Indemnified Parties, on the one hand, nor Buyer Indemnified Parties, on the other hand, shall be entitled to make a claim for indemnity under paragraphs 9(a) or (b) or paragraphs 10(a) or (b), as the case may be, unless the aggregate amount of such indemnifiable Losses for either Seller Indemnified Parties or Buyer Indemnified Parties, as the case may be, exceeds $30,000 (the “Threshold Amount”) at which point such recovery shall include the full amount of any such indemnifiable Losses, including the Threshold Amount. For purposes of calculating the amount of Losses incurred by Buyer Indemnified Parties arising out of or resulting from any breach of a representation, warranty, covenant or agreement, the references to materiality shall be disregarded. The amount of Losses subject to indemnification hereunder shall be reduced to reflect the amount of any insurance proceeds actually received by the indemnified party in respect of such Losses. Notwithstanding any provision herein to the contrary, the Threshold Amount shall not be applicable to any Losses arising by reason of or related to (a) fraud, (b) the breach of the representations and warranties of Seller under paragraphs 4(a)(i) and (ii), (c) the Excluded Liabilities or (d) the representations and warranties of Buyer in paragraphs 5(a) and (b).

12. Employees and Employee Benefit Plans . Buyer has no obligation to offer employment to any individuals who are employees of the Business. Any individuals who are extended and accept offers of employment from Buyer, on such terms as Buyer shall determine, shall become employees of Buyer as of the Closing Date (the “Continuing Employees”). Seller agrees that, without the prior consent of Buyer, it will not employ or solicit the employment of any person who is employed by Buyer as of the date hereof. Buyer shall not assume any obligations for any employee plan of Seller or for any other obligations of Seller or any affiliate of Seller to the employees or former employees of the Business. Seller will fully provide or pay for all liabilities or obligations to its employees arising prior to the Closing Date under any Seller employee plans or any other employee benefit arrangements. Buyer will provide health benefits to all Continuing Employees on and after the Closing Date consistent with those provided to other employees of Buyer or its subsidiaries. Seller shall provide continuation coverage to each individual who under the terms of Seller’s health plan is

entitled to continuation rights pursuant to Code Section 4980B or Part 6 of Subtitle I of ERISA. Seller shall be responsible for the costs and consequences associated with the termination of any Seller employee who does not become a Continuing Employee for any reason, including without limitation, any liabilities which arise under the Worker Adjustment and Retraining Notification Act of 1988.

13. Definitions .

a. "Assets" means all of the right, title and interest of Seller in, to and under all of the tangible and intangible assets owned by Seller and used in the Business, including, without limitation, the following: (i) the Real Property; (ii) all of the inventory and supplies listed on **Schedule 13(a)(ii)** attached hereto; (iii) all of the fixed assets and personal property listed on **Schedule 13(a)(iii)** attached hereto; (iv) all cash and accounts receivable due and owed related to ticket sales, seat and club licenses or similar fee (not including one time seat or club license fees collected prior to the date of this Agreement), suites sales, hospitality sales, and sponsorship and marketing fees for events to be held after the Closing Date; (v) all Contracts; (vi) the Intellectual Property Rights and the Licensed Rights; (vii) all rights, claims or causes of action of Seller against third parties relating to the assets, properties, business or operations of the Business and arising out of transactions occurring prior to the Closing Date (other than the pending claim against NASCAR/ISC Case described in Excluded Assets); (viii) all books and records (including all data and other information stored on discs, tapes or other media, all promotional materials, memorabilia, correspondence and similar documents and records) relating to the assets, properties, or business and operations of Seller; (ix) all rights to the name "Kentucky Speedway" and all derivatives thereof, and (x) all other intangible rights and property of Seller, including goodwill, customer lists, telephone, telex and facsimile numbers, trade names, email and domain names and addresses, and other directory listings and addresses utilized by Seller in connection with the Business; provided , however , that notwithstanding any of the foregoing, the "Assets" shall not include any of the Excluded Assets.

b. "Assumed Indebtedness" means the outstanding indebtedness of Seller as of the Closing Date with respect to the bond financing described on **Schedule 13(b)** attached hereto.

c. "Assumed Material Agreements" means those Material Agreements listed on Schedule 13(c).

d. "Business" or "Kentucky Speedway" means Seller's business of operating a motorsports facility at the Real Property and activities associated therewith.

e. "Contracts" means the following contracts, leases and agreements: (i) the sales tax incentives agreement between Seller and the Commonwealth of Kentucky attached hereto as **Schedule 13(e)(i)** (the "Sales Tax Incentive Agreement"); (ii); the Assumed Material Agreements; (iii) and any additional contracts and agreements approved by Buyer and listed on **Schedule 13(e)(ii)** attached hereto.

f. "Encumbrance" means any lien, claim, charge, security interest, mortgage, pledge, easement, conditional sale, mechanics' lien or other title retention agreement, defect in title or restrictive covenant of any kind.

g. "Environmental Laws" means all laws relating to the regulation or protection of the environment or to emissions, discharges, releases, or threatened releases of any contaminant, hazardous, or harmful substance into the environment (including, without limitation, ambient air, soil, surface water, ground water, wetlands, land, or subsurface strata), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemicals or Hazardous Substances.

h. “Excluded Assets” mean all of Seller’s right, title or interest in, to and under the following: (i) the corporate minute books and corporate records of Seller and copies of all other books and records of Seller; (ii) except as provided in paragraph 13(a)(iv), all cash on hand, cash equivalents, deposit accounts, securities and similar investments, rights to deposits and prepaid expenses, claims for refunds, insurance policies and rights thereunder, and all assets in Employee Plans; (iii) all accounts receivable due and owed related to ticket sales, seat and club licenses, suites sales and hospitality sales for events held prior to the Closing Date and one time seat or club license fees collected prior to the date of this Agreement; (iv) the claims asserted in the lawsuit filed by Seller against the National Association of Stock Car Racing, Inc. and International Speedway Corporation [U.S. District Court, Eastern District of Kentucky, Northern Division, Civil Action No. 05-138] (the "NASCAR/ISC Case") and all of the proceeds therefrom; and (v) revenues from the Sales Tax Incentives Agreement arising from activities prior to Closing.

i. “Hazardous Substances” means shall mean and include: (i) any “Hazardous Substance” as defined in the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. Section 9601, et seq., or the regulations promulgated thereunder; (ii) any substances that are defined or listed in, or otherwise classified pursuant to, any other applicable Environmental Laws as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” “pollutants,” or “contaminants,” or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitibility, corrosivity, reactivity, radioactivity, carcinogenicity, reproductive toxicity or “EP toxicity,” as such Environmental Laws were in effect at the time of the relevant act or omission, and (iii) petroleum compounds, drilling fluids and wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy.

j. “Ordinary Course of Business” means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

k. “Real Property” means the Owned Real Property and the Leased Real Property, all improvements, residences and fixtures located thereon, together with all rights and appurtenances thereto, including any right, title and interest of Seller in and to adjacent streets, easements or rights-of-way.

l. “Permitted Encumbrances” means (i) with respect to the Assets, liens for taxes for 2008 which are not yet due and payable and any lien securing the Assumed Indebtedness; and (ii) with respect to the Real Property, utility easements and other Encumbrances of record or which are reflected on the survey to be provided by Seller and to which Buyer does not provide Seller with written notice of objection during the Due Diligence Period or which appear on the title insurance commitment obtained by Buyer and to which Buyer does not provide Seller with written notice of objection during the Due Diligence Period.

m. “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, trust, unincorporated organization, governmental body or other entity.

n. “Knowledge” means the actual knowledge of each of Mark Cassis, Seller's vice president and general manager; Mark Simendinger, Seller's president; Jerry Carroll, Seller's manager; and each of the Members.

14. Miscellaneous.

a. Termination; Survival of Obligations. Either Seller or Buyer may (unless such party is then in breach of this Agreement) terminate this Agreement if the Closing has not occurred by October 31, 2008, or such later date as the parties agree upon. All representations and warranties contained in this Agreement shall survive the consummation of the transactions contemplated by this Agreement for a period of two (2) years. The covenants and agreements contained herein shall survive the Closing, subject to any applicable statute of limitations.

b. Prorations; Transfer Taxes; Expenses.

(i) Seller shall be liable for and shall pay all taxes (whether assessed or unassessed) applicable to the Business, the Assets and the Assumed Liabilities, and all payment obligations to Gallatin County in lieu of taxes ("In Lieu Payments") in each case to the extent attributable to taxable years or periods ending on or prior to the Closing Date and, with respect to any straddle period, the portion of the straddle period ending on and including the Closing Date. Buyer shall be liable for and shall pay all taxes (whether assessed or unassessed) applicable to the Business, the Assets and the Assumed Liabilities, and all In Lieu Payments, in each case to the extent attributable to taxable years or periods beginning after the Closing Date and, with respect to any straddle period, the portion of the straddle period beginning after the Closing Date. All taxes and In Lieu Payments shall be allocated on a daily basis.

(ii) Notwithstanding anything contained in this paragraph, any sales tax, use tax, transfer or real property gains tax, documentary stamp tax or similar tax attributable to the sale or transfer of the Business, the Assets or the Assumed Liabilities shall be paid by Seller. Buyer shall pay the cost and expense of recording title in the Assets in Buyer's name and shall pay the cost of any environmental studies, title exams and title insurance policies desired by Buyer. Seller and Buyer shall share equally the cost and expense of obtaining a survey of the Real Property (to the extent a recent survey is not available). Seller shall pay any document preparation fees in connection with the transfer of the Real Property or Seller's interest therein, except for any attorney fees in connection with the assumption by Buyer of the Assumed Indebtedness which shall be the sole responsibility of Buyer. Seller or Buyer, as the case may be, shall provide prompt reimbursement for any tax paid by one party all or a portion of which is the responsibility of the other party in accordance with the terms of this paragraph 14(b).

(iii) Whether or not the transactions contemplated herein shall be consummated, except as otherwise expressly provided herein, the parties hereto shall pay their own respective expenses incident to the preparation of this Agreement and to the consummation of the transactions provided for herein.

c. Assignment. The rights of any party under this Agreement shall not be assignable by operation of law or otherwise by such party without the prior written consent of the other parties, except that the rights of Buyer hereunder may be assigned without the prior written consent of the other parties to: (i) any existing or future affiliate or subsidiary of Buyer; or (ii) at any time following the Closing Date, any Person into which Buyer is merged which acquires substantially all of the assets of Buyer, provided that such affiliate or other Person shall assume in writing all of Buyer's obligations hereunder. No such assignment by Buyer shall relieve it of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs and legal representatives. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any Person other than the parties and successors and assigns permitted by this paragraph 14(c) any right, remedy or claim under or by reason of this Agreement.

d. Injunctive Relief . Each of the parties acknowledges and agrees that the other parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the parties agrees that the other party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court having jurisdiction over the parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

e. Entire Agreement . This Agreement and the Exhibits and Schedules attached hereto constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, representations and discussions, whether oral or written of the parties. No amendment, supplement, modification or waiver of this agreement shall be binding unless executed in writing by the party to be bound thereby. Neither party is relying on any promise, statement or representation other than those expressly written in this Agreement.

f. Facsimile/Counterparts . This Agreement may be executed by facsimile transmission, and may be executed in one or more counterparts, each of which shall be deemed an original and which together shall constitute a single document.

g. Notices . All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered personally or sent by telex or telecopy or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid, to the party to whom it is directed or one (1) business day after being sent via a nationally recognized courier service for next business bay delivery, to the party to whom it is directed:

If to Buyer, to:

Speedway Motorsports, Inc.
5401 E. Independence Blvd.
Charlotte, North Carolina 28212
Attention: Cary Tharrington
Telecopy No.: 704-532-3312

with a copy to:

Parker Poe Adams and Bernstein
150 Fayetteville Street
Suite 1400
Raleigh, North Carolina 27601
Attention: George Brady
Telecopy No.: 919-834-4564

If to Seller or the Members, to:

Kentucky Speedway, LLC
400 Buttermilk Pike, Suite 100
Fort Mitchell, KY 41017
Attention: Mark F. Simendinger
Telecopy No.: 859-647-4308

With a copy to:

Deters, Benzinger & LaVelle, P.S.C.
207 Thomas More Parkway
Crestview Hills, KY 41017-2596
Attention: James A. Dressman III
Telecopy No.: 859-341-4879

or for any party, at such other address as such party shall have specified in writing to each of the others in accordance with this paragraph 14 (g).

h. Section Headings; Construction . The section headings of this Agreement are for convenience of reference only and shall not be deemed to limit or affect any of the provisions hereof. This Agreement shall be construed equitably, in accordance with its terms, without regard to the degree which Seller or Buyer, or their respective legal counsel, have participated in the drafting of this Agreement.

i. Time of the Essence; Computation of Time . Time is of the essence for each and every provision of this Agreement. Whenever the last day for the exercise of any privilege or the discharge of any duty hereunder shall fall upon a Saturday, Sunday, or any date federally chartered banks are closed, the party having such privilege or duty may exercise such privilege or discharge such duty on the next succeeding day which is a regular business day.

j. Severability . Any provision hereof which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the parties hereto waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

k. Public Announcements; Confidentiality . Except as and to the extent required by law, any public announcement, press release or similar publicity with respect to this Agreement or the contemplated transaction will be issued, if at all, after approval of both parties. Except as and to the extent required by law, the parties shall not disclose the terms of this Agreement or any information disclosed or provided pursuant hereto. Buyer agrees that, prior to Closing or for a period of one year after Buyer's termination of this Agreement prior to Closing, without the prior consent of Seller, Buyer will not employ or solicit the employment of any person who is employed by Seller as of the date hereof. Notwithstanding anything to the contrary, Buyer may make any filings and issue and press releases related to this Agreement as required by the United States securities laws and regulation governing publicly traded companies, based upon the advice of Buyer’s outside counsel, without input from Seller.

l. Use of Name . After the Closing, Seller and the Members (on their own behalf and on behalf of their affiliates including, without limitation, the successors and assigns of any of the foregoing) agrees that they shall not commercially use the name “Kentucky Speedway” or any derivatives thereof or any trademarks or service marks associated therewith. Seller and the Members acknowledge and agree that Buyer would suffer irreparable injury, which could not be fairly remedied by money damages, in the event of a breach by Seller or the Members of the provisions of this paragraph 14(l) and that Buyer shall be entitled to an injunction restraining Seller and/or the Members from any breach thereof.

m. Delivery of Documents . Except as otherwise provided herein, all documents required to be delivered by Seller to Buyer shall be delivered to Buyer within five (5) business days following Buyer’s execution of this Agreement.

n. Waiver . Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party entitled to the benefit thereof only in a writing signed by such party. The failure of any party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

(Signatures appear on the following page)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

Seller:

Kentucky Speedway, LLC

By: /s/ Jerry L. Carroll
Name: Jerry L. Caroll
Title: Manager

Buyer:

Speedway Motorsports, Inc.

By: /s/ O. Bruton Smith
O. Bruton Smith
Chairman and Chief Executive Officer

MEMBER CONSENT AND AGREEMENT

The undersigned Members of Seller execute this Agreement solely to indicate each Member's consent to this Agreement and to evidence such Member's agreement to the representations, warranties and agreements contained in paragraphs 3b(i), 4a., 4b., 4m., 6, 7c., and 14l. of the Agreement, to the extent expressly applicable to such Member.

Members:

/s/ Jerry Carroll
Jerry Carroll

RLD-C Bloodline Trust U/A/D 12/1/94,
RLD-D Bloodline Trust U/A/D 12/1/94,
RDD-B Bloodline Trust UA/D 12/1/94, and
RLD-K Bloodline Trust U/A/D 12/1/94

BY: /s/ William M. Doyle, Jr.
William M. Doyle, Jr., Trustee

The Blue Water Trust
dated as of August 1, 2002

BY: /s/ Larry T. Thraikill
Larry T. Thrailkill, Trustee

Summer Hill Speedway, LLC

BY: /s/ Richard L. Koeding, Jr.
Print Name: Richard L. Koeding, Jr.
Title: Pres., Summer Hill, Inc., Manager

OSI Restaurant Partners, LLC.

BY: /s/ Joseph Kadow
Print Name: Joseph Kadow
Title: Executive Vice President

Carroll Speedway Investments, LLC

BY: /s/ Jerry L. Carroll
Print Name: Jerry L. Carroll
Title: Manager

Exhibits and Schedules

Exhibits:

Exhibit A	Bill of Sale
Exhibit B	Assignment of Leasehold Estate
Exhibit C	Assignment and Assumption Agreement
Exhibit D	Lease Assignment

Schedules:

Schedule 2(c)	Purchase Price Allocation
Schedule 4(b)	No Breach
Schedule 4(c)(ii)	No Undisclosed Liabilities
Schedule 4(d)	Permits/Approvals/Licenses
Schedules 4(e)	Tax Matters
Schedule 4(f)(i)	Owned Real Property
Schedule 4(f)(ii)	Leased Real Property
Schedule 4(i)	Litigation
Schedule 4(k)	Employee Benefits
Schedule 4(l)	Intellectual Property
Schedule 4(n)	Material Agreements
Schedule 13(a)(ii)	Inventory and Supplies
Schedule 13(a)(iii)	Fixed Assets
Schedule 13(b)	Assumed Indebtedness Contractual Arrangements
Schedule 13 (c)	Assumed Material Agreements
Schedule 13(e)(i)	Sales Tax Incentive Agreement
Schedule 13(e)(ii)	Additional Contracts

Exhibit 31.1

SPEEDWAY MOTORSPORTS, INC.

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, O. Bruton Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Speedway Motorsports, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2008

By: /s/ O. Bruton Smith
O. Bruton Smith
Chairman and Chief Executive Officer

Exhibit 31.2

SPEEDWAY MOTORSPORTS, INC.

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William R. Brooks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Speedway Motorsports, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2008

By: /s/ William R. Brooks

William R. Brooks
Vice Chairman,
Chief Financial Officer and Treasurer

SPEEDWAY MOTORSPORTS, INC.

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Speedway Motorsports, Inc. (the “Company”) for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, O. Bruton Smith, Chairman of the Board and Chief Executive Officer of the Company, does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2008

By: /s/ O. Bruton Smith
O. Bruton Smith
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Speedway Motorsports, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

SPEEDWAY MOTORSPORTS, INC.

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Speedway Motorsports, Inc. (the "Company") for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, William R. Brooks, Executive Vice President and Chief Financial Officer of the Company, does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2008

By: /s/ William R. Brooks
William R. Brooks
Vice Chairman,
Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Speedway Motorsports, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.