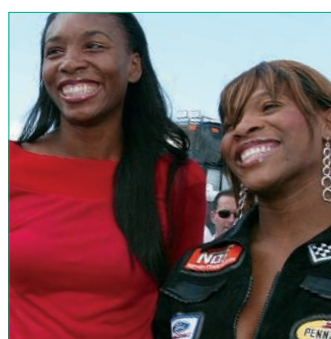


THE FACE



O F A M E R I C A N M O T O R S P O R T S

International Speedway Corporation **49th Annual Report 2005**





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THE FACE



O F A M E R I C A N M O T O R S P O R T S

For almost 60 years, NASCAR racing has steadily grown in popularity and, over the last decade, firmly established itself as one of America's most popular spectator sports. While NASCAR's expanding fan base spans social and economic lines and includes many notable celebrities and entertainers, ISC's primary focus remains the same—provide ticket-buying fans an exciting and memorable race day experience. They truly are the face of American motorsports.

PLANNING

Vision, Commitment and Support

2005 was a very strong year and we are excited for what lies ahead for ISC.

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To our fellow Shareholders,

International Speedway Corporation (“ISC” or the “Company”) posted another year of record financial results, highlighted by growth in all major revenue categories. Increased television and media rights fees contributed substantially to top line growth. In addition, marketing partner spending posted a double-digit year-over-year increase as corporations continue to realize the significant benefits of joining with ISC to reach consumers nationwide. We also capitalized on strong consumer demand in 2005 that led to increased admissions at many of our non-sold out events, which helped drive attendance-related revenue.

A portrait of Lesa France Kennedy, President of International Speedway Corporation. She is a woman with blonde hair, wearing a blue top and a dark blazer, smiling against a blue background.

Lesa France Kennedy

Lesa France Kennedy
President

The NASCAR racing industry flourished in 2005 and continues to offer significant opportunities for future growth. Driven by the exciting on-track competition that is a hallmark of NASCAR racing, fan and media awareness increased substantially in 2005. Contributing to this growth was Nextel and other partners' aggressive national marketing campaigns and significant at-track presence. Also fueling consumer and corporate demand was the second year of NASCAR's Chase for the NEXTEL Cup. The 2005 Chase was a solid success, highlighted by increased overall viewership for the ten events as well as more season-long awareness for the sport. We believe these and other positive trends will result in higher attendance and

corporate-related revenue for ISC over the long-term, and we will continue to lead by example within the motorsports entertainment industry.

NASCAR racing posted another year of strong television results, with average household viewership for the NEXTEL Cup series up seven percent over 2004. Even more notable, NASCAR's Busch and Craftsman Truck series experienced a 22 and 19 percent increase in viewership, respectively, over the prior year.

Late in 2005, NASCAR announced its combined eight-year broadcast rights agreements with FOX, ABC, ESPN, TNT and Speed Channel to air the NEXTEL Cup, Busch and Craftsman Truck series beginning in 2007. The combined agreements represent one of the most significant increases in recent

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major sports rights agreements, totaling approximately \$4.5 billion and resulting in a 40 percent increase in the average annual rights fee over the current agreements.

We continue with our external development efforts near Seattle, Washington and on Staten Island, New York. These two areas of the country represent significant long-term growth opportunities for the Company, and we remain focused on our goal of racing in these markets within the next several years.

In 2005, we announced the creation of Motorsports Authentics, our joint venture with Speedway Motorsports, Inc. ("SMI"). Motorsports Authentics, through its recent acquisitions of Action Performance and Team Caliber, is a leader in manufacturing, marketing and distribution of motorsports licensed

merchandise. Licensed merchandise is one of the few remaining fragmented businesses in the motorsports industry. We believe we can leverage the significant at-track expertise of ISC and SMI to create a successful business to manufacture and distribute quality merchandise for fans while generating revenue growth for Motorsports Authentics, as well as the teams, competitors and facility operators.

ISC has a long track record of successful capital investments, which have created important growth opportunities. We completed several noteworthy projects during 2005 that enhance the fan experience and create incremental revenue for the Company. These projects have met with great success,


William C. France
Chairman of the Board



beginning with Daytona International Speedway's NEXTEL FANZONE in February, the June unveiling of Michigan International Speedway's renovated Fan Plaza and related improvements, and culminating with the new Turn 1 Tower and facility lighting at Homestead-Miami Speedway for the 2005 NASCAR Ford Championship Weekend in November.

As a leader in motorsports entertainment, ISC will continue to play a major role in the continued success of the racing industry. We are excited for the near and long-term prospects of our company, and remain committed to building shareholder value.

Thank you for your continued support of ISC, and we will see you at the races!

ENTERTAINMENT

Varied, Diverse and Successful

NASCAR racing has experienced steady growth over its nearly 60 years of existence.

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NASCAR's popularity began with the first sanctioned races on the sands of Daytona Beach in the late 1940s and progressed to the first Daytona 500 in 1959. RJ Reynolds' entry into the sport through Winston's sponsorship in the 1970s paved the way for corporations to promote the sport's growth. The fortunate timing of a winter storm in the Northeast and CBS's first flag-to-flag broadcast of the Daytona 500 in 1979 captured the interest of a nation. Popular drivers like Richard Petty, Cale Yarborough, Dale Earnhardt and Darrell Waltrip became household names. This steady and consistent growth pattern took a sharp turn upward in the mid 1990s.



In 1995, International Speedway Corporation ("ISC" or the "Company") owned three motorsports facilities in the Southeast and had an equity interest in Watkins Glen International in upstate New York. Event admissions accounted for over half of the company's total revenue, and ISC was on the verge of a significant growth trend.

The five years that followed marked a period of industry consolidation and new market development. ISC rapidly expanded its portfolio of events and facilities by merging with Penske Motorsports to gain access to key markets. ISC also broke ground on its development projects in the Kansas City and Chicago markets. Finally, the Company acquired or purchased the remaining

interest in Watkins Glen, Phoenix International Raceway, Homestead-Miami Speedway and Richmond International Raceway. This period also saw a marked increase in grandstand and suite capacity at ISC's facilities to match the sport's skyrocketing popularity.

the outstanding foundation established by RJR's Winston brand, Nextel expanded the sport's reach by aggressively marketing to a younger fan base and paved the way for other technology companies to enter the sport. Finally, the introduction of the NASCAR Chase for the NEXTEL Cup

OUTSTANDING AND HIGH-DEMAND EVENTS

By 2000, NASCAR had announced its groundbreaking domestic broadcast rights agreement with FOX/FX and NBC/TNT. For the first time in history, the rights to all the NASCAR NEXTEL Cup and Busch series events were consolidated into a single property and marketed to broadcasters. The agreements, which began in 2001, provided continuity from week to week for fans and

added a new dynamic to the racing season that not only raised the sport's profile in the latter months of the year, but resulted in significantly increased fan and media awareness all season long.

ISC has now completed fiscal 2005 and solidified its position as a market leader with major facilities across the U.S., outstanding and high-demand events throughout the entire racing season, and the ability to reach consumers in major markets. Our revenue has evolved to a more diversified base with over 45 percent primarily related to television/media rights and corporate partner spending, which provides increased cash flow and earnings visibility. Looking forward, we expect to further capitalize on the growth of NASCAR's popularity by capturing a greater share of consumer spending for our events and providing a premium value to our customers. In addition, while our business has evolved and pioneered industry change, we will continue to leverage our expertise, accomplishments and core competencies to capitalize on complementary growth opportunities in event entertainment.

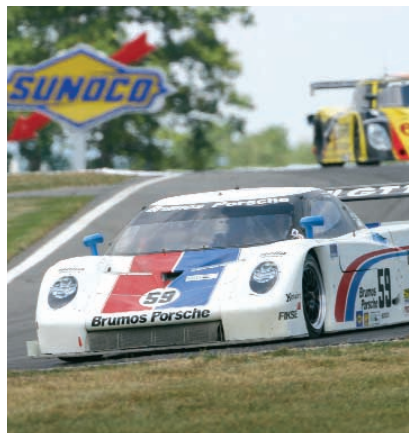
significantly raised the sport's awareness. In addition, the rights agreements provided ISC and the industry with significant revenue and cash flow stability and visibility. In the same year, Chicagoland Speedway and Kansas Speedway hosted their first NEXTEL Cup events in front of capacity crowds.

In the few years that followed, several key industry developments helped to further drive fan and media awareness for the sport. ISC capitalized on NASCAR's race realignment initiative to add NEXTEL Cup races in key underserved markets like Los Angeles and Phoenix, further expanding the sport's fan base in this underserved region. In addition, Nextel's entry as the Cup series sponsor in 2004 marked a watershed in the sport's history. Building upon





ISC has now completed fiscal 2005 and solidified its position as a market leader with major facilities across the U.S.



PERFORMANCE

Intense, Focused and Non-stop

Full year revenues increased
14 percent over 2004.

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ISC's record results for 2005 were driven primarily by an incremental NEXTEL Cup weekend as Martinsville Speedway was acquired in July 2004. In addition, fiscal 2005 results include the positive net impact of realigning a NEXTEL Cup date from Darlington Raceway to Phoenix. On a comparable event basis, revenue and earnings increased more than ten percent over 2004, led by a 17 percent industry-wide increase in NASCAR NEXTEL Cup and Busch series broadcast revenue, double digit increases in combined corporate sponsorship and hospitality spending, and higher attendance-related revenue.

Phoenix's realigned NEXTEL Cup and Busch events in the spring were a highlight of 2005. Lighting was installed at the facility in time for the April



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weekend, allowing both events to run at night and creating an experience uniquely different from the facility's fall weekend. The Busch race posted strong attendance results, and the Subway Fresh 500 hosted a sold-out crowd for the first NEXTEL Cup race in Phoenix "under the lights." The success of this weekend demonstrates the growing NASCAR fan base in this region of the country. We believe the realigned NEXTEL Cup races in Phoenix and Los Angeles will help cultivate that fan base over the longer term.

We continued to generate strong growth in corporate sponsorships for 2005. Our entire NEXTEL Cup entitlement inventory was sold once again.

More importantly, however, we signed significant multi-track, multi-year agreements with several high-profile companies including The Home Depot, Texas Instruments, Office Depot, Crown Royal and AAA. In addition, Ford extended its position as the title sponsor of the NASCAR Ford Championship Weekend at Homestead-Miami

The NASCAR Chase for the NEXTEL Cup continued to drive increased fan and media excitement for NASCAR's premier racing series. For 2005, the Chase posted increased average household viewership and ratings over 2004. Even more importantly, the overall ratings results for the 2005 Chase for the NEXTEL Cup were 15 percent

BROADER MEDIA COVERAGE

through at least 2009. Ford recognizes the significant benefits of its weekend sponsorship, which has helped create greater brand awareness for the auto manufacturer.

The Company grew attendance-related revenue for its comparable events over the prior year, driven by increased attendance at many of the company's non-sold out events as well as moderate price increases over the prior year. The continued growth in admissions underscores the increasing popularity of NASCAR racing driven by the many initiatives put in place over the last few years.

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In addition to race realignment, Nextel's sponsorship of the Cup series continues to generate significant media and fan awareness as they aggressively market racing and ancillary events such as the NEXTEL Tribute to America pre-race celebration at the Daytona 500. Nextel's merger with Sprint also creates a significant marketing platform to further drive awareness, and opens the door for opportunities to leverage their technology and expertise to enhance the race experience for fans.

ahead of 2003 results, the final year the Cup champion was decided under the old format. These results demonstrate the continued positive impact the new format has on the sport.

NASCAR's Busch and Craftsman Truck series also experienced significant increases in popularity due to broader media coverage and the growing popularity of drivers. Both series posted strong television viewership growth in 2005.

In addition, attendance for comparable ISC-hosted Busch and Craftsman Truck events posted three and nine percent increases, respectively, over the prior year. In 2005, the Busch Series traveled to Mexico City for the first-ever



NASCAR points race held on foreign soil. The event was a resounding success with over 100,000 fans in attendance. In addition, the race helped generate significant awareness within the U.S.-Hispanic and more specifically, the Mexican-American fan base, a key demographic target in NASCAR's diversity initiative and an important segment of the population for ISC, given our presence in key markets such as Phoenix, Los Angeles and Miami.

We also continued to see positive trends in our non-NASCAR support events throughout 2005. The IRL IndyCar Series posted a 16 percent increase in average household viewership over the prior year. In addition, the Grand American Road Racing Association and its Rolex Sports Car series continued to generate increased media and fan awareness. The 2005 season was highlighted by more than a 15 percent increase in attendance for comparable events at our facilities, consistent television coverage on SPEED, and the series' first ever visit to Mexico City. This year, the 44th running of the Grand American Rolex 24 at Daytona International Speedway continued to build off the strong

momentum as auto racing stars, including several NASCAR NEXTEL Cup and Busch series celebrities, competed in the legendary endurance race at the World Center of Racing. We remain very encouraged by the continued success of this growing series.

Motorsports entertainment continued to prosper during 2005. This success is the product of broad industry initiatives designed to raise fan and media awareness, coupled with ISC's leadership in producing the best possible entertainment option for consumers nationwide and establishing ourselves as the partner of choice for major corporate advertisers and sponsors.



ISC posted another year of record results in fiscal 2005, driven by growth across all major revenue categories.



EXPERIENCE

Wide-spread, Growing and Strong

Ticket-buying fans are the foundation
of our business.

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Consumer Marketing

Over the last several years, we have implemented numerous strategic initiatives designed to drive fan retention. For example, we have improved ticket pricing structures at several facilities to reduce the number of sales tiers and simplify the ticket purchase process for our fans. In addition, we have put together attractive multi-day ticket packages at several facilities, which help drive attendance for support events. We also continue to explore opportunities across our portfolio to enhance our advanced sales process through coordination of renewal and on-sale dates, and providing pre-sale opportunities to loyal customers. Lastly, we conduct



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targeted direct-to-consumer marketing at all of our facilities to promote sales and renewals in a highly personalized manner while creating up- and cross-sell opportunities.

These efforts have been successful at driving attendance for NEXTEL Cup and support events at our facilities. Highlights include record attendance for Richmond's spring and fall Busch series events. Our efforts also contributed to Talladega Superspeedway's sold-out spring NEXTEL Cup event and, as of the week prior to the landfall of Hurricane Katrina, advanced ticket sales for the facility's fall event were also trending ahead of 2004. Lastly, Darlington sold-out its May NEXTEL Cup race, the earliest sellout since 1997 when the track had 10,000 fewer seats.

We also continue to capitalize on co-marketing initiatives with our corporate partners to reach consumers through channels not normally available to us.



For example, in 2005, we partnered with Gatorade for a multi-track promotion that offered fans an opportunity to join the celebration at Gatorade Victory Lane. This program allowed us to promote our events in

our events. Over the past year, we also installed targeted outbound capabilities to improve consumer outreach for increased ticket renewal and sales calls.

In 2005, ISC re-branded our Internet ticketing platform and launched *Racetickets.com*. The new platform is an intuitive online destination for fans to purchase tickets to their favorite ISC-hosted NEXTEL Cup, Busch and Craftsman Truck series races, as well as ARCA, IRL and Grand American Road Racing Association events. Visitors still have the ability to view 3-D sightlines of their seats and research events and facility information prior to attending a race weekend. In addition, shoppers can opt in to receive regular newsletters and special notices with exclusive ticket offers, on-sale dates and the latest event information. Our goal is to establish *Racetickets.com* as the preeminent online destination for race fans to purchase tickets and travel packages. We believe this represents an important opportunity to drive long-term incremental revenue for the Company.

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TECHNOLOGY-BASED INITIATIVES INCREASE ADMISSIONS AND IMPROVE SERVICE

4,000 grocery and convenient stores in the primary trading areas of Daytona, Talladega, Richmond, Michigan International Speedway and Chicagoland, generating significant awareness for these premier events.

Complementing our consumer marketing efforts, we continue to leverage technology-based initiatives to increase admissions and improve customer service. Our state-of-the-art contact center handles increased call volumes during the initial on-sale dates, as well as call overflow from our individual facility ticket offices. In 2005, the ISC call center answered 80 percent of all inbound phone calls to all our facility ticket offices, and sold over one million tickets to

We have also begun to offer comprehensive travel packages to select ISC events through *Racetickets.com*



and our contact center. The travel packages include hotel accommodations, a multi-day admission ticket, and transportation to and from the events. Fans also enjoy access to special hospitality areas and infield pre-race activities, souvenir gifts and more. Our travel group hosted guests for 16 NEXTEL Cup weekends in 2005, including the Daytona 500. Because we are able to manage more of the fan experience surrounding an event, we can ensure our guests have a truly memorable time from the moment they arrive at their hotel to the time they leave for home. In addition, travel package sales generate incremental revenue for the Company by driving attendance to support events, and increasing food, beverage and merchandise revenue.

Enhanced Fan Amenities

Once we attract fans, we focus on providing a premium race-day experience that will keep them returning year after year. Over the last few years, ISC has strategically upgraded our facilities to enhance amenities and provide an unsurpassed guest experience. This initiative was undertaken with a financial as well as operational perspective, focusing our efforts on developing innovative revenue opportunities to generate acceptable returns on our investments.

In February 2005, Daytona's NEXTEL FANZONE debuted to rave reviews and quickly became the hottest amenity upgrade during Speedweeks. The FANZONE area provides guests with unique behind-the-scenes



We also continue to capitalize on co-marketing initiatives with our corporate partners to reach consumers through channels not normally available to us.

access from rooftop and garage window viewing areas in a festive atmosphere with live entertainment, merchandise points of sale and upscale cuisine at The Bistro. FANZONE passes, which were purchased in addition to event admissions, were sold in the thousands throughout Speedweeks. For the Daytona 500, the passes retailed for \$85 and were sold out.

Building upon the success in Daytona, ISC developed other projects across its portfolio in 2005 designed to enhance the fan experience. In June, Michigan

showcased its renovated Fan Plaza, which contains new ticket gates, vendor and display areas, several new concession stands and a suite/club structure that peaks high above the main grandstand near the start/finish line that contains approximately 870 new club seats and 16 luxury suites. Fan response to the improvements was overwhelmingly positive as all the capacity was sold out.

At Homestead-Miami, we installed lighting and constructed a new Turn 1 tower structure that houses 16 state-of-the-art luxury suites and approximately

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Building upon the success in Daytona, ISC developed other projects across its portfolio in 2005 designed to enhance the fan experience.



870 club seats. This project was completed in time for the 2005 NASCAR Ford Championship Weekend in November and also sold out.

Several additional renovation projects are scheduled for Phoenix, California Speedway, Darlington and Talladega. In Phoenix, we are replacing 14,000 bleacher-style seats behind Turns 3 and 4 with upgraded grandstands behind Turn 1, providing improved sightlines and a more premium experience for our fans. In addition, we are replacing an aging suite building with modern luxury suites along the top of the new grandstands behind Turn 1. We are also adding a 100-person premier club called Octane atop



the Turn 1 grandstands, which will provide guests with an elite setting to experience racing in style.

At California, we have announced plans to renovate and expand the facility's front midway area. The new plaza will feature a full-service outdoor café with cuisine by celebrity chef Wolfgang Puck, in addition to a town center, retail store and concert stage. Other highlights include shade features, modified entry gates, expanded hospitality areas, radio broadcast locations, giant video walls, leisure areas and grass and water accents. This project is a direct result of fan feedback, and further demonstrates our commitment to providing a premium entertainment environment for our guests.

At Darlington, we will be removing approximately 3,500 grandstand seats behind Turn 2 and replacing them with a new 6,500-seat grandstand structure behind Turn 1. Other improvements at this legendary facility include upgrades of several luxury suites and enhanced infield amenities for our competitors and guests. Finally, in

Talladega, we announced plans to repave the 2.6-mile oval in time for that facility's fall NEXTEL Cup weekend. Talladega's racing surface has not been repaved since 1979, and we believe the newly paved racing surface will enhance the thrilling on-track competition that is a tradition of Talladega.

Corporate Partnerships

Through industry consolidation in the late 1990s and expansion into new markets like Chicago and Kansas City, ISC has built itself into the largest sports facility operator with an ownership interest in 12 major stadiums across the country. The 400-mile trading areas surrounding our facilities enable our corporate partners to reach over 80 percent of the nation's population and two-thirds of the top U.S. media markets. In addition, the Company hosts major motorsports events from January through November, generating consistent consumer awareness for sponsors and advertisers across the entire race season.

ISC boasts more Fortune 500 partners than any other facility operator. We have grown from 170 corporate partners in 2000, including 65 multi-facility partners, to almost 470 for 2005, including more than 125 multi-facility partners. In addition, five years ago ISC sold less than 80 official status categories across its portfolio. In 2005, the number of official status categories increased to more than 175, including the official High-Definition TV, Drive-Through Restaurant and Auto Insurance, to name a few.

Complementing our nationwide footprint, ISC's centralized sales and marketing approach has allowed us to significantly grow this important component of revenue. Our approach is driven by two fundamental objectives. The first is to increase the number of official partners by pursuing non-traditional motorsports advertisers like technology and financial services. Second, we focus on partnership management, which improves renewal and up-sell opportunities by helping sponsors maximize their return on investment, including facilitating business-to-business opportunities with other ISC partners.

Lastly, through a concept we call "The Power of One," our partners can leverage ISC's in-house media properties such as MRN Radio, NEXTEL Vision, Racing One Magazine, and *Racingone.com/Racinguno.com* to complement their position through production services, media activation and promotion leading up to and during an event.

Television and Media Rights

NASCAR racing once again posted improved television viewership results in 2005, highlighted by record viewership for the NEXTEL Cup and Busch series. Over 400 million viewers tuned in to watch NASCAR's three premier series last year as the NEXTEL Cup, Busch and Craftsman Truck series posted average annual household viewership increases of seven, 22 and 19 percent, respectively.

The 2005 season began with an outstanding Daytona 500, which tied the 2002 Daytona 500 for the highest-rated NEXTEL Cup event by posting a 10.9 rating on FOX. The following week, California's Auto Club 500 also generated outstanding viewership, becoming the second highest rated non-Daytona 500 NEXTEL Cup event in history. Several other ISC events during 2005 also posted record viewership results.

The increased television viewership is a result of the ongoing growth in fan and media awareness of NASCAR racing due to Nextel and other sponsors' promotion of the Cup series, the benefits of race realignment and the entrance of the Chase for the NEXTEL Cup. In addition, exciting on-track competition and increased sponsor promotion and popularity of drivers has helped raise awareness for Busch and Craftsman Truck series. Finally, improved broadcasting, strong promotional support and ancillary programming by the networks have helped the sport continually reach new fans nationwide. NASCAR's current broadcast agreements with FOX/FX and

NBC/TNT enter their final year in 2006, and television rights fees are expected to increase approximately 15 percent for the industry as compared to 2005.

Looking ahead, NASCAR has reached new combined eight-year agreements with FOX, ABC/ESPN and TNT beginning in 2007 for the domestic broadcast and related rights for its NEXTEL Cup, Busch and Craftsman Truck series. The agreements are expected to total approximately \$4.5 billion, which results in an approximate \$560 million gross average annual rights fee. This amount represents more than 40 percent increase over the current annual contract average of approximately \$400 million. NASCAR's new agreements reflect one of the most significant increases in recent sports broadcast rights deals.

We believe NASCAR's new broadcast rights agreements provide long-term strategic benefits for the sport. Over the past several years, there has been a shift of major sports programming from network to cable. While cable broadcasters can support a higher investment through subscriber fees not available to networks, these broadcasts reach fewer households than network broadcasts. NASCAR's decision to keep approximately two-thirds of the NEXTEL Cup event schedule on network television is critical to the sport's future growth. The structure should continue to drive



increased fan and media awareness for all three racing series. This will help fuel long-term attendance and corporate-related revenues for ISC.

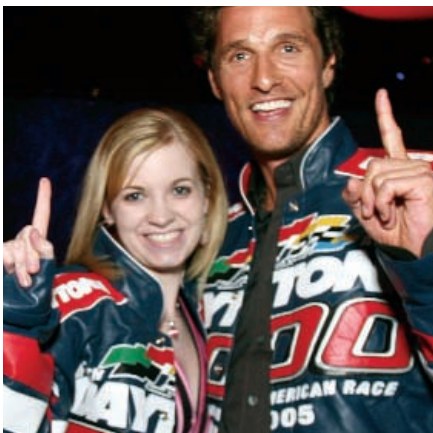
We also welcome the chance to re-establish the sport's broadcast relationship with ESPN, which we believe will result in further exposure for NASCAR racing. The Busch series will significantly benefit from the improved continuity of its season-long presence on ESPN. In addition, the Craftsman Truck series will continue to be aired on FOX's SPEED Channel. We also believe the sport

as a whole will benefit from the increased ancillary programming, including nightly and weekly NASCAR-branded programming and promotions, similar to what ESPN does with the other major sports.

Of course the most significant benefit of the new contracts is the substantial increase in earnings and cash flow visibility for the entire industry. We expect to use these incremental cash flows to drive value for all ISC shareholders through prudent long-term capital investment strategies.



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EXPOSURE

Up Close, Personal and Unique

ISC is expanding its consumer and corporate base.

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Expanding Fan Base

We continue to make progress in our development efforts in the Metro New York and Seattle areas. On Staten Island, we are proceeding with site improvements to enhance the marketability of our 677-acre parcel on the western shore. We are also progressing through the regulatory process while meeting with local civic organizations and governmental groups to build awareness and support for our project. We are encouraged by the recent endorsements we have received from several local organizations on Staten Island, including the Staten Island Economic Development Council, Mariners' Harbor Civic Association and Staten Island Fraternal Order of



Police, to name a few. We look forward to additional public support as we continue to promote the merits of our project. We expect to complete the regulatory process in the first half of 2007, and target racing in the next several years.

In the Pacific Northwest, we announced our financing proposal for a \$345 million motorsports facility in Kitsap County, approximately 20 miles outside downtown Seattle. The financing plan proposes a public-private partnership where ISC, through its subsidiary Great Western Sports Inc., will pay \$166 million, or nearly half of the project costs. Kitsap, Pierce and Mason Counties would form a tri-county Public Speedway Authority (PSA) to issue

bonds that will help finance construction of the track. These bonds would be repaid through state and local taxes generated by the project.

Washington state legislation is required to create the public financing mechanism for construction of the facility. While the Company has secured significant local support, we believe it was in the best long-term interest of the project not to introduce the necessary legislation in the shortened session of the 2006 Washington Legislature as it was already facing a full agenda of action items. ISC is currently evaluating all of its options, including introducing the legislation in the full 2007 session, and will decide on the best course of action for the project by mid-2006.

Both development projects will further build fan and media awareness, particularly in these two key regions of the country, which in turn will lead to long-term admissions and corporate revenue growth.



Beyond our development plans, we have also implemented diversity initiatives to grow our fan base by specifically targeting minority motorsports fans in key markets throughout our portfolio. At Homestead-Miami, California and Phoenix, we have launched outreach programs targeting a broader Hispanic fan base through Spanish-language radio broadcasts and advertising, Latin American-themed entertainment and cuisine options during events, and bi-lingual operators to help fans obtain event information and purchase tickets and merchandise. Our Internet racing news and merchandise platform, *Racingone.com*, has launched a Spanish-language version, *Racinguno.com*. We also have a Spanish-language website for Homestead-Miami, and expect to roll out similar sites for California and Phoenix. We also

employ bilingual operators at our contact center, which handles incoming calls for all our motorsports facilities.

Finally, the company remains well-positioned to capitalize on acquisition opportunities to further expand its portfolio of events and facilities. While the timing of these acquisitions is difficult to predict, our solid cash balance, modest debt level and available credit facility provide the flexibility to capitalize on opportunities that may arise.

Growth of Complementary Businesses

Given our leadership position and significant expertise in motorsports entertainment, we have begun to implement strategies designed to capture more consumer discretionary spending by capitalizing on business opportunities that complement our core competencies.

In the early 1990s, ISC's subsidiary Americrown began to provide mobile concessions, catering and merchandising operations for our race events. Over the years, Americrown has leveraged its significant expertise and resources to further expand its menu and product offerings, provide high quality service in ISC's new and expanded club and other hospitality areas, and capitalize on other initiatives designed to enhance the fan's race day experience. For 2006, a primary focus for Americrown will be to further streamline its merchandising strategy through more effective purchasing and inventory management, as well as achieve incremental operational efficiencies in its trackside retail model.

ISC's broadcast subsidiary, MRN Radio, has experienced strong growth over the last several years. The network increased its listening audience by adding new affiliates and strengthening its presence in several key markets to help drive fan awareness. Some of these markets include Los Angeles, Chicago, Houston, Dallas, Phoenix, Portland, Philadelphia and Miami.

The broader audience and increased awareness of NASCAR racing has helped fuel MRN's success. Overall gross advertising revenue has increased over the last three years at a compound annual rate of nearly ten percent. In addition, MRN has added incremental

revenue categories by offering radio and video production services, as well as advertising sales on NEXTEL Vision. NEXTEL Vision broadcasts live racing action on large screen video displays at nearly all the NEXTEL Cup facilities, providing a valuable advertising medium for sponsors.

One of the most significant initiatives undertaken to capitalize on opportunities in complementary businesses was the creation of Motorsports Authentics in 2005. Merchandising is one of the few remaining fragmented businesses in motorsports and we believe it is important for strong, well-run companies to manage the production and sales of licensed merchandise. As such, ISC and Speedway Motorsports, Inc. ("SMI") entered into an unprecedented partnership, forming a 50/50 joint venture, Motorsports Authentics, to consolidate the licensed motorsports merchandise business.

ISC and SMI collectively promote nearly three-quarters of the events in NASCAR's three national touring series, including the premier NEXTEL Cup. We believe we can capitalize on operating synergies by approaching merchandise operations as a combined entity. Late in calendar 2005, Motorsports Authentics acquired the

assets of Action Performance and Team Caliber, becoming a leader in design, promotion, marketing and distribution of motorsports licensed merchandise. The joint venture has licenses for exclusive and non-exclusive distribution with teams competing in NASCAR and other sanctioned racing series.

Under the leadership and guidance of Motorsports Authentics' management committee and the recently hired President, the Motorsports Authentics business will be able to more rapidly execute its turn around strategy, return to profitability and capitalize on future growth opportunities.

Over the longer term, we plan to leverage the combined significant merchandising expertise and trackside presence of both ISC and SMI to help manage close relationships with the teams, drivers and sponsors; develop and sell top quality products at a competitive price; strengthen relationships with retailers through proper channel management and on-time deliveries supported by integrated marketing plans; and expand revenue growth and develop new cross promotional platforms to better leverage the motorsports licensing industry. We are pleased to partner with SMI on this joint venture and look forward to its future success.



We possess the financial flexibility to capitalize on opportunities that may arise.

COMMITMENT

To the Fans, Competitors and Business Partners

ISC is an established leader in motorsports entertainment.

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■ We are committed to building upon our success by capitalizing on business opportunities that complement our core competencies. In addition, our financial position and long-term growth initiatives will enable ISC to contribute to and benefit from the continued growth in popularity of NASCAR racing. We are excited about the future of the Company and look forward to another successful year in 2006. As always, we remain committed to continue generating long-term value for our shareholders.



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MOTORSPORTS ENTERTAINMENT

Coast to Coast

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