Consolidated Balance Sheets

	November 30,	
	2005	2006
	(In Thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 130,758	$ 59,681
Short-term investments	8,200	78,000
Receivables, less allowance of $1,500 in 2005 and $1,000 in 2006	45,557	52,699
Inventories	6,528	3,976
Deferred income taxes	-	995
Prepaid expenses and other current assets	6,335	8,251
Total Current Assets	197,378	203,602
Property and Equipment, net	1,178,682	1,157,313
Other Assets:		
Equity investments	51,160	175,915
Intangible assets, net	149,464	149,314
Goodwill	99,507	99,507
Deposits with Internal Revenue Service	96,913	110,813
Other	23,965	25,595
	421,009	561,144
Total Assets	$ 1,797,069	$ 1,922,059
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 635	$ 770
Accounts payable	19,274	29,577
Deferred income	123,870	124,254
Income taxes payable	20,067	22,477
Other current liabilities	18,645	19,226
Total Current Liabilities	182,491	196,304
Long-Term Debt	368,387	367,324
Deferred Income Taxes	194,825	191,642
Long-Term Deferred Income	11,342	10,808
Other Long-Term Liabilities	69	866
Commitments and Contingencies	-	-
Shareholders' Equity:		
Class A Common Stock, $.01 par value, 80,000,000 shares authorized; 29,394,344 and 31,078,307 issued and outstanding in 2005 and 2006, respectively	295	311
Class B Common Stock, $.01 par value, 40,000,000 shares authorized; 23,928,058 and 22,100,263 issued and outstanding in 2005 and 2006, respectively	239	221
Additional paid-in capital	699,879	698,396
Retained earnings	343,766	456,187
	1,044,179	1,155,115
Less unearned compensation - restricted stock	4,224	-
Total Shareholders' Equity	1,039,955	1,155,115
Total Liabilities and Shareholders' Equity	$ 1,797,069	$ 1,922,059

See accompanying notes

Consolidated Statements of Operations

	Year Ended November 30,		
	2004	2005	2006
	(In Thousands, Except Per Share Amounts)		
REVENUES			
Admissions, net	$ 222,545	$ 234,768	$ 235,251
Motorsports related	334,943	408,514	466,095
Food, beverage and merchandise	83,236	87,269	87,288
Other	7,124	9,578	9,735
	647,848	740,129	798,369
EXPENSES			
Direct:			
Prize and point fund monies and NASCAR sanction fees	119,322	136,816	151,203
Motorsports related	113,073	134,395	144,445
Food, beverage and merchandise	52,285	56,773	53,141
General and administrative	90,307	95,987	106,497
Depreciation and amortization	44,443	50,893	56,833
Impairment of long-lived assets	-	-	87,084
	419,430	474,864	599,203
Operating income	228,418	265,265	199,166
Interest income	4,053	4,860	5,312
Interest expense	(21,723)	(12,693)	(12,349)
Equity in net income from equity investments	2,754	3,516	318
Loss on early redemption of debt	(4,988)	-	-
Income from continuing operations before income taxes	208,514	260,948	192,447
Income taxes	82,218	101,876	75,467
Income from continuing operations	126,296	159,072	116,980
(Loss) income from discontinued operations, net of income taxes of ($3.7) million, $0 and ($268), respectively	(6,315)	289	(176)
Gain on sale of discontinued operations, net of income taxes of $27.6 million	36,337	-	-
Net income	$ 156,318	$ 159,361	$ 116,804
Basic earnings per share:			
Income from continuing operations	$ 2.38	$ 2.99	$ 2.20
(Loss) income from discontinued operations	(0.12)	0.01	-
Gain on sale of discontinued operations	0.68	-	-
Net income	$ 2.94	$ 3.00	$ 2.20
Diluted earnings per share:			
Income from continuing operations	$ 2.37	$ 2.99	$ 2.20
(Loss) income from discontinued operations	(0.11)	-	(0.01)
Gain on sale of discontinued operations	0.68	-	-
Net income	$ 2.94	$ 2.99	$ 2.19
Dividends per share	$ 0.06	$ 0.06	$ 0.08
Basic weighted average shares outstanding	53,084,437	53,128,533	53,166,458
Diluted weighted average shares outstanding	53,182,776	53,240,183	53,270,623

See accompanying notes

Consolidated Statements of Changes in Shareholders' Equity

	Class A Common Stock $.01 Par Value	Class B Common Stock $.01 Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Unearned Compensation-Restricted Stock	Total Shareholders' Equity
				(In Thousands)			
Balance at November 30, 2003	$ 283	$ 249	$ 694,719	$ 34,602	$ (333)	$ (3,055)	$ 726,465
Comprehensive income							
Net income	-	-	-	156,318	-	-	156,318
Interest rate swap	-	-	-	-	311	-	311
Total comprehensive income							156,629
Cash dividends ($.06 per share)	-	-	-	(3,196)	-	-	(3,196)
Exercise of stock options	-	-	442	-	-	-	442
Restricted stock grant	1	-	2,022	-	-	(2,023)	-
Reacquisition of previously issued common stock	-	-	(361)	(35)	-	-	(396)
Conversion of Class B Common Stock to Class A Common Stock	5	(5)	-	-	-	-	-
Income tax benefit related to restricted stock plan	-	-	60	-	-	-	60
Amortization of unearned compensation	-	-	-	-	-	1,734	1,734
Balance at November 30, 2004	289	244	696,882	187,689	(22)	(3,344)	881,738
Comprehensive income							
Net income	-	-	-	159,361	-	-	159,361
Interest rate swap	-	-	-	-	22	-	22
Total comprehensive income							159,383
Cash dividends ($.06 per share)	-	-	-	(3,199)	-	-	(3,199)
Exercise of stock options	-	-	444	-	-	-	444
Restricted stock grant	1	-	2,906	-	-	(2,907)	-
Reacquisition of previously issued common stock	-	-	(426)	(85)	-	-	(511)
Conversion of Class B Common Stock to Class A Common Stock	5	(5)	-	-	-	-	-
Forfeitures of restricted shares	-	-	(74)	-	-	46	(28)
Income tax benefit related to restricted stock plan	-	-	147	-	-	-	147
Amortization of unearned compensation	-	-	-	-	-	1,981	1,981
Balance at November 30, 2005	295	239	699,879	343,766	-	(4,224)	1,039,955
Comprehensive income							
Net income	-	-	-	116,804	-	-	116,804
Cash dividends ($.08 per share)	-	-	-	(4,270)	-	-	(4,270)
Exercise of stock options	-	-	189	-	-	-	189
Statement 123(R) transition impact on restricted stock plan	(3)	-	(4,221)	-	-	4,224	-
Reacquisition of previously issued common stock	-	-	(347)	(113)	-	-	(460)
Conversion of Class B Common Stock to Class A Common Stock	18	(18)	-	-	-	-	-
Award of shares granted under long-term stock incentive plan	1	-	(1)	-	-	-	-
Income tax benefit related to stock-based compensation	-	-	197	-	-	-	197
Stock-based compensation	-	-	2,700	-	-	-	2,700
Balance at November 30, 2006	$ 311	$ 221	$ 698,396	$ 456,187	$ -	$ -	$ 1,155,115

See accompanying notes

Consolidated Statements of Cash Flows

	Year Ended November 30, 2004	2005	2006
	(In Thousands)		
OPERATING ACTIVITIES			
Net income	$ 156,318	$ 159,361	$ 116,804
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	44,443	50,893	56,833
Discontinued operations depreciation	1,244	-	-
Stock-based compensation	1,734	1,953	2,700
Amortization of financing costs	250	569	538
Deferred income taxes	52,146	29,208	(4,178)
Income from equity investments	(2,754)	(3,516)	(318)
Impairment of long-lived assets	13,217	-	87,084
Gain on sale of discontinued operations	(63,926)	-	-
Loss on early redemption of debt	4,988	-	-
Excess tax benefits relating to stock-based compensation	-	-	(185)
Other, net	1,028	(248)	23
Changes in operating assets and liabilities			
Receivables, net	(10,959)	7,304	(7,142)
Inventories, prepaid expenses and other assets	(2,569)	(644)	336
Deposits with Internal Revenue Service	-	(96,913)	(13,900)
Accounts payable and other liabilities	9,215	(5,359)	345
Deferred income	3,187	9,191	(150)
Income taxes	18,424	(5,027)	2,607
Net cash provided by operating activities	225,986	146,772	241,397
INVESTING ACTIVITIES			
Capital expenditures	(135,218)	(248,850)	(110,374)
Proceeds from asset disposals	86	31	182
Acquisition of businesses	(195,325)	(12,660)	-
Proceeds from sale of discontinued operations	100,391	-	-
Purchase of equity investments	(2,008)	(11,642)	(124,565)
Proceeds from short-term investments	147,650	430,950	80,855
Purchases of short-term investments	(262,450)	(324,150)	(150,655)
Proceeds from affiliate	-	487	128
Advance to affiliate	-	-	(3,000)
Other, net	(1,442)	(377)	314
Net cash used in investing activities	(348,316)	(166,211)	(307,115)
FINANCING ACTIVITIES			
Proceeds under credit facility	-	-	80,000
Payments under credit facility	-	-	(80,000)
Proceeds from long-term debt	299,570	-	-
Payment of long-term debt	(231,890)	(7,505)	(635)
Payment of long-term debt redemption premium	(5,340)	-	-
Deferred financing fees	(2,626)	(10)	(368)
Proceeds from interest rate swap	2,771	-	-
Cash dividends paid	(3,196)	(3,199)	(4,270)
Reacquisition of previously issued common stock	(396)	(511)	(460)
Exercise of Class A common stock options	442	444	189
Excess tax benefits relating to stock-based compensation	-	-	185
Net cash provided by (used in) financing activities	59,335	(10,781)	(5,359)
Net decrease in cash and cash equivalents	(62,995)	(30,220)	(71,077)
Cash and cash equivalents at beginning of year	223,973	160,978	130,758
Cash and cash equivalents at end of year	$ 160,978	$ 130,758	$ 59,681

See accompanying notes

Notes to Consolidated Financial Statements, November 30, 2006

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS: International Speedway Corporation, including its wholly owned subsidiaries (collectively the "Company"), is a leading promoter of motorsports entertainment activities in the United States. As of November 30, 2006, the Company owned and/or operated eleven of the nation's major motorsports entertainment facilities as follows:

Track Name	Location	Track Length
Daytona International Speedway	Daytona Beach, Florida	2.5 Miles
Talladega Superspeedway	Talladega, Alabama	2.6 Miles
Michigan International Speedway	Brooklyn, Michigan	2.0 Miles
Richmond International Raceway	Richmond, Virginia	0.8 Miles
California Speedway	Fontana, California	2.0 Miles
Kansas Speedway	Kansas City, Kansas	1.5 Miles
Phoenix International Raceway	Phoenix, Arizona	1.0 Mile
Homestead-Miami Speedway	Homestead, Florida	1.5 Miles
Martinsville Speedway	Martinsville, Virginia	0.5 Miles
Darlington Raceway	Darlington, South Carolina	1.3 Miles
Watkins Glen International	Watkins Glen, New York	3.4 Miles

In addition, Raceway Associates, LLC ("Raceway Associates"), in which the Company holds a 37.5 percent indirect equity interest, owns and operates Chicagoland Speedway and Route 66 Raceway, two nationally recognized major motorsports entertainment facilities in Joliet, Illinois.

In 2006, these motorsports entertainment facilities promoted well over 100 stock car, open wheel, sports car, truck, motorcycle and other racing events, including:

- 21 National Association for Stock Car Auto Racing ("NASCAR") NEXTEL Cup Series events;
- 16 NASCAR Busch Series events;
- nine NASCAR Craftsman Trucks Series events;
- six Indy Racing League ("IRL") IndyCar Series events;
- one National Hot Rod Association ("NHRA") POWERade drag racing events;
- the premier sports car endurance event in the United States (the Rolex 24 at Daytona sanctioned by the Grand American Road Racing Association ("Grand American"); and
- a number of other prestigious stock car, sports car, open wheel and motorcycle events.

The general nature of the Company's business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. The Company's motorsports event operations consist principally of racing events at these major motorsports entertainment facilities, which, in total, currently have more than one million grandstand seats. The Company also conducts, either through operations of the particular facility or through certain wholly-owned subsidiaries operating under the name "Americrown," souvenir merchandising operations, food and beverage concession operations and catering services, both in suites and chalets, for customers at its motorsports entertainment facilities. The Company also markets and distributes motorsports-related merchandise such as apparel, souvenirs and collectibles to retail customers, through its RacingOne.com internet site and directly to dealers.

MRN Radio, the Company's proprietary radio network, produces and syndicates to radio stations the NASCAR NEXTEL Cup, Busch and Craftsman Truck series races and certain other races conducted at the Company's motorsports entertainment facilities, as well as some races from motorsports entertainment facilities the Company does not own. In addition, MRN Radio provides production services for NEXTEL Vision, the trackside large screen video display units, at all NASCAR NEXTEL Cup Series event weekends except at Indianapolis Motor Speedway, which is a track not owned by the Company. MRN Radio also produces and syndicates daily and weekly NASCAR racing-themed programs.

The Company owns and operates DAYTONA USA - The Ultimate Motorsports Attraction, a motorsports-themed entertainment complex and the Official Attraction of NASCAR that includes interactive media, theaters, historical memorabilia and exhibits, tours, as well as riding and driving experiences of Daytona International Speedway.

SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION: The accompanying consolidated financial statements include the accounts of International Speedway Corporation and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS: For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand deposit accounts and overnight sweep accounts used in the Company's cash management program. All highly liquid investments with stated maturities of three months or less from the date of purchase are classified as cash equivalents.

The Company maintained its cash and cash equivalents primarily with two financial institutions at November 30, 2006. The Company believes that it

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

is not exposed to any significant credit risk on its cash balances due to the strength of the financial institutions.

The Company's short-term investments consist primarily of highly liquid, variable rate instruments, which have stated maturities of greater than three months and have been classified as available-for-sale. The Company has determined that its investment securities are available and intended for use in current operations and, accordingly, has classified such investment securities as current assets.

RECEIVABLES: Receivables are stated at their estimated collectible amounts. The allowance for doubtful accounts is estimated based on historical experience of write offs and future expectations of conditions that might impact the collectibility of accounts.

INVENTORIES: Inventories, consisting of finished goods, are stated at the lower of cost, determined on the first in, first out basis, or market.

PROPERTY AND EQUIPMENT: Property and equipment, including improvements to existing facilities, are stated at cost. Depreciation is provided for financial reporting purposes using the straight line method over the estimated useful lives as follows:

Buildings, grandstands and motorsports entertainment facilities	10-30 years
Furniture and equipment	3-8 years

The carrying values of property and equipment are evaluated for impairment upon the occurrence of an impairment indicator based upon expected future undiscounted cash flows. If events or circumstances indicate that the carrying value of an asset may not be recoverable, an impairment loss would be recognized equal to the difference between the carrying value of the asset and its fair value.

EQUITY INVESTMENTS: The Company's investments in joint ventures and other investees where it can exert significant influence on the investee, but does not have effective control over the investee, are accounted for using the equity method of accounting. The Company's equity in the net income (loss) from equity method investments is recorded as income (loss) with a corresponding increase (decrease) in the investment. Dividends received reduce the investment. The Company recognizes the effects of transactions involving the sale or distribution by an equity investee of its common stock as capital transactions.

Equity method investments consist of the Company's interests in Motorsports Alliance, LLC ("Motorsports Alliance") and SMISC, LLC ("SMISC").

Motorsports Alliance (owned 50.0 percent by the Company and 50.0 percent by Indianapolis Motor Speedway LLC), owns a 75.0 percent interest in Raceway Associates. Raceway Associates owns and operates Chicagoland Speedway and Route 66 Raceway. See Subsequent Event Note 17.

On August 30, 2005, the Company partnered with Speedway Motorsports Incorporated ("SMI") in a 50/50 joint venture, SMISC, LLC ("SMISC"), which, through a wholly-owned subsidiary Motorsports Authentics, LLC, conducts business under the name Motorsports Authentics. Motorsports Authentics operates as an independent company with the Company and SMI as equal owners. Also on August 30, 2005, the Company announced that SMISC had entered into a definitive agreement dated August 29, 2005, to purchase the stock of Action Performance Companies, Inc. ("Action"). On December 9, 2005, SMISC purchased the stock of Action, which was structured as a merger of a wholly-owned subsidiary of Motorsports Authentics, LLC into Action.

The acquisition of Action resulted in an investment of approximately $124.6 million and was combined with the net assets and merchandising operations of Team Caliber, which Motorsports Authentics acquired on September 8, 2005. As a result of these acquisitions, Motorsports Authentics is now a leader in design, promotion, marketing and distribution of motorsports licensed merchandise. Motorsports Authentics has licenses for exclusive and non-exclusive distribution with teams competing in NASCAR and other major motorsports series. Its products include a broad range of motorsports-related die-cast replica collectibles, apparel, gifts and other memorabilia, which are marketed through a combination of mass retail, domestic wholesale, trackside, international and collector's club distribution channels.

The Company's share of undistributed equity in the earnings from equity investments included in retained earnings at November 30, 2005 and 2006 was approximately $8.9 million and $9.0 million, respectively.

OTHER INVESTMENTS: Other investments consist of the Company's investment in Proximities, Inc. ("Proximities"). This investment is accounted for under Statement of Financial Accounting Standard ("SFAS") No. 115 "Accounting for Certain Investments in Debt and Equity Securities."

Proximities is developing products which are to be marketed as secure radio frequency identification ("RFID") cashless payment, access control and age verification systems. Proximities is a variable interest entity as determined in accordance with Financial Accounting Standards Board "FASB" Interpretation No. 46, "Consolidation of Variable Interest Entities." The Company does not consolidate the operations of Proximities as it is not the primary beneficiary. The Company's maximum exposure to loss as a result of its involvement with Proximities at November 30, 2006 totaled approximately $243,000.

GOODWILL AND INTANGIBLE ASSETS: The Company's goodwill and other intangible assets are evaluated for impairment, either upon the occurrence of an impairment indicator or annually, in its fiscal fourth quarter, based on assumptions regarding the Company's future business outlook and expected future discounted cash flows at the reporting unit level.

DEFERRED FINANCING FEES: Deferred financing fees are amortized over the term of the related debt and are included in other non-current assets.

DERIVATIVE FINANCIAL INSTRUMENTS: From time to time the Company utilizes derivative instruments in the form of interest rate swaps to assist in managing its interest rate risk. The Company does not enter into any interest rate swap derivative instruments for trading purposes. While the Company is not currently utilizing interest rate swap derivative instruments, all historically have qualified for the use of the "short-cut" method of accounting to assess hedge effectiveness in accordance with SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended, and were

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recognized in its consolidated balance sheet at their fair value. The differential paid or received on interest rate swap agreements is recognized as an adjustment to interest expense. The change in the fair value of the interest rate swap, which is established as an effective hedge, is included in other comprehensive income.

INCOME TAXES: Income taxes have been provided using the liability method. Under this method the Company's estimates of deferred income taxes and the significant items giving rise to deferred tax assets and liabilities reflect its assessment of actual future taxes to be paid on items reflected in its financial statements, giving consideration to both timing and probability of realization.

The Company establishes tax reserves related to certain matters, including penalties and interest, in the period when it is determined that it is probable that additional taxes, penalties and interest will be paid, and the amount is reasonably estimable. Such tax reserves are adjusted, as needed, in light of changing circumstances, such as statute of limitations expirations and other developments relating to uncertain tax positions and current tax items under examination, appeal or litigation.

REVENUE RECOGNITION: Advance ticket sales and event-related revenues for future events are deferred until earned, which is generally once the events are conducted. The recognition of event-related expenses is matched with the recognition of event-related revenues. Revenues and related expenses from the sale of merchandise to retail customers, internet sales and direct sales to dealers are recognized at the time of the sale.

Kansas Speedway Corporation ("KSC") offers Preferred Access Speedway Seating ("PASS") agreements, which give purchasers the exclusive right and obligation to purchase KSC season-ticket packages for certain sanctioned racing events annually through fiscal year 2030, under specified terms and conditions. Among the conditions, licensees are required to purchase all season-ticket packages when and as offered each year. PASS agreements automatically terminate without refund should owners not purchase any offered season tickets.

Net fees received under PASS agreements are deferred and are amortized into income over the term of the agreements which expire in fiscal 2030. Long-term deferred income under the PASS agreements totals approximately $10.5 million and $10.2 million at November 30, 2005 and 2006, respectively.

ADVERTISING EXPENSE: Advertising costs are expensed as incurred or, as in the case of race related advertising, upon the completion of the event. Race-related advertising included in prepaid expenses and other current assets at November 30, 2005 and 2006 was approximately $920,000 and $868,000, respectively. Advertising expense from continuing operations was approximately $12.1 million, $14.7 million and $17.2 million for the years ended November 30, 2004, 2005 and 2006, respectively.

LOSS CONTINGENCIES: Legal and other costs incurred in conjunction with loss contingencies are expensed as incurred.

USE OF ESTIMATES: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS: In December 2004 the Financial Accounting Standards Board issued revised Statement of Financial Accounting Standard ("SFAS") No. 123(R), "Share-Based Payment." SFAS No. 123(R) sets accounting requirements for "share-based" compensation to employees and requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation. SFAS No. 123(R) is effective in annual periods beginning after June 15, 2005. The Company adopted SFAS No. 123(R) in the first quarter of 2006 using the modified-prospective-transition method and currently discloses the pro forma effect on net income and earnings per share of the fair value recognition provisions of SFAS No. 123(R) for periods prior to adoption. The Company's adoption of SFAS No. 123(R) did not have a material impact on its financial position, results of operations or cash flows. See Note 13 for further information and the required disclosures under SFAS No. 123(R).

In June 2006 the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes", which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the potential impact that the adoption of this interpretation will have on its financial position and results of operations.

In June 2006 the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 06-03, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement." EITF No. 06-03 addresses the accounting for externally imposed taxes on revenue-producing transactions that take place between a seller and its customer, including, but not limited to sales, use, value added, and certain excise taxes. EITF No. 06-03 also provides guidance on the disclosure of an entity's accounting policies for presenting such taxes on a gross or net basis and the amount of such taxes reported on a gross basis. EITF No. 06-03 is effective for interim and fiscal years beginning after December 15, 2006. The Company is currently evaluating the potential effect that the adoption of this EITF will have on its financial statements.

In September 2006 the FASB issued SFAS No. 157, "Fair Value Measurements" which establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. SFAS No 157 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, SFAS No. 157 does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the potential impact that the adoption of this statement will have on its financial position and results of operations.

NOTE 2 - EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the years ended November 30, (in thousands, except per share amounts):

	2004	2005	2006
Basic and diluted:			
Income from continuing operations	$ 126,296	$ 159,072	$ 116,980
(Loss) income from discontinued operations	(6,315)	289	(176)
Gain on sale of discontinued operations	36,337	-	-
Net income	$ 156,318	$ 159,361	$ 116,804
Basic earnings per share denominator:			
Weighted average shares outstanding	53,084,437	53,128,533	53,166,458
Basic earnings per share:			
Income from continuing operations	$ 2.38	$ 2.99	$ 2.20
(Loss) income from discontinued operations	(0.12)	0.01	
Gain on sale of discontinued operations	0.68	-	-
Net income	$ 2.94	$ 3.00	$ 2.20
Diluted earnings per share denominator:			
Weighted average shares outstanding	53,084,437	53,128,533	53,166,458
Common stock options	12,123	21,293	14,943
Contingently issuable shares	86,216	90,357	89,222
Diluted weighted average shares outstanding	53,182,776	53,240,183	53,270,623
Diluted earnings per share:			
Income from continuing operations	$ 2.37	$ 2.99	$ 2.20
(Loss) income from discontinued operations	(0.11)	-	(0.01)
Gain on sale of discontinued operations	0.68	-	-
Net income	$ 2.94	$ 2.99	$ 2.19
Anti-dilutive shares excluded in the computation of diluted earnings per share	817	7,274	49,068

NOTE 3 - ACQUISITION OF BUSINESSES

Martinsville Speedway

On July 13, 2004, the Company acquired the assets of Martinsville Speedway ("Martinsville"), and assumed the operations as well as certain liabilities of Martinsville for approximately $194.8 million, including acquisition costs. Martinsville was privately owned, with certain members of the France Family Group, which controls in excess of 60.0 percent of the combined voting interest of the Company, owning 50.0 percent of Martinsville. The acquisition was funded by $100.4 million in proceeds from the sale of the assets of North Carolina Speedway ("North Carolina") (see Note 4) and approximately $94.4 million in cash. Martinsville's operations are included in the Company's consolidated operations subsequent to the date of acquisition.

The purchase price for the Martinsville acquisition was allocated to the assets acquired and liabilities assumed based upon their fair market values at the acquisition date, as determined by an independent appraisal. Included in this acquisition were certain indefinite-lived intangible assets attributable to the NASCAR sanction agreements in place at the time of acquisition and goodwill. The Company believes that these sanction agreements and the associated cash flows will continue for the foreseeable future and therefore, in accordance with SFAS No. 141 and 142, their value has bee classified as indefinite-lived intangible assets recognized apart from goodwill. The intangible assets and goodwill are included in the Motorsports Event segment. All of the goodwill attributable to the acquisition is expected to be deductible for income tax purposes. As this acquisition is not considered significant, pro forma financial information is not presented. The purchase price allocation to the significant assets acquired is as follows (in thousands):

Property and equipment	$ 34,278
NASCAR - sanction agreements	148,000
Goodwill	12,614

Pikes Peak International Raceway

On October 7, 2005, the Company acquired the assets and assumed certain liabilities of Pikes Peak International Raceway ("Pikes Peak") for approximately $12.0 million. The purchase price for the Pikes Peak acquisition was allocated to the assets acquired based upon their fair market values at the acquisition date including, land of approximately $6.1 million and fixed assets of approximately $5.9 million. As this acquisition is not considered significant, pro forma financial information is not presented.

Subsequent to the purchase, the NASCAR Busch Series event, then conducted at Pikes Peak, was realigned to another motorsports entertainment facility within its portfolio for the fiscal 2006 racing season and the Company suspended indefinitely major motorsports event operations at the facility on October 31, 2005. The Company intends to relocate certain Pikes Peak fixed assets to other facilities within its portfolio. These assets include grandstand seating and other structures that can be utilized for future speedway expansion projects. The Company is currently pursing the sale of the land on which Pikes Peak is located.

NOTE 4 - DISCONTINUED OPERATIONS AND IMPAIRMENT OF LONG-LIVED ASSETS

North Carolina Speedway

As required by the settlement agreement in the Ferko/Vaughn litigation ("Settlement Agreement") dated April 8, 2004, the Company's North Carolina Speedway, Inc. subsidiary entered into an Asset Purchase Agreement with SMI for the sale of the tangible and intangible assets and operations of North Carolina. Under the terms of the Settlement Agreement, SMI's subsidiary purchased North Carolina's assets and assumed its operations for approximately $100.4 million in cash. The sale of North Carolina's assets closed on July 1, 2004 and the Company recorded an after-tax gain in the third quarter of fiscal 2004 of approximately $36.3 million.

Nazareth Speedway

After the completion of Nazareth Speedway's ("Nazareth") fiscal 2004 events, the Company suspended indefinitely major motorsports event operations at the facility. The NASCAR Busch Series and IRL IndyCar Series events, then conducted at Nazareth, were realigned to other motorsports entertainment facilities within its portfolio.

As a result of these changes in Nazareth's operations, an impairment analysis was performed in accordance with SFAS No. 142, which resulted in the identification and measurement of an impairment loss of approximately $13.2 million, or $0.16 per diluted share in the fiscal quarter ended May 31, 2004. In the fourth quarter of fiscal 2005, the Company identified certain grandstand assets which were previously fully impaired, that it relocated to its Darlington Raceway facility in fiscal 2006. The assets that were relocated to Darlington were adjusted to their net book value during the fourth quarter of fiscal 2005, resulting in an after-tax write-up of approximately $471,000, or $0.01 per diluted share.

In January 2006, the Company entered into an agreement with NZSW, LLC for the sale of 158 acres, on which Nazareth Speedway is located, for approximately $18.8 million. Under the terms of the contract the sale transaction is expected to close during fiscal 2007. Upon closing the transaction, the Company expects to record an after-tax gain from discontinued operations of approximately $6.0 to $7.0 million, or $0.11 to $0.13 per diluted share.

The operations of North Carolina and Nazareth were included in the Motorsports Event segment. In accordance with SFAS No. 144 the results of operations of North Carolina and Nazareth, including the gain on sale of North Carolina and the impairment loss and subsequent write-up of certain

NOTE 4 - DISCONTINUED OPERATIONS AND IMPAIRMENT OF LONG-LIVED ASSETS (continued)

grandstand assets at Nazareth, are presented as discontinued operations in all periods presented. During the year ended November 30, 2004, total revenues recognized by North Carolina and Nazareth were approximately $17.0 million. There were no revenues recognized by Nazareth for the years ended November 30, 2005 and 2006. Pre-tax (loss) income during the years ended November 30, 2004, 2005 and 2006 was approximately ($10.0) million, $289,000 and ($444,000), respectively. Nazareth's assets held for sale included in property and equipment, net of accumulated depreciation, totaled approximately $6.8 million at November 30, 2005 and 2006. Unless indicated otherwise, all disclosures in the notes to the consolidated financial statements relate to continuing operations.

New York Metropolitan Speedway Development

During fiscal 1999, the Company announced its intention to search for a site for a major motorsports entertainment facility in the New York metropolitan area. The Company's efforts included the evaluation of many different locations. Most recently, the Company identified a combination of land parcels in the New York City borough of Staten Island aggregating approximately 676 acres that it targeted for the development of a major motorsports entertainment and retail development project. The Company's majority-owned subsidiary, 380 Development, LLC ("380 Development"), purchased the total 676 acres for approximately $110.4 million in early fiscal 2005.

In December 2006, the Company announced its decision to discontinue pursuit of a speedway development on Staten Island. The decision was driven by a variety of factors, including: (1) the inability to secure the critical local political support that is necessary to secure the required land-use change approvals for a speedway development; (2) even if it had secured the necessary political support, it became apparent that it would have been faced with unacceptable approval requirements, including operational restrictions that would have made the facility difficult to operate and a significant challenge to market; and (3) the increased risk that these unacceptable approval requirements could result in higher construction spending and annual operating costs, which would have a significant negative impact on the financial model for the speedway development.

The operating and development agreements between the Company and The Related Companies ("Related") have been terminated, the note payable to The Company from Related which was secured by a pledge of Related's 12.4 percent proportionate minority interest in 380 Development has been cancelled and the minority interest surrendered to the Company.

The decision to discontinue our speedway development efforts on Staten Island, in the fourth quarter of fiscal 2006, resulted in a non-cash, pre-tax charge in the Company's results of approximately $84.7 million, or $1.01 per diluted share after-tax, which is include in the Motorsports Event segment. U.S. generally accepted accounting principles require that the property be valued at its current fair value, which is estimated by an independent appraisal at approximately $65.0 million. Prior to the write-off, the Company had capitalized spending of approximately $150.0 million through November 30, 2006, including: (1) $123.0 million for land and related improvements, (2) $11.0 million for costs related solely to the development of the speedway, and (3) $16.0 million for capitalized interest and property taxes.

The Company has begun to research and develop market demand studies to assist in the evaluation of various alternative strategies for the Staten Island acreage, including potentially selling the property in whole or in parts, or developing the property with a third party for some other use. Given that the property is the largest undeveloped acreage of land in the five boroughs of New York City, the Company believes it will be attractive to a wide range of developers and users. The site is currently zoned as-of-right for industrial use and could provide ease of access through a deep-water dock located on site. Also, the property can be easily accessed from the local highway system.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of November 30 (in thousands):

	2005	2006
Land and leasehold improvements	$ 284,051	$ 289,731
Buildings, grandstands and motorsports entertainment facilities	915,425	981,023
Furniture and equipment	130,408	141,134
Construction in progress	164,111	116,644
	1,493,995	1,528,532
Less accumulated depreciation	315,313	371,219
	$ 1,178,682	$ 1,157,313

Depreciation expense from continuing operations was approximately $44.4 million, $50.7 million and $56.7 million for the years ended November 30, 2004, 2005 and 2006, respectively.

Notes to Consolidated Financial Statements, November 30, 2006

NOTE 6 - GOODWILL AND INTANGIBLE ASSETS

The gross carrying value and accumulated amortization of the major classes of intangible assets relating to the Motorsports Event segment as of November 30 are as follows (in thousands):

		2005	
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Customer database	$ 500	$ 100	$ 400
Food, beverage and merchandise contracts	276	142	134
Total amortized intangible assets	776	242	534
Non-amortized intangible assets:			
NASCAR - sanction agreements	148,000	-	148,000
Other	930	-	930
Total non-amortized intangible assets	148,930	-	148,930
Total intangible assets	$ 149,706	$ 242	$ 149,464

		2006	
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Customer database	$ 500	$ 200	$ 300
Food, beverage and merchandise contracts	276	185	91
Total amortized intangible assets	776	385	391
Non-amortized intangible assets:			
NASCAR - sanction agreements	148,000	-	148,000
Other	923	-	923
Total non-amortized intangible assets	148,923	-	148,923
Total intangible assets	$ 149,699	$ 385	$ 149,314

The following table presents current and expected amortization expense of the existing intangible assets as of November 30, for each of the following periods (in thousands):

Amortization expense for the year ended	
November 30, 2006	$ 143
Estimated amortization expense for the year ending	
November 30:	
2007	143
2008	143
2009	101
2010	1
2011	1

There were no changes in the carrying value of goodwill during the year ended November 30, 2006.

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following as of November 30 (in thousands):

	2005	2006
4.2 percent Senior Notes due 2009	$ 151,297	$ 150,915
5.4 percent Senior Notes due 2014	149,905	149,917
TIF bond debt service funding commitment	67,820	67,262
	369,022	368,094
Less: current portion	635	770
	$ 368,387	$ 367,324

Schedule of Payments (in thousands)

For the year ending November 30:	
2007	$ 770
2008	915
2009	151,075
2010	1,245
2011	1,430
Thereafter	212,920
	368,355
Net premium	(261)
Total	$ 368,094

On April 23, 2004, the Company completed an offering of $300.0 million principal amount of unsecured senior notes in a private placement. On September 27, 2004, the Company completed an offer to exchange these unsecured senior notes for registered senior notes with substantially identical terms ("2004 Senior Notes"). At November 30, 2006, outstanding 2004 Senior Notes totaled approximately $300.8 million, net of unamortized discounts and premium, which is comprised of $150.0 million principal amount unsecured senior notes, which bear interest at 4.2 percent and are due April 2009 ("4.2 percent Senior Notes"), and $150.0 million principal amount unsecured senior notes, which bear interest at 5.4 percent and are due April 2014. The 2004 Senior Notes require semi-annual interest payments on April 15 and October 15 through their maturity. The 2004 Senior Notes may be redeemed in whole or in part, at the option of the Company, at any time or from time to time at redemption prices as defined in the indenture. The Company's subsidiaries are guarantors of the 2004 Senior Notes. The 2004 Senior Notes also contain various restrictive covenants. Total gross proceeds from the sale of the 2004 Senior Notes were $300.0 million, net of discounts of approximately $431,000 and approximately $2.6 million of deferred financing fees. The deferred financing fees are being treated as additional interest expense and amortized over the life of the 2004 Senior Notes on a straight-line method, which approximates the effective yield method. In March 2004, the Company entered into interest rate swap agreements to effectively lock in the interest rate on approximately $150.0 million of the 4.2 percent Senior Notes. The Company terminated these interest rate swap agreements on April 23, 2004, and received approximately $2.2 million, which is being amortized over the life of the 4.2 percent Senior Notes.

In January 1999, the Unified Government of Wyandotte County/Kansas City, Kansas ("Unified Government"), issued approximately $71.3 million in taxable special obligation revenue ("TIF") bonds in connection with the financing of construction of Kansas Speedway. At November 30, 2006, outstanding TIF bonds totaled approximately $67.3 million, net of the unamortized discount, which is comprised of a $18.7 million principal amount, 6.2 percent term bond due December 1, 2017 and $49.7 million principal amount, 6.8 percent term bond due December 1, 2027. The TIF bonds are repaid by the Unified Government with payments made in lieu of property taxes ("Funding Commitment") by the Company's wholly-owned subsidiary, Kansas Speedway Corporation ("KSC"). Principal (mandatory redemption) payments per the Funding Commitment are payable by KSC on October 1 of each year. The semi-annual interest component of the Funding Commitment is payable on April 1 and October 1 of each year. KSC granted a mortgage and security interest in the Kansas project for its Funding Commitment obligation. The bond financing documents contain various restrictive covenants.

NOTE 7 - LONG-TERM DEBT (continued)

On June 16, 2006, the Company entered into a $300.0 million revolving credit facility ("2006 Credit Facility"). The 2006 Credit Facility contains a feature that allows the Company to increase the credit facility to a total of $500.0 million, subject to certain conditions. Upon execution of the 2006 Credit Facility, the Company terminated its then existing $300.0 million credit facility. The 2006 Credit Facility is scheduled to mature in June 2011, and accrues interest at LIBOR plus 30.0-80.0 basis points, based on the Company's highest debt rating as determined by specified rating agencies. The 2006 Credit Facility contains various restrictive covenants. At November 30, 2006, the Company did not have any borrowings outstanding under the 2006 Credit Facility.

Total interest expense from continuing operations incurred by the Company was approximately $21.7 million, $12.7 million and $12.3 million for the years ended November 30, 2004, 2005 and 2006, respectively. Total interest capitalized for the years ended November 30, 2004, 2005 and 2006 was approximately $1.6 million, $7.6 million and $8.4 million, respectively.

Financing costs of approximately $6.9 million and $6.5 million, net of accumulated amortization, have been deferred and are included in other assets at November 30, 2005 and 2006, respectively. These costs are being amortized on a straight line method, which approximates the effective yield method, over the life of the related financing.

NOTE 8 - FEDERAL AND STATE INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the provision for income taxes from continuing operations for the years ended November 30, are as follows (in thousands):

	2004	2005	2006
Current tax expense:			
Federal	$ 46,839	$ 64,832	$ 73,890
State	6,311	8,091	6,061
Deferred tax expense (benefit):			
Federal	26,327	26,122	(5,799)
State	2,741	2,831	1,315
Provision for income taxes	$ 82,218	$ 101,876	$ 75,467

The reconciliation of income tax expense computed at the federal statutory tax rates to income tax expense from continuing operations for the years ended November 30, is as follows (percent of pre-tax income):

	2004	2005	2006
Income tax computed at federal statutory rates	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.4	3.2	3.1
Other, net	1.0	0.8	1.1
	39.4%	39.0%	39.2%

NOTE 8 - FEDERAL AND STATE INCOME TAXES (continued)

The components of the net deferred tax assets (liabilities) at November 30 are as follows (in thousands):

	2005	2006
Impaired long-lived assets	$ -	$ 34,683
Amortization and depreciation	27,014	21,038
Deferred revenues	4,173	4,076
Deferred expenses	2,663	2,765
Loss carryforwards	2,422	2,919
Compensation related	2,004	2,147
Accruals	1,584	1,599
Other	103	114
Deferred tax assets	39,963	69,341
Valuation allowance	-	(3,677)
Deferred tax assets, net of valuation allowance	39,963	65,664
Amortization and depreciation	(224,471)	(244,194)
Equity investment	(9,895)	(11,786)
Other	(422)	(331)
Deferred tax liabilities	(234,788)	(256,311)
Net deferred tax liabilities	$ (194,825)	$ (190,647)
Deferred tax assets - current	$ -	$ 995
Deferred tax liabilities - noncurrent	(194,825)	(191,642)
Net deferred tax liabilities	$ (194,825)	$ (190,647)

The Company has recorded deferred tax assets related to various state net operating loss carryforwards totaling approximately $88.4 million, that expire in varying amounts beginning in fiscal 2020. The valuation allowance increased by approximately $3.7 million during the fiscal year ended November 30, 2006, and is attributable to the impairment of long-lived assets. The valuation allowance has been provided due to the uncertainty regarding the realizability of state deferred tax assets associated with the impaired long-lived assets. In evaluating the Company's ability to recover its deferred income tax assets it considers all available positive and negative evidence, including operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction by jurisdiction basis.

Notes to Consolidated Financial Statements, November 30, 2006

NOTE 9 - CAPITAL STOCK

The Company's authorized capital includes 80.0 million shares of Class A Common Stock, par value $.01 ("Class A Common Stock"), 40.0 million shares of Class B Common Stock, par value $.01 ("Class B Common Stock"), and 1.0 million shares of Preferred Stock, par value $.01 ("Preferred Stock"). The shares of Class A Common Stock and Class B Common Stock are identical in all respects, except for voting rights and certain dividend and conversion rights as described below. Each share of Class A Common Stock entitles the holder to one fifth (1/5) vote on each matter submitted to a vote of the Company's shareholders and each share of Class B Common Stock entitles the holder to one (1) vote on each such matter, in each case including the election of directors. Holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends at the same rate if and when declared by the Board of Directors out of funds legally available therefrom, subject to the dividend and liquidation rights of any Preferred Stock that may be issued and outstanding. Class A Common Stock has no conversion rights. Class B Common Stock is convertible into Class A Common Stock, in whole or in part, at any time at the option of the holder on the basis of one share of Class A Common Stock for each share of Class B Common Stock converted. Each share of Class B Common Stock will also automatically convert into one share of Class A Common Stock if, on the record date of any meeting of the shareholders, the number of shares of Class B Common Stock then outstanding is less than 10.0 percent of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding.

The Board of Directors of the Company is authorized, without further shareholder action, to divide any or all shares of the authorized Preferred Stock into series and fix and determine the designations, preferences and relative rights and qualifications, limitations, or restrictions thereon of any series so established, including voting powers, dividend rights, liquidation preferences, redemption rights and conversion privileges. No shares of Preferred Stock are outstanding. The Board of Directors has not authorized any series of Preferred Stock, and there are no plans, agreements or understandings for the authorization or issuance of any shares of Preferred Stock.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

International Speedway Corporation has a salary incentive plan (the "ISC Plan") designed to qualify under Section 401(k) of the Internal Revenue Code. Employees of International Speedway Corporation and certain participating subsidiaries who have completed one month of continuous service are eligible to participate in the ISC Plan. After twelve months of continuous service, matching contributions are made to a savings trust (subject to certain limits) concurrent with employees' contributions. The level of the matching contribution depends upon the amount of the employee contribution. Employees become 100 percent vested upon entrance to the ISC Plan. The contribution expense from continuing operations for the ISC Plan was approximately $1.3 million, $1.4 million and $1.5 million, for the years ended November 30, 2004, 2005, and 2006, respectively.

The estimated cost to complete approved projects and current construction in progress at November 30, 2006 at the Company's existing facilities is approximately $ 62.5 million.

In October 2002, the Unified Government issued subordinate sales tax special obligation revenue bonds ("2002 STAR Bonds") totaling approximately $6.3 million to reimburse the Company for certain construction already completed on the second phase of the Kansas Speedway project and to fund certain additional construction. The 2002 STAR Bonds, which require annual debt service payments and are due December 1, 2022, will be retired with state and local taxes generated within the speedway's boundaries and are not the Company's obligation. KSC has agreed to guarantee the payment of principal, any required premium and interest on the 2002 STAR Bonds. At November 30, 2006, the Unified Government had approximately $4.3 million outstanding on 2002 STAR Bonds. Under a keepwell agreement, the Company has agreed to provide financial assistance to KSC, if necessary, to support KSC's guarantee of the 2002 STAR Bonds.

The Company is a member of Motorsports Alliance (owned 50.0 percent by the Company and 50.0 percent by Indianapolis Motor Speedway LLC ("IMS")), which owns 75.0 percent of Raceway Associates. Raceway Associates owns and operates Chicagoland Speedway and Route 66 Raceway. Raceway Associates has a term loan arrangement, which requires quarterly principal and interest payments and matures November 15, 2012, and a $15.0 million secured revolving credit facility, which matures in September 2008. At November 30, 2006, Raceway Associates had approximately $28.4 million outstanding under its term loan and no borrowings outstanding under its then existing credit facility. Under a keepwell agreement, the members of Motorsports Alliance have agreed to provide financial assistance to Raceway Associates, if necessary, on a pro rata basis to support its performance under its term loan and credit facility.

The Company has guaranteed minimum royalty payments under certain agreements through December 2015, with a remaining maximum exposure at November 30, 2006, of approximately $12.5 million.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

The Company operates Miami under an operating agreement which expires December 31, 2032, and provides for subsequent renewal terms through December 31, 2075. The Company also has various operating leases for office space and equipment. The future minimum payments under the operating agreement and leases utilized by the Company having initial or remaining noncancellable terms in excess of one year at November 30, 2006, are as follows (in thousands):

For the year ending November 30:	Operating Agreement	Operating Leases
2007	$ 2,220	$ 3,945
2008	2,220	2,763
2009	2,220	1,690
2010	2,220	1,319
2011	2,220	1,146
Thereafter	27,000	36,370
Total	$ 38,100	$ 47,233

Total expenses incurred from continuing operations under the track operating agreement, these operating leases and all other rentals during the years ended November 30, 2004, 2005 and 2006 were $14.9 million, $19.0 million and $22.0 million, respectively.

In connection with the Company's automobile and workers' compensation insurance coverages and certain construction contracts, the Company has standby letter of credit agreements in favor of third parties totaling $2.1 million at November 30, 2006. At November 30, 2006, there were no amounts drawn on the standby letters of credit.

The Internal Revenue Service (the "Service") is currently performing a periodic examination of the Company's federal income tax returns for the years ended November 30, 1999 through 2005 and has challenged the tax depreciation treatment of a significant portion of its motorsports entertainment facility assets. Through November 30, 2006, the Company has received reports from the Service requesting downward adjustments to its tax depreciation expense for the fiscal years ended November 30, 1999 through 2004, which could potentially result in the reclassification of approximately $94.5 million of income taxes from deferred to current. Including related interest, the combined after-tax cash flow impact of these requested adjustments is approximately $110.8 million. In order to prevent incurring additional interest, the Company deposited approximately $110.8 million with the Service. In December 2006, the Company received a report from the Service with respect to our fiscal year ended November 30, 2005, which could potentially result in the reclassification of approximately $6.6 million of income taxes from deferred to current. Accordingly, in order to prevent incurring additional interest, the Company deposited an additional $7.1 million with the Service in January 2007. Additional adjustments to the Company's tax depreciation expense are expected to be requested later by the Service for fiscal year ended November 30, 2006. Including related interest, the Company estimates the combined after-tax cash flow impact of the additional federal tax adjustments expected for fiscal 2006, and related state tax revisions for all periods, to range between $30.0 million and $40.0 million at November 30, 2006. The Company's deposits are not a payment of tax, and it will receive accrued interest on any of these funds ultimately returned to it. At November 30, 2006, the approximately $110.8 million of deposits with the Service are classified as long-term assets in the Company's consolidated financial statements. The Company believes that its application of the federal income tax regulations in question, which have been applied consistently since being adopted in 1986 and have been subjected to previous IRS audits, is appropriate, and it intends to vigorously defend the merits of its position. Once commenced by the Service, the administrative

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

appeals process is expected to take six to fifteen months to complete. If the Company's appeal is not resolved satisfactorily, it will evaluate all of its options, including litigation. In accordance with SFAS No. 109 "Accounting for Income Taxes," the Company has accrued a deferred tax liability based on the differences between its financial reporting and tax bases of such assets in its consolidated balance sheet as of November 30, 2006. While an adverse resolution of these matters could result in a material negative impact on cash flow, including payment of taxes from amounts currently on deposit with the Service, the Company believes that it has provided adequate reserves related to these matters including interest charges through November 30, 2006, totaling approximately $12.6 million, and, as a result, does not expect that such an outcome would have a material adverse effect on results of operations.

Current Litigation

The Company is from time to time a party to routine litigation incidental to its business. Management does not believe that the resolution of any or all of such litigation will have a material adverse effect on the Company's financial condition or results of operations.

In addition to such routine litigation incident to its business, the Company is a party to litigation described below.

On July 13, 2005, Kentucky Speedway, LLC filed a civil action in the Eastern District of Kentucky against NASCAR and the Company alleging that "NASCAR and ISC have acted, and continue to act, individually and in combination and collusion with each other and other companies that control motorsports entertainment facilities hosting NASCAR NEXTEL Cup Series, to illegally restrict the award of ... NASCAR NEXTEL Cup Series [races]." The complaint seeks damages and an injunction requiring NASCAR to establish a competitive bidding process for NEXTEL Cup events and prohibiting further violations of the antitrust laws. Other than some vaguely conclusory allegations, the complaint fails to specify any conduct by International Speedway Corporation ("ISC") other than conducting and growing its motorsports entertainment business for the benefit of its shareholders. The Company believes the allegations to be without merit and intends to defend itself vigorously. The Company has retained counsel and is pursuing defenses to the suit while maintaining potential counterclaim remedies available to it to recover the damages caused by the filing of the suit. The court has established a February 1, 2007, deadline for the completion of pre-trial discovery factual matters which is to be followed by discovery of expert opinion matters. Based upon the current timeline a trial on the merits of the case is scheduled for no earlier than Fall 2007. While it is premature to quantify either the likelihood or the potential magnitude of an adverse decision, the fees and expenses associated with the defense of this suit are not covered by insurance and could adversely impact the Company's financial condition or results of operations and cash flows, even if the Company ultimately prevails. Further, the time devoted to this matter by management and the possible impact of litigation on business negotiations occurring prior to resolution of this matter could also adversely impact our financial condition or results of operations and cash flows. Finally, even if the direct effect of the resolution of this case does not result in a material adverse impact on us, it is possible that the resolution of this case could result in industry wide changes in the way race schedules are determined by sanctioning bodies, which could indirectly have a material adverse impact on the Company.

NOTE 11 - RELATED PARTY DISCLOSURES AND TRANSACTIONS

All of the racing events that take place during the Company's fiscal year are sanctioned by various racing organizations such as the American Historic Racing Motorcycle Association, the American Motorcyclist Association, the Automobile Racing Club of America, the American Sportbike Racing Association - Championship Cup Series, Grand American, Historic Sportscar Racing, the International Race of Champions, IRL, NASCAR, NHRA, the Porsche Club of America, the Sports Car Club of America, the Sportscar Vintage Racing Association, the United States Auto Club and the World Karting Association. NASCAR, which sanctions some of the Company's principal racing events, is a member of the France Family Group which controls in excess of 60.0 percent of the combined voting power of the outstanding stock of the Company, and some members of which serve as directors and officers of the Company. Standard NASCAR sanction agreements require racetrack operators to pay sanction fees and prize and point fund monies for each sanctioned event conducted. The prize and point fund monies are distributed by NASCAR to participants in the events. Prize and point fund monies paid by the Company to NASCAR from continuing operations for disbursement to competitors, which are exclusive of NASCAR sanction fees, totaled approximately $102.5 million, $118.5 million and $131.3 million for the years ended November 30, 2004, 2005 and 2006, respectively. Prize and point fund monies paid by the Company to NASCAR for disbursement to competitors for events at North Carolina and Nazareth included in discontinued operations totaled approximately $5.4 million for the year ended November 30, 2004. There were no prize and point fund monies paid to NASCAR related to discontinued operations for the years ended November 30, 2005 and 2006, respectively.

NOTE 11 - RELATED PARTY DISCLOSURES AND TRANSACTIONS (continued)

Under current agreements, NASCAR contracts directly with certain network providers for television rights to the entire NASCAR NEXTEL Cup and Busch series schedules. Event promoters share in the television rights fees in accordance with the provision of the sanction agreement for each NASCAR NEXTEL Cup and Busch series event. Under the terms of this arrangement, NASCAR retains 10.0 percent of the gross broadcast rights fees allocated to each NASCAR NEXTEL Cup or Busch series event as a component of its sanction fees and remits the remaining 90.0 percent to the event promoter. The event promoter pays 25.0 percent of the gross broadcast rights fees allocated to the event as part of the previously discussed prize money paid to NASCAR for disbursement to competitors. The Company's television broadcast and ancillary rights fees from continuing operations received from NASCAR for the NASCAR NEXTEL Cup and Busch series events conducted at its wholly-owned facilities were $188.9 million, $235.9 million and $273.4 million in fiscal years 2004, 2005 and 2006, respectively. Television broadcast and ancillary rights fees received from NASCAR for the NASCAR NEXTEL Cup and Busch series events held at North Carolina and the NASCAR Busch Series event held at Nazareth and included in discontinued operations totaled approximately $9.3 million for the year ended November 30, 2004. There were no television broadcast and ancillary rights fees received from NASCAR related to discontinued operations during the years ended November 30, 2005 and 2006, respectively.

In addition, NASCAR and the Company share a variety of expenses in the ordinary course of business. NASCAR pays rent, as well as a related maintenance fee (allocated based on square footage), to the Company for office space in the Company's corporate office complex in Daytona Beach, Florida. The Company paid rent to NASCAR for office space in Los Angeles, California beginning October 2005. These rents are based upon estimated fair market lease rates for comparable facilities. NASCAR pays the Company for radio, program and strategic initiative advertising, hospitality and suite rentals, various tickets and credentials, catering services, participation in a NASCAR racing event banquet, and track and other equipment rentals based on similar prices paid by unrelated, third party purchasers of similar items. The Company pays NASCAR for certain advertising, participation in NASCAR racing series banquets, the use of NASCAR trademarks and intellectual images and production space for NEXTEL Vision based on similar prices paid by unrelated, third party purchasers of similar items. The Company's payments to NASCAR for MRN Radio's broadcast rights to NASCAR Craftsman Truck races represents an agreed-upon percentage of the Company's advertising revenues attributable to such race broadcasts. In fiscal 2005 and 2006 NASCAR is reimbursing the Company for the buyout of the remaining rights associated with a certain sponsorship agreement. NASCAR also reimburses the Company for 50.0 percent of the compensation paid to certain personnel working in the Company's legal, risk management and transportation departments, as well as 50.0 percent of the compensation expense associated with certain receptionists. The Company reimburses NASCAR for 50.0 percent of the compensation paid to certain personnel working in NASCAR's legal department. NASCAR's reimbursement for use of the Company's mailroom, janitorial services, security services, catering, graphic arts, photo and publishing services, telephone system and the Company's reimbursement of NASCAR for use of corporate aircraft, is based on actual usage or an allocation of total actual usage. The aggregate amount received from NASCAR by the Company for shared expenses, net of amounts paid by the Company for shared expenses, totaled approximately $2.8 million, $3.6 million and $3.6 million during fiscal 2004, 2005 and 2006, respectively.

Grand American sanctions various events at certain of the Company's facilities. While certain officers and directors of the Company are equity investors in Grand American, no officer or director has more than a 10.0 percent equity interest. In addition, certain officers and directors of the Company, representing a non-controlling interest, serve on Grand American's Board of Managers. Standard Grand American sanction agreements require racetrack operators to pay sanction fees and prize and point fund monies for each sanctioned event conducted. The prize and point fund monies are distributed by Grand American to participants in the events. Sanction fees paid by the Company to Grand American totaled approximately $924,000, $1.1 million and $1.2 million for the years ended November 30, 2004, 2005 and 2006, respectively.

In addition, Grand American and the Company share a variety of expenses in the ordinary course of business. Grand American pays rent to the Company for office space in the Company's corporate office complex in Daytona Beach, Florida. These rents are based upon estimated fair market lease rates for comparable facilities. Grand American purchases various advertising, catering services, suites and hospitality and track and equipment rentals from the Company based on similar prices paid by unrelated, third party purchasers of similar items. The Company pays Grand American for the use of Grand American's trademarks based on similar prices paid by unrelated, third party purchasers of similar items. Grand American's reimbursement for use of the Company's mailroom, telephone system, security, graphic arts, photo and publishing services is based on actual usage or an allocation of total actual usage. The aggregate amount received from Grand American by the Company for shared expenses, net of amounts paid by the Company for shared expenses, totaled approximately $226,000, $223,000 and $510,000 during fiscal 2004, 2005 and 2006, respectively.

NOTE 11 - RELATED PARTY DISCLOSURES AND TRANSACTIONS (continued)

The Company strives to ensure, and management believes that, the terms of the Company's transactions with NASCAR and Grand American are no less favorable to the Company than could be obtained in arms-length negotiations.

Certain members of the France Family Group paid the Company for the utilization of security services, event planning, event tickets, purchase of catering services, maintenance services, and certain equipment. During the last quarter of fiscal 2004 and all of fiscal 2005, the Company provided publishing and distribution services for Game Change Marketing, LLC, and in fiscal 2004 tickets to Brand Sense Marketing, which are companies owned by a France Family Group member and leased certain parcels of land from WCF and JCF, LLC, which is owned by France Family Group members. The land parcels are used primarily for parking during the events held at Martinsville Speedway. The amounts paid for these items were based on actual costs incurred, similar prices paid by unrelated third party purchasers of similar items or estimated fair market values. The aggregate amount received by the Company for these items, net of amounts paid, totaled approximately $266,000, $3.3 million and $2.4 million during fiscal 2004, 2005 and 2006, respectively.

The Company has collateral assignment split dollar insurance agreements covering the lives of William C. France and James C. France and their respective spouses. Upon surrender of the policies or payment of the death benefits thereunder, the Company is entitled to repayment of an amount equal to the cumulative premiums previously paid by the Company. The Company may cause the agreements to be terminated and the policies surrendered at any time after the cash surrender value of the policies equals the cumulative premiums advanced under the agreements. The Company recorded the insurance expense net of the increase in cash surrender value of the policies associated with these agreements.

Crotty & Bartlett, P.A., a law firm controlled by siblings of W. Garrett Crotty, one of the Company's executive officers, leased office space located in the Company's corporate office complex in Daytona Beach, Florida. The Company engages Crotty & Bartlett for certain legal and consulting services. The aggregate amount paid to Crotty & Bartlett by the Company for legal and consulting services, net of amounts received by the Company for leased office space, totaled approximately $119,000, $180,000 and $150,000 during fiscal 2004, 2005 and 2006, respectively.

J. Hyatt Brown, one of the Company's directors, serves as President and Chief Executive Officer of Brown & Brown, Inc. ("Brown & Brown"). Brown & Brown has received commissions for serving as the Company's insurance broker for several of the Company's insurance policies, including the Company's property and casualty policy, certain employee benefit programs and the split-dollar arrangements established for the benefit of William C. France, James C. France and their respective spouses. The aggregate commissions received by Brown & Brown in connection with the Company's policies were approximately $390,000, $507,000 and $565,000, during fiscal 2004, 2005 and 2006, respectively.

Kinsey, Vincent Pyle, L.C., a law firm which Christy F. Harris, one of the Company's directors, joined in fiscal 2004, provided legal services to the Company during fiscal 2004, 2005 and 2006. The Company paid approximately $301,000, $359,000 and $169,000 for these services in fiscal 2004, 2005 and 2006, which were charged to the Company on the same basis as those provided other clients.

Mr. Gregory W. Penske, one of the Company's directors, is also an officer and director of Penske Performance, Inc. and other Penske Corporation affiliates, as well as the son of Roger S. Penske. Roger S. Penske beneficially owns a majority of the voting stock of and controls Penske Corporation and its affiliates. The Company rented Penske Corporation and its affiliates certain facilities for a driving school and sold hospitality suite occupancy and related services, merchandise and accessories to Penske Corporation, its affiliates and other related companies. In a special promotional arrangement designed to grow demand while maintaining price integrity, the Company sold approximately 8,000 tickets for certain events during fiscal 2004 and 2005 at discounts greater than those afforded any other ticket purchaser to Penske Automotive Group, one of the largest automobile retailers in Southern California, which effected distribution of those tickets. Penske Truck Leasing rented certain vehicles and sold related supplies and services to the Company. Also, the Company paid Penske Corporation for the use of certain trademarks. In fiscal 2004, 2005 and 2006, the aggregate amount received from Penske Corporation, its affiliates and other related companies, net of amounts paid by the Company, totaled approximately $2.4 million, $1.5 million and $1.9 million, respectively, for the aforementioned goods and services.

Raceway Associates is owned 75.0 percent by Motorsports Alliance and 25.0 percent by the former owners of the Route 66 Raceway, LLC. Edward H. Rensi, a director of the Company, sold his approximately 1.3 percent ownership interest in Raceway Associates to unrelated third parties in fiscal 2005. The Company owns an indirect equity investment in Chicagoland Speedway through the Company's equity investment in Motorsports Alliance. The Company pays Chicagoland Speedway fees to sell merchandise and programs on its property and conduct radio broadcasts of its events. Chicagoland pays the Company for the purchase of programs and for costs related to the use of the Company's jet dryers and other event support at its events. The net amounts paid by the Company were approximately $621,000, $572,000 and $636,000, during fiscal 2004, 2005 and 2006, respectively.

NOTE 12 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for income taxes and interest for the years ended November 30, is summarized as follows (in thousands):

	2004	2005	2006
Income taxes paid	$ 35,962	$ 84,093	$ 79,228
Interest paid	$ 23,414	$ 19,679	$ 20,380

NOTE 13 - LONG-TERM STOCK INCENTIVE PLAN

The Company's 1996 Long-Term Stock Incentive Plan (the "1996 Plan") authorized the grant of stock options (incentive and nonqualified), stock appreciation rights and restricted stock. The Company reserved an aggregate of 1,000,000 shares (subject to adjustment for stock splits and similar capital changes) of the Company's Class A Common Stock for grants under the 1996 Plan. The 1996 Plan terminated in September 2006. All unvested stock options and restricted stock granted prior to the termination will continue to vest and will continue to be exercisable in accordance with their original terms.

In April, 2006, the Company's shareholders' approved the 2006 Long-Term Incentive Plan (the "2006 Plan") which authorizes the grant of stock options (incentive and non-qualified), stock appreciation rights, restricted and unrestricted stock, cash awards and Performance Units (as defined in the 2006 Plan) to employees, consultants and advisors of the Company capable of contributing to the Company's performance. The Company has reserved an aggregate of 1,000,000 shares (subject to adjustment for stock splits and similar capital changes) of the Company's Class A Common Stock for grants under the 2006 Plan. Incentive Stock Options may be granted only to employees eligible to receive them under the Internal Revenue Code of 1996, as amended. The 2006 Plan approved by the shareholders appoints the Compensation Committee (the "Committee") to administer the 2006 Plan. Awards under the 2006 Plan will contain such terms and conditions not inconsistent with the 2006 Plan as the Committee in its discretion approves. The Committee has discretion to administer the 2006 Plan in the manner which it determines, from time to time, is in the best interest of the Company.

There have been no awards granted under the 2006 Plan.

Prior to December 1, 2005 the Company accounted for the 1996 Plan under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation." The Company recognized stock-based compensation cost on its restricted shares awarded on the accelerated method over their vesting periods equal to the fair market value of these shares on the date of award. No stock-based employee compensation cost was reflected in the Consolidated Statement of Operations relating to stock options for the fiscal years ended November 30, 2004 and 2005, as all options granted under the 1996 Plan had an exercise price equal to the market value of the underlying common stock on the date of grant.

Effective December 1, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123(R), "Share-Based Payment," using the modified-prospective-transition method and accordingly prior periods have not been restated to reflect the impact of SFAS 123(R). Under that transition method, compensation cost recognized during the fiscal year ended November 30, 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of December 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted subsequent to December 1, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). Stock-based compensation expense for the fiscal year ended

NOTE 13 - LONG-TERM STOCK INCENTIVE PLAN (continued)

November 30, 2006, totaled approximately $2.7 million. Stock-based compensation expense for the fiscal years ended November 30, 2004 and 2005, totaled approximately $1.7 million and $2.0 million, respectively, under the intrinsic value method in accordance with APB No. 25.

As a result of adopting SFAS No. 123(R) on December 1, 2005, the Company's income before income taxes and net income are approximately $459,000 and $283,000 lower, respectively, for the fiscal year ended November 30, 2006, than if it had continued to account for share-based compensation under APB Opinion No. 25. Basic and diluted earnings per share for the fiscal year ended November 30, 2006 are $0.01 lower, respectively, than if the Company had continued to account for share-based compensation under APB No. 25.

Prior to the adoption of SFAS No. 123(R), the Company presented all tax benefits of deductions resulting from the vesting of restricted stock awards and exercise of stock options as operating cash flows in the Statement of Cash Flows. SFAS No. 123(R) requires the cash flows resulting from the tax benefits from tax deductions in excess of the compensation cost recognized for restricted stock awards and options ("excess tax benefits") to be classified as financing cash flows. The $185,000 excess tax benefits relating to stock-based compensation classified as a financing cash inflow would have been classified as an operating cash inflow prior to the adoption of SFAS No. 123(R).

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123(R) to stock-based employee compensation after giving consideration to potential forfeitures for the years ended November 30. For purposes of this pro forma disclosure, the fair value of the options is estimated using a Black-Scholes-Merton option-pricing formula and amortized to expense over the options' vesting periods (in thousands, except per share amounts):

	2004	2005
Net income, as reported	$ 156,318	$ 159,361
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	1,051	1,190
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,242)	(1,380)
Pro forma net income	$ 156,127	$ 159,171
Earnings per share:		
Basic - as reported	$ 2.94	$ 3.00
Basic - pro forma	$ 2.94	$ 3.00
Diluted - as reported	$ 2.94	$ 2.99
Diluted - pro forma	$ 2.94	$ 2.99

NOTE 13 - LONG-TERM STOCK INCENTIVE PLAN (continued)

Restricted Stock Awards

Restricted stock awarded under the 1996 Plan generally is subject to forfeiture in the event of termination of employment prior to vesting dates. Prior to vesting, the 1996 Plan participants own the shares and may vote and receive dividends, but are subject to certain restrictions. Restrictions include the prohibition of the sale or transfer of the shares during the period prior to vesting of the shares. The Company also has the right of first refusal to purchase any shares of stock issued under the 1996 Plan which are offered for sale subsequent to vesting. The Company records stock-based compensation cost on its restricted shares awarded on the accelerated method over the requisite service period.

Restricted stock of the Company's Class A Common Stock awarded under the 1996 Plan generally vest at the rate of 50.0 percent of each award on the third anniversary of the award date and the remaining 50.0 percent on the fifth anniversary of the award date.

The fair value of nonvested restricted stock is determined based on the opening trading price of the Company's Class A Common Stock on the grant date. The Company granted 47,832, 53,599 and 60,015 shares of restricted stock awards of the Company's Class A Common Stock during the fiscal years ended November 30, 2004, 2005 and 2006, respectively, to certain officers and managers under the 1996 Plan. The weighted average grant date fair value of these restricted stock awards was $42.28, $54.23 and $50.90 per share, respectively.

A summary of the status of the Company's restricted stock as of November 30, 2006, and changes during the fiscal year ended November 30, 2006, is presented below:

	Restricted Shares	Weighted-Average Grant-Date Fair Value (Per Share)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Unvested at November 30, 2005	178,566	$ 45.2		
Granted	60,015	50.9		
Vested	(39,104)	38.6		
Forfeited	(4,997)	48.5		
Unvested at November 30, 2006	194,480	$ 48.2	2.9	$ 10,080

As of November 30, 2006, there was approximately $4.8 million of total unrecognized compensation cost related to unvested restricted stock awards granted under the 1996 Plan. This cost is expected to be recognized over a weighted-average period of 2.9 years. The total fair value of restricted stock awards vested during the fiscal years ended November 30, 2004, 2005 and 2006, was approximately $1.4 million, $2.3 million and $2.0 million, respectively.

Nonqualified and Incentive Stock Options

A portion of each non-employee director's compensation for their service as a director is through awards of options to acquire shares of the Company's Class A Common Stock under the 1996 Plan. These options become exercisable one year after the date of grant and expire on the tenth anniversary of the date of grant. The Company also grants options to certain non-officer managers to purchase the Company's Class A Common Stock under the 1996 Plan. These options generally vest over a two and one-half year period and expire on the tenth anniversary of the date of grant. The Company records stock-based compensation cost on its stock options awarded on the straight-line method over the requisite service period.

The fair value of each option granted is estimated on the grant date using the Black-Scholes-Merton option-pricing valuation model that uses the assumptions noted in the following table. Expected volatilities are based on implied volatilities from historical volatility of the Company's stock and other factors. The Company uses historical data to estimate option exercises and employee terminations within the valuation model. Separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is estimated based on historical exercise behavior and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Notes to Consolidated Financial Statements, November 30, 2006

NOTE 13 - LONG-TERM STOCK INCENTIVE PLAN (continued)

	2004	2005	2006
Expected volatility	30.4%	25.3%	24.8%-32.8%
Weighted average volatility	30.4%	25.3%	27.3%
Expected dividends	0.14%	0.11%	0.16%
Expected term (in years)	5.0	5.0	5.1-6.8
Risk-free rate	3.2%-3.9%	3.2%	5.0%-5.1%

A summary of option activity under the 1996 Plan as of November 30, 2006, and changes during the year then ended is presented below:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at November 30, 2005	126,622	$ 46.3		
Granted	33,417	46.4		
Exercised	(4,666)	40.4		
Forfeited	(12,334)	46.9		
Outstanding at November 30, 2006	143,039	$ 46.4	7.2	$ 901
Vested and expected to vest at November 30, 2006	141,161	$ 46.4	7.2	$ 893
Exercisable at November 30, 2006	98,950	$45.3	6.2	$719

The weighted average grant-date fair value of options granted during the fiscal years ended November 30, 2004, 2005 and 2006 was $14.3, $16.2 and $16.6, respectively. The total intrinsic value of options exercised during the fiscal years ended November 30, 2004, 2005 and 2006 was approximately $158,000, $181,000 and $39,000, respectively. The actual tax benefit realized for the tax deductions from exercise of the stock options totaled approximately $62,000, $70,000 and $15,000 for the fiscal years ended November 30, 2004, 2005 and 2006, respectively.

As of November 30, 2006, there was approximately $455,000 of total unrecognized compensation cost related to unvested stock options granted under the 1996 Plan. That cost is expected to be recognized over a weighted-average period of 1.1 years.

NOTE 14 - FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable, short-term investments, accounts payable, and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

Fair values of long-term debt and interest rate swaps are based on quoted market prices at the date of measurement. The Company's credit facilities approximate fair value as they bear interest rates that approximate market. At November 30, 2006, the fair value of the remaining long-term debt, which includes the 2004 Senior Notes and TIF bond Funding Commitment, as determined by quotes from financial institutions, was $370.5 million compared to the carrying amount of $368.1 million.

NOTE 15 - QUARTERLY DATA (UNAUDITED)

The Company derives most of its income from a limited number of NASCAR-sanctioned races. As a result, the Company's business has been, and is expected to remain, highly seasonal based on the timing of major events. For example, one of the Company's NASCAR NEXTEL Cup Series events is traditionally held on the Sunday preceding Labor Day. Accordingly, the revenue and expenses for that race and/or the related supporting events may be recognized in either the fiscal quarter ending August 31 or the fiscal quarter ending November 30.

The following table presents certain unaudited financial data for each quarter of fiscal 2005 and 2006 (in thousands, except per share amounts):

	Fiscal Quarter Ended			
	February 28, 2005	**May 31, 2005**	**August 31, 2005**	**November 30, 2005**
Total revenue	$ 179,432	$ 157,447	$ 166,519	$ 236,730
Operating income	71,847	46,866	56,019	90,533
Income from continuing operations	41,118	26,540	36,804	54,612
Net income	41,065	26,501	36,752	55,044
Basic earnings per share	0.77	0.50	0.69	1.04
Diluted earnings per share	0.77	0.50	0.69	1.03

	Fiscal Quarter Ended			
	February 28, 2006	**May 31, 2006**	**August 31, 2006**	**November 30, 2006(1)**
Total revenue	$ 193,934	$ 172,083	$ 178,892	$ 253,460
Operating income	78,463	52,176	51,808	16,719
Income from continuing operations	44,131	30,727	34,299	7,823
Net income	44,053	30,687	34,272	7,792
Basic earnings per share	0.83	0.58	0.64	0.15
Diluted earnings per share	0.83	0.58	0.64	0.15

(1) The fourth quarter of fiscal 2006 includes the impairment of long-lived assets totaling approximately $87.1 million, or $1.04 per basic and diluted share after-tax.

Notes to Consolidated Financial Statements, November 30, 2006

NOTE 16 - SEGMENT REPORTING

The general nature of the Company's business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. The Company's motorsports event operations consist principally of racing events at its major motorsports entertainment facilities. The Company's remaining business units, which are comprised of the radio network production and syndication of numerous racing events and programs, the operation of a motorsports-themed amusement and entertainment complex, certain souvenir merchandising operations not associated with the promotion of motorsports events at the Company's facilities, construction management services, leasing operations, financing and licensing operations and agricultural operations are included in the "All Other" segment. The Company evaluates financial performance of the business units on operating profit after allocation of corporate general and administrative ("G&A") expenses. Corporate G&A expenses are allocated to business units based on each business unit's net revenues to total net revenues.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Intersegment sales are accounted for at prices comparable to unaffiliated customers. Intersegment revenues were approximately $9.0 million, $12.2 million and $8.5 million for the years ended November 30, 2004, 2005, and 2006, respectively (in thousands).

	For The Year Ended November 30, 2004		
	Motorsports Event	All Other	Total
Revenues	$ 609,086	$ 47,774	$ 656,860
Depreciation and amortization	38,788	5,655	44,443
Operating income	217,067	11,351	228,418
Capital expenditures	113,098	22,120	135,218
Total assets	1,343,303	276,207	1,619,510
Equity investments	36,489	-	36,489

	For The Year Ended November 30, 2005		
	Motorsports Event	All Other	Total
Revenues	$ 702,870	$ 49,455	$ 752,325
Depreciation and amortization	43,971	6,922	50,893
Operating income	255,459	9,806	265,265
Capital expenditures	222,736	26,114	248,850
Total assets	1,538,614	258,455	1,797,069
Equity investments	51,160	-	51,160

	For The Year Ended November 30, 2006		
	Motorsports Event	All Other	Total
Revenues	$ 758,263	$ 48,577	$ 806,840
Depreciation and amortization	49,295	7,538	56,833
Operating income	188,133	11,033	199,166
Capital expenditures	96,635	13,739	110,374
Total assets	1,627,129	294,930	1,922,059
Equity investments	175,915	-	175,915

NOTE 17 - SUBSEQUENT EVENT - PURCHASE OF RACEWAY ASSOCIATES

In November 2006, the Company announced that, through a wholly-owned subsidiary, it had entered into a purchase agreement with IMS to indirectly acquire an additional 37.5 percent interest in Raceway Associates. As a result of the transaction, the Company will own 100.0 percent of Motorsports Alliance, which owns 75.0 percent of Raceway Associates. Concurrent with the IMS transaction, the Company also exercised its right to purchase the minority partners' remaining 25.0 percent interest in Raceway Associates pursuant to the 1999 Raceway Associates formation agreement.

All the above transactions closed on February 2, 2007, for a total purchase price of approximately $102.4 million which was paid for utilizing existing cash on hand and approximately $62.0 million in borrowings on the Company's 2006 Credit Facility. In connection with these transactions, the Company acquired Raceway Associates net assets, including approximately $39.7 million in third party debt. These transactions will be accounted for as a business combination.

The Company believes that Chicagoland Speedway and Route 66 are uniquely attractive assets well-positioned in the nation's third largest media market. The region boasts a strong motorsports fan base, demonstrated by six consecutive years of season ticket sell-outs at Chicagoland Speedway since opening in 2001. The Company believes its active representation on Raceway Associates' management committee since 2001 and extensive knowledge of the motorsports business will help ensure a seamless integration into ISC.

The purchase price for the Raceway Associates acquisition will be allocated to the assets acquired and liabilities assumed based on their fair market values at the acquisition date. Included in this acquisition are certain indefinite-lived intangible assets attributable to the NASCAR sanction agreements in place at the time of acquisition and goodwill. The Company will engage an independent appraisal firm to assist in the determination of the fair market value of such assets and liabilities.