



**ANNUAL REPORT**

**2016**



# **DRIVEN** *TO BE THE WORLD LEADER IN MOTORSPORTS ENTERTAINMENT BY PROVIDING SUPERIOR, INNOVATIVE, AND THRILLING GUEST EXPERIENCES.*

International Speedway Corporation, ("ISC") founded in 1953, is a leading promoter of motorsports-themed entertainment activities in the United States. The Company owns and/or operates 13 of the nation's premier motorsports entertainment facilities, which in total, have approximately 763,500 grandstand seats and 548 suites.

ISC's facilities are located in six of the nation's top 13 media markets and nearly 80 percent of the country's population is located within the primary trading areas of its facilities.

ISC promotes major motorsports events in every month of the racing season — more than any other motorsports promoter.

- Daytona International Speedway® in Florida
- Talladega Superspeedway® in Alabama
- Michigan International Speedway® located outside Detroit
- Richmond International Raceway® in Virginia
- Auto Club Speedway<sup>SM</sup> of Southern California, near Los Angeles
- Kansas Speedway® in Kansas City, Kansas
- Phoenix International Raceway® in Arizona
- Chicagoland Speedway® near Chicago, Illinois
- Route 66 Raceway<sup>SM</sup> near Chicago, Illinois
- Homestead-Miami Speedway<sup>SM</sup> in Florida
- Martinsville Speedway® in Virginia
- Darlington Raceway® in South Carolina
- Watkins Glen International® in New York

The Company also owns and operates Motor Racing Network, the nation's largest independent sports radio network, Americrown Service Corporation<sup>SM</sup>, a subsidiary that provides catering and food and beverage concessions. In addition, the Company has a 50 percent interest in the Hollywood Casino at Kansas Speedway.

The National Association for Stock Car Auto Racing (NASCAR) is the most prominent sanctioning body in stock car racing, based on such factors as geographic presence, number of members and sanctioned events. ISC derives approximately 89 percent of its revenues from NASCAR-sanctioned racing events.

ISC attributes its solid revenues and profits to an operating strategy that produces significant operating cash flow which is reinvested in strategic opportunities to grow the business and deliver shareholder value.





## **DEAR INTERNATIONAL SPEEDWAY CORPORATION SHAREHOLDERS, PARTNERS AND EMPLOYEES:**

**A**t ISC, our vision is to be the leader in motorsports entertainment by providing superior, innovative and thrilling guest experiences. We strive to achieve this vision through prudent reinvestment in our core business and developing strategic partnerships that provide growth opportunities and long-term sustainable returns.

In 2016, we continued to grow the business and drive shareholder value. Revenue increased to \$661 million and non-GAAP earnings increased to \$1.48 per diluted share. We generated over \$239 million from non-GAAP EBITDA and cash distributions from our joint-venture partnership in the Hollywood Casino.

### **~ ATTENDANCE REMAINS PRIORITY ~**

ISC announced sell-outs for three NASCAR Cup events during the year: the DAYTONA 500, Watkins Glen and Ford Championship weekend at Homestead-Miami Speedway. Our focused consumer marketing initiatives have proven successful in recent years in the face of challenging macroeconomic and industry specific headwinds. We have strengthened these initiatives by partnering with NASCAR and key industry stakeholders. Our objective is to stabilize attendance and grow admissions trends with increasing engagement of core and casual fans through digital and social media distribution channels, continuing improvements to the live event experience, segmented hospitality experiences, and thrilling on track competition.

### **~ ROBUST MARKETING PARTNERSHIP PLATFORM ~**

Corporate sales remain a bright spot for ISC. In 2016 gross corporate partnership revenue increased over 12%, driven mostly by DAYTONA Rising. The sport remains a great marketing platform for our corporate partners, providing a high return for their advertising dollar. We remain optimistic for future growth in this area of the business.

### **~ STRONG VIEWERSHIP AND CONSUMPTION ~**

We continue to support NASCAR and our broadcast partners' strategy to remain competitive and relevant with compelling content. The Monster Energy NASCAR Cup Series attracted significant viewership consumption, averaging over 4.6 million viewers per weekend, and ranked as the number one or number two sports broadcast 17 times during the 2016 season.

### **~ REINVESTMENT GENERATES GROWTH OPPORTUNITY ~**

2016 marked a significant milestone in ISC's history. DAYTONA Rising, the \$400 million reimagining of Daytona International Speedway was completed on budget and in time to kick off the 2016 racing season. The new Daytona International Speedway introduced innovative amenities and experiences for guests to become immersed in the live event. The stadium, spanning nearly one mile, includes wider, more-comfortable seating, social zones, Wi-Fi and enhanced data connectivity, mobile apps with GPS integration, and improved vertical transportation with an increased number of elevators and escalators. The new stadium provides an expansive platform for

our marketing partners, including our five founding partners, Toyota, Florida Hospital, Chevrolet, Sunoco and Axalta. The project has contributed over \$15 million in sustainable incremental EBITDA.

### **~ MAXIMIZING FACILITY UTILIZATION ~**

Maximizing facility utilization is a key strategy for us. In 2016, we hosted three multi-day music festivals, including the fourth annual Faster Horses in Michigan and inaugural events, HARD Summer in California and the Country 500 in Daytona. These events are a fitting complement to our core business while contributing to the Company's financial performance.

### **~ DIVERSIFYING THROUGH STRATEGIC DEVELOPMENTS ~**

Our joint venture investment in the Hollywood Casino at Kansas Speedway contributed \$14.9 million to equity earnings, an increase of over 6%, and cash distributions to ISC totaled \$25.9 million in fiscal 2016.


ONE DAYTONA, our mixed use real estate development across from Daytona International Speedway, commenced construction in spring 2016. Construction is progressing on schedule. Anchor tenants, Cobb Theatres and Bass Pro Shops, opened with great success in December 2016 and February 2017, respectively. The remaining components of the project are expected to open in late 2017. ONE DAYTONA will cost approximately \$95 million and generate a return greater than ISC cost of capital.

### **~ DISCIPLINED CAPITAL ALLOCATION STRATEGY ~**

We maintain a solid financial position, developed over many years, that affords us the ability to follow our disciplined capital allocation strategy and maintain our leadership position in the motorsports industry. Our financial and liquidity position was further strengthened through the completion of the sale of our Staten Island property in 2016. Return of capital to shareholders through dividends and share repurchase is a significant pillar of our capital allocation plan. In 2016 we increased our dividend 58% to \$0.41 per share and repurchased 1.7 million shares of ISCA totaling \$55.1 million. For the future, we are well positioned to balance the strategic capital needs of our business with returning capital to our shareholders.

We appreciate your continued support and look forward to seeing you at the races!

  
VICE CHAIR AND CHIEF EXECUTIVE OFFICER

  
PRESIDENT

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**10-K**

**2016**

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

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**FORM 10-K**

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(Mark One)

**Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the fiscal year ended November 30, 2016

or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number 000-02384



**INTERNATIONAL SPEEDWAY CORPORATION**

(Exact name of registrant as specified in its charter)

**FLORIDA**

(State or other jurisdiction of incorporation)

**59-0709342**

(I.R.S. Employer Identification No.)

**ONE DAYTONA BOULEVARD,  
DAYTONA BEACH, FLORIDA**

(Address of principal executive offices)

**32114**

(Zip code)

Registrant's telephone number, including area code: (386) 254-2700

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**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Name of each exchange on which registered
Class A Common Stock — \$.01 par value	NASDAQ/National Market System

**Securities registered pursuant to Section 12 (g) of the Act:**

**Common Stock — \$.10 par value**  
**Class B Common Stock — \$.01 par value**  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
YES  NO

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of May 31, 2016 was \$901,001,669.53 based upon the last reported sale price of the Class A Common Stock on the NASDAQ National Market System on Thursday, May 31, 2016 and the assumption that all directors and executive officers of the Company, and their families, are affiliates.

At December 31, 2016, there were outstanding: No shares of Common Stock, \$.10 par value per share, 25,320,365 shares of Class A Common Stock, \$.01 par value per share, and 19,759,469 shares of Class B Common Stock, \$.01 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE. The information required by Part III is to be incorporated by reference from the definitive information statement which involves the election of directors at our April 2017 Annual Meeting of Shareholders and which is to be filed with the Commission not later than 120 days after November 30, 2016.

EXCEPT AS EXPRESSLY INDICATED OR UNLESS THE CONTEXT OTHERWISE REQUIRES, "ISC," "WE," "OUR," "COMPANY," "US," OR "INTERNATIONAL SPEEDWAY" MEAN INTERNATIONAL SPEEDWAY CORPORATION, A FLORIDA CORPORATION, AND ITS SUBSIDIARIES.



**INTERNATIONAL SPEEDWAY CORPORATION**  
**FORM 10-K**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016**

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## PART I

### ITEM 1. BUSINESS

#### GENERAL

We are a leading owner of major motorsports entertainment facilities and promoter of motorsports themed entertainment activities in the United States. Our motorsports themed event operations consist principally of racing events at our major motorsports entertainment facilities. We currently own and/or operate 13 of the nation's major motorsports entertainment facilities:

- Daytona International Speedway® ("Daytona") in Florida;
- Talladega Superspeedway® ("Talladega") in Alabama;
- Michigan International Speedway® ("Michigan") in Michigan;
- Auto Club Speedway of Southern California<sup>SM</sup> ("Auto Club Speedway") in California;
- Kansas Speedway® ("Kansas") in Kansas;
- Richmond International Raceway® ("Richmond") in Virginia;
- Darlington Raceway® ("Darlington") in South Carolina;
- Chicagoland Speedway® ("Chicagoland") in Illinois;
- Martinsville Speedway® ("Martinsville") in Virginia;
- Phoenix International Raceway® ("Phoenix") in Arizona;
- Homestead-Miami Speedway<sup>SM</sup> ("Homestead") in Florida;
- Watkins Glen International® ("Watkins Glen") in New York; and
- Route 66 Raceway<sup>SM</sup> ("Route 66") in Illinois.

In 2016, 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") Monster Energy NASCAR Cup Series events;
- 14 NASCAR Xfinity Series events;
- 9 NASCAR Camping World Truck Series events;
- 2 International Motor Sports Association ("IMSA") Weather Tech SportsCar Championship Series events including the premier sports car endurance event in the United States, the Rolex 24 At DAYTONA;
- 5 ARCA Racing Series events;
- One National Hot Rod Association ("NHRA") Mello Yello Drag Racing Series event;
- 2 IndyCar ("IndyCar") Series events; and
- A number of other prestigious stock car, sports car, open wheel and motorcycle events.

Our business consists principally of promoting racing events at these major motorsports entertainment facilities, which, in total, currently have approximately 762,000 grandstand seats and 573 suites. We earn revenues and generate substantial cash flows primarily from admissions, television media rights fees, promotion and sponsorship fees, hospitality rentals (including luxury suites, chalets and the hospitality portion of club seating), advertising revenues, royalties from licenses of our trademarks, parking and camping, and track rentals. We own Americrown Service Corporation ("Americrown"), which provides catering, concessions and services at certain of our motorsports entertainment facilities. We also own and operate the Motor Racing Network, Inc. ("MRN") radio network, also doing business under the name "MRN Radio", the nation's largest independent motorsports radio network in terms of event programming. We also have an equity investment in a Hollywood Casino at Kansas Speedway that has generated substantial equity earnings and cash distributions to us since its opening in fiscal year 2012.

At the beginning of fiscal 2017, entitlement of NASCAR's premier series changed. The NASCAR Sprint Cup Series will become the Monster Energy NASCAR Cup Series. Throughout this document, the naming convention for this series is consistent with the branding in fiscal 2017 for prospective events and will be referred to as NASCAR Cup Series for retrospective discussion.

#### INCORPORATION

We were incorporated in 1953 under the laws of the State of Florida under the name "Bill France Racing, Inc." and changed our name to "Daytona International Speedway Corporation" in 1957. With the groundbreaking for Talladega Superspeedway in 1968, we changed our name to "International Speedway Corporation." Our principal executive offices are located at One

Daytona Boulevard, Daytona Beach, Florida 32114, and our telephone number is (386) 254-2700. We maintain a website at <http://www.internationalspeedwaycorporation.com/>. The information on our website is not part of this report.

## OPERATIONS

The general nature of our business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. Our motorsports themed event operations consist principally of racing events at our major motorsports entertainment facilities, which include providing catering, and food and beverage concessions at our motorsports entertainment facilities that host NASCAR Cup Series events except for catering, and food and beverage concessions at Chicagoland and Route 66. Our other operations include MRN; our 50.0 percent equity investment in the joint venture Kansas Entertainment, LLC ("Kansas Entertainment"), which operates the Hollywood Casino at Kansas Speedway; and certain other activities including souvenir merchandising operations. We derived approximately 89.1 percent of our 2016 revenues from NASCAR-sanctioned racing events at our wholly owned motorsports entertainment facilities. In addition to events sanctioned by NASCAR, in fiscal 2016, we promoted other stock car, sports car, open wheel, motorcycle and go-kart racing events.

### Food, Beverage and Merchandise Operations

We conduct, either through operations of the particular facility or through our wholly owned subsidiary, Americrown, food and beverage concession operations and catering services, both in suites and chalets, for customers at each of our motorsports entertainment facilities with the exception of food and beverage concessions and catering services at Chicagoland and Route 66. In January 2015, the Company entered into a 10-year agreement with Fanatics Retail Group Concessions, Inc. ("Fanatics") for Fanatics to have exclusive retail merchandise rights for its track trademarks and certain other intellectual property at all ISC tracks (see Merchandising Operations in Future Trends In Operating Results of MANAGEMENT'S DISCUSSION AND ANALYSIS).

### Motor Racing Network, Inc.

Our wholly owned subsidiary, MRN, also does business under the name "MRN Radio". While not a radio station, MRN creates motorsports-related programming content carried on radio stations around the country, as well as a national satellite radio service, Sirius XM Radio. MRN produces and syndicates to radio stations live coverage of the Monster Energy NASCAR Cup, Xfinity and Camping World Truck series races and certain other races conducted at our motorsports entertainment facilities, as well as some races conducted at motorsports entertainment facilities we do not own. Sirius XM Radio also compensates MRN for the contemporaneous re-airing of race broadcasts and certain other production services. MRN produces and provides unique content to its website, <http://www.motorracingnetwork.com/>, and derives revenue from the sale of advertising on such website. Each motorsports entertainment facility has the ability to separately contract for the rights to radio broadcasts of NASCAR and certain other events held at its location. In addition, MRN provides production services for the trackside large screen video display units, at NASCAR Cup Series event weekends that take place at our motorsports facilities, as well as at Dover International Speedway and Pocono Raceway. MRN also produces and syndicates daily and weekly NASCAR racing-themed programs. MRN derives revenue from the sale of national advertising contained in its syndicated programming, the sale of advertising and audio and video production services for trackside large screen video display units, as well as from rights fees paid by radio stations that broadcast the programming.

## EQUITY INVESTMENTS

### Hollywood Casino at Kansas Speedway

We have a 50/50 partnership with Penn Hollywood Kansas Inc. ("Penn"), a subsidiary of Penn National Gaming Inc., which operates a Hollywood-themed and branded destination entertainment facility, overlooking turn two at Kansas. Penn is the managing member of Kansas Entertainment and is responsible for the operation of the casino.

### Fairfield Inn Hotel at ONE DAYTONA

We have a 33.25 percent equity interest in a partnership with Daytona Hospitality Group II, LLC ("DHGII"), a subsidiary of Prime-Shaner Groups, to construct and operate a Fairfield Inn hotel. DHGII is the managing member of the Fairfield and will be responsible for the development and operations of the hotel.

We have entered into additional joint ventures, which are structured similarly to the Fairfield Inn joint venture. These joint venture projects include The Daytona, a full service Marriott Autograph Collection hotel, and a residential component of the ONE DAYTONA project (see "Liquidity and Capital Resources - ONE DAYTONA").

## Other Activities

From time to time, we use our motorsports entertainment facilities for testing for teams, driving schools, riding experiences, car shows, auto fairs, concerts, music festivals and settings for television commercials, print advertisements and motion pictures. We also rent “show cars” for promotional events.

## Competition

We are among the largest owners of major motorsports themed entertainment facilities based on revenues, number of facilities owned and/or operated, number of motorsports themed events promoted and market capitalization. Racing events compete with other professional sports such as football, basketball, hockey and baseball, as well as other recreational events and activities. Our events also compete with other racing events sanctioned by various racing bodies such as NASCAR, the American Sportbike Racing Association — Championship Cup Series, United States Auto Club (“USAC”), Sports Car Club of America (“SCCA”), IMSA, IndyCar Series, Automobile Racing Club of America (“ARCA”) and others, many of which are often held on the same dates at separate motorsports entertainment facilities. We believe that the type and caliber of promoted racing events, facility location, sight lines, pricing, variety of motorsports themed amusement options and level of customer conveniences and amenities are the principal factors that distinguish competing motorsports entertainment facilities.

## Employees

As of November 30, 2016 we had over 792 full-time employees. We also engage a significant number of temporary personnel to assist during periods of peak attendance at our events, some of whom are volunteers. None of our employees are represented by a labor union. We believe that we enjoy a good relationship with our employees.

## Company Website Access and SEC Filings

The Company’s website may be accessed at <http://www.internationalspeedwaycorporation.com/>. Through a link on the Investor Relations portion of our internet website, you can access all of our filings with the Securities and Exchange Commission (“SEC”). However, in the event that the website is inaccessible our filings are available to the public over the internet at the SEC’s website at <http://www.sec.gov/>. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, NE, Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. You can also obtain information about us at the offices of the National Association of Securities Dealers, 1735 K St., N.W., Washington, D.C. 20006.

## ITEM 1A. RISK FACTORS

### *Forward-looking statements*

This report contains forward-looking statements. The documents incorporated into this report by reference may also contain forward-looking statements. You can identify a forward-looking statement by our use of the words “anticipate,” “estimate,” “expect,” “may,” “believe,” “objective,” “projection,” “forecast,” “goal,” and similar expressions. Forward-looking statements include our statements regarding the timing of future events, our anticipated future operations and our anticipated future financial position and cash requirements.

We believe that the expectations reflected in our forward-looking statements are reasonable. We do not know whether our expectations will ultimately prove correct.

In the section that follows below, in cautionary statements made elsewhere in this report, and in other filings we have made with the SEC, we list the important factors that could cause our actual results to differ from our expectations. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors described below and other factors set forth in or incorporated by reference in this report.

These factors and cautionary statements apply to all future forward-looking statements we make. Many of these factors are beyond our ability to control or predict. Do not put undue reliance on forward-looking statements or project any future results based on such statements or on present or prior earnings levels.

Additional information concerning these or other factors, which could cause the actual results to differ materially from those in our forward-looking statements is contained from time to time in our other SEC filings. Copies of those filings are available from us and/or the SEC.

*Adverse changes in our relationships with NASCAR and other motorsports sanctioning bodies, or their sanctioning practices, could limit our future success*

Our success has been, and is expected to remain, dependent on maintaining good working relationships with the organizations that sanction the races we promote at our facilities, particularly NASCAR. NASCAR-sanctioned races conducted at our wholly owned motorsports entertainment facilities accounted for approximately 89.1 percent of our total revenues in fiscal 2016. Previously, each NASCAR sanctioning agreement (and the accompanying media rights fees revenue) was awarded on an annual basis. In 2015, we entered into sanctioning agreements with five year terms with NASCAR Event Management, Inc. ("NEM"), an affiliate of NASCAR, for the promotion of our inventory of NASCAR Cup, Xfinity and Camping World Truck Series events. NASCAR is not required to continue to enter into, renew or extend these five year sanctioning agreements with us to conduct any event. These agreements may be terminated by NASCAR due to a breach by us or should we be unable to comply with the terms thereof. Any adverse change in these sanctioning practices, or the economic structure of the NASCAR industry, could adversely impact our operations and revenue. Moreover, while we may pursue the possible development and/or acquisition of additional motorsports entertainment facilities in the future, we have no assurance that any sanctioning body, including NASCAR, will enter into sanctioning agreements with us to conduct races at any newly developed or acquired motorsports entertainment facilities. Failure to obtain a sanctioning agreement for a major NASCAR event could negatively affect us. Similarly, although NASCAR has in the past approved our requests for realignment of sanctioned events, NASCAR is not obligated to modify its race schedules to allow us to schedule our races more efficiently or profitably.

*Changes to media rights revenues could adversely affect us*

Domestic broadcast and certain ancillary media rights fees revenues derived from NASCAR's three national touring series -- the Monster Energy NASCAR Cup Series, Xfinity Series, and Camping World Truck Series -- are an important component of our revenue and earnings stream and any adverse changes to such rights fees revenues could adversely impact our results.

Any material changes in the media industry that could lead to differences in historical practices or decreases in the term and/or financial value of future broadcast agreements, such as a significant decrease in subscriber fees or advertising revenues due to changing consumer habits, could have a material adverse effect on our revenues and financial results.

*Changes, declines and delays in consumer and corporate spending as well as illiquid credit markets could adversely affect us*

Our financial results depend significantly upon a number of factors relating to discretionary consumer and corporate spending, including economic conditions affecting disposable consumer income and corporate budgets such as:

- Employment;
- Business conditions;
- Interest rates; and
- Taxation rates.

These factors can impact both attendance at our events and advertising and marketing dollars available from the motorsports industry's principal sponsors and potential sponsors. Economic and other lifestyle conditions such as illiquid consumer and business credit markets adversely affect consumer and corporate spending thereby impacting our revenue, profitability and financial results. Further, changes in consumer behavior such as deferred purchasing decisions and decreased spending budgets adversely impact our cash flow visibility and revenues. For example, the significant economic deterioration that began in fiscal 2008 and the Great Recession significantly impacted these areas of our business and our revenues and financial results.

Unavailability of credit on favorable terms can adversely impact our growth, development and capital spending plans. General economic conditions may be significantly and negatively impacted by global events such as terrorist attacks, prospects of war, or global economic uncertainty. A weakened economic and business climate, as well as consumer uncertainty and the loss of consumer confidence created by such a climate, could adversely affect our financial results. Finally, our financial results could also be adversely impacted by a widespread outbreak of a severe epidemiological crisis.

*Delay, postponement or cancellation of major motorsports events because of weather could adversely affect us*

We promote outdoor motorsports entertainment events. Weather conditions affect sales of, among other things, tickets, food, drinks and merchandise at these events. Poor weather conditions prior to an event, or even the forecast of poor weather conditions, could have a negative impact on us, particularly for walk-up ticket sales to events which are not sold out in advance. If an event scheduled for one of our facilities is delayed or postponed because of weather, we could incur increased expenses associated with conducting the rescheduled event, as well as possible decreased revenues from tickets, food, drinks and merchandise at the rescheduled event. Moreover, the forecast of poor weather conditions and/or the delay or postponement of an event due to weather conditions could have a negative impact on renewals for the following year. If such an event is canceled, we would incur the expenses associated with preparing to conduct the event as well as losing the revenues, including any live broadcast revenues, associated with the event.

If a canceled event is part of the Monster Energy NASCAR Cup, Xfinity or Camping World Truck series, in the year of cancellation we could experience a reduction in the amount of money we expect to receive from television revenues for all of our NASCAR-sanctioned events in the series that experienced the cancellation. This would occur if, as a result of the cancellation, and without regard to whether the canceled event was scheduled for one of our facilities, NASCAR experienced a reduction in television revenues greater than the amount scheduled to be paid to the promoter of the canceled event.

*Terrorism and/or fear of violence or attacks at mass gatherings could adversely affect us*

Acts of terrorism or violence at mass gatherings or sporting events, prospects of war, global economic uncertainty, or a widespread outbreak of a severe epidemiological crisis, resulting in public fears regarding attendance at sporting events or mass gatherings, could negatively impact attendance at our events. Any one of these items could increase our expenses related to insurance, security and other related matters. In addition, the delay, postponement or cancellation of major motorsports events could have an adverse impact on us such as increased expenses associated with conducting the rescheduled event, as well as possible decreased revenues from tickets, food, drinks and merchandise at the rescheduled event. If such an event is canceled, we would incur the expenses associated with preparing to conduct the event as well as losing the revenues, including any live broadcast revenues, associated with the event.

*France Family Group control of NASCAR creates conflicts of interest*

Members of the France Family Group own and control NASCAR. James C. France, our Chairman of the Board, and Lesa France Kennedy, our Vice Chairwoman and Chief Executive Officer, are both members of the France Family Group in addition to holding positions with NASCAR. Each of them, as well as our general counsel, spends part of his or her time on NASCAR's business. Because of these relationships, even though all related party transactions are approved by our Audit Committee, certain potential conflicts of interest between us and NASCAR exist with respect to, among other things:

- The terms of any sanctioning agreements that may be awarded to us by NASCAR;
- The amount of time the employees mentioned above and certain of our other employees devote to NASCAR's affairs; and
- The amounts charged or paid to NASCAR for office rental, transportation costs, shared executives, administrative expenses and similar items.

France Family Group members, together, beneficially own approximately 41.0 percent of our capital stock and control over 73.0 percent of the combined voting power of both classes of our common stock. Historically members of the France Family Group have voted their shares of common stock in the same manner. Accordingly, they can (without the approval of our other shareholders) elect our entire Board of Directors and determine the outcome of various matters submitted to shareholders for approval, including fundamental corporate transactions and have done so in the past. If holders of class B common stock other than the France Family Group elect to convert their beneficially owned shares of class B common stock into shares of class A common stock and members of the France Family Group do not convert their shares, the relative voting power of the France Family Group will increase. Voting control by the France Family Group may discourage certain types of transactions involving an actual or potential change in control of us, including transactions in which the holders of class A common stock might receive a premium for their shares over prevailing market prices.

*Our success depends on the availability and performance of key personnel*

Our continued success depends upon the availability and performance of our senior management team, which possesses unique and extensive industry knowledge and experience. Our inability to retain and attract key employees in the future, could have a negative effect on our operations and business plans.

*Our capital allocation plan may not achieve anticipated results*

Enhancing the live event experience for our guests by investing in our major motorsports facilities is a critical strategy for our growth, and our Board of Directors has endorsed a capital allocation plan for fiscal 2013 through fiscal 2017 related to this strategy, which includes DAYTONA Rising. In fiscal 2016, our Board endorsed a capital allocation plan for fiscal 2017 through fiscal 2021, which includes strategic reinvestment in our motorsports facilities and the development project ONE DAYTONA. This plan involves significant challenges and risks including that the projects do not advance our business strategy or that we do not realize a satisfactory return on our investment. It may take longer than expected to realize the full benefits from these projects, such as increased revenue, or the benefits may ultimately be smaller than anticipated or may not be realized. These events could harm our operating results or financial condition.

*Future impairment or loss on disposal of goodwill and other intangible assets or long-lived assets by us or our equity investments and joint ventures could adversely affect our financial results*

Our consolidated balance sheets include significant amounts of goodwill and other intangible assets and long-lived assets which could be subject to impairment or loss on retirement. During the fiscal years ended November 30, 2014, 2015 and 2016 we recorded before-tax charges as losses on retirements of long-lived assets primarily attributable to the removal of certain other long-lived assets located at our motorsports facilities totaling approximately \$10.1 million, \$16.0 million and \$2.9 million, respectively. As part of our capital projects process, we identify existing assets that are impacted and require the acceleration of their remaining useful lives. During the fiscal years ended November 30, 2014, 2015, we recorded approximately \$11.1 million and \$6.8 million, respectively, of accelerated depreciation. There were no similar costs in fiscal 2016.

As of November 30, 2016, goodwill and other intangible assets and property and equipment accounts for approximately \$1.8 billion, or 80.7 percent of our total assets. We account for our goodwill and other intangible assets in accordance with Accounting Standards Codification (“ASC”) 350, “Intangibles — Goodwill and Other”, and for our long-lived assets in accordance with ASC 360, “Property, Plant and Equipment.” Both ASC 350 and 360 require testing goodwill and other intangible assets and long-lived assets for impairment based on assumptions regarding our future business outlook. While we continue to review and analyze many factors that can impact our business prospects in the future, our analyses are subjective and are based on conditions existing at and trends leading up to the time the assumptions are made. Actual results could differ materially from these assumptions. Our judgments with regard to our future business prospects could impact whether or not an impairment is deemed to have occurred, as well as the timing of the recognition of such an impairment charge. If future testing for impairment of goodwill and other intangible assets or long-lived assets results in a reduction in their carrying value, we will be required to take the amount of the reduction in such goodwill and other intangible assets or long-lived assets as a non-cash charge against operating income, which would also reduce shareholders’ equity.

In addition, our growth strategy includes investing in certain joint venture opportunities. In these equity investments we exert significant influence on the investee but do not have effective control over the investee. These equity investments add an additional element of risk where they may not advance our business strategy or that we do not realize a satisfactory return on our investment. It may take longer than expected to realize the full benefits from these equity investments, or the benefits may ultimately be smaller than anticipated or may not be realized. These events could harm our operating results or financial condition. Our equity investments total approximately \$92.4 million at November 30, 2016.

*Personal injuries to spectators and participants could adversely affect financial results*

Motorsports can be dangerous to participants and spectators. We maintain insurance policies that provide coverage within limits that we believe should generally be sufficient to protect us from a large financial loss due to liability for personal injuries sustained by persons on our property in the ordinary course of our business. There can be no assurance, however, that the insurance will be adequate or available at all times and in all circumstances. Our financial condition and results of operations could be affected negatively to the extent claims and expenses in connection with these injuries are greater than insurance recoveries or if insurance coverage for these exposures becomes unavailable or prohibitively expensive.

In addition, sanctioning bodies could impose more stringent rules and regulations for safety, security and operational activities. Such regulations include, for example, the improvements and additions of energy absorbing retaining walls at our facilities, which have increased our capital expenditures, and increased safety and security procedures, which have increased our operational expenses.

*We operate in a highly competitive environment*

As an entertainment company, our racing events face competition from other spectator-oriented sporting events and other leisure, entertainment and recreational activities, including professional football, basketball, hockey and baseball. As a result, our revenues are affected by the general popularity of motorsports, the availability of alternative forms of recreation and changing consumer preferences and habits, including how consumers consume entertainment. Our racing events also compete with other racing events sanctioned by various racing bodies such as NASCAR, USAC, NHRA, SCCA, IMSA, ARCA and others. Many sports and entertainment businesses have resources that exceed ours.

*We are subject to changing governmental regulations and legal standards that could increase our expenses*

While we believe that our operations are in material compliance with all applicable federal, state and local environmental, laws and regulations, if it is determined that damage to persons or property or contamination of the environment has been caused or exacerbated by the operation or conduct of our business or by pollutants, substances, contaminants or wastes used, generated or disposed of by us, or if pollutants, substances, contaminants or wastes are found on property currently or previously owned or operated by us, we may be held liable for such damage and may be required to pay the cost of investigation and/or remediation of such contamination or any related damage. The amount of such liability as to which we are self-insured could be material.

State and local laws relating to the protection of the environment also can include noise abatement laws that may be applicable to our racing events.

Our existing facilities continue to be used in situations where the standards for new facilities to comply with certain laws and regulations, including the Americans with Disabilities Act, are constantly evolving. Changes in the provisions or application of federal, state or local environmental, land use or other laws, regulations or requirements to our facilities or operations, or the discovery of previously unknown conditions, also could require us to make additional material expenditures to remediate or attain compliance.

Regulations governing the use and development of real estate may prevent us from advancing certain of our business strategies, such as real estate development, and could also substantially delay, complicate and/or increase the costs related to the process of improving existing facilities.

Our business is subject to, and regulated by certain federal, state and foreign privacy and data protection laws and regulations. Changes in regulations or regulatory activity related to the acquisition, storage and subsequent use of customer information and data may prevent us from advancing certain of our business strategies or can increase the costs necessary to comply with such regulations.

*If we do not maintain the security of customer-related information, we could damage our reputation with customers, incur substantial additional costs and become subject to litigation*

In the ordinary course of our business, we collect and store certain personal information in digital form, including but not limited to name, address and payment account information from individuals, such as our customers, employees and business partners. We also process customer payment card transactions. In addition, our on-line operations depend upon the secure transmission of confidential, personal and payment account information over public networks, including information permitting cashless payments. We limit the amount of payment information by using “tokens” which is an industry best practice that does not require the credit card number to be stored. Significant resources are dedicated both internally and with external experts to help us manage information security, network security, data encryption, and other security practices to protect our systems and data, but these security measures cannot provide absolute security. As with all companies, these security measures are costly, require ongoing monitoring and rapid change due to technology advances, and are subject to third-party security breaches, cyber terrorism, employee error or malfeasance, intrusion or other unanticipated situations. Such a compromise of our information systems that results in personal or payment network information being obtained by unauthorized persons could adversely affect our reputation with our customers, the credit card brands (such as VISA, MasterCard and American Express) and others. Such a compromise could also adversely affect our operations, results of operations, financial condition and liquidity, and could result in litigation against us, the imposition of penalties, restrictions or other requirements by regulatory bodies or the credit card brands. In addition, a security systems breach could require that we expend significant additional resources related to our information security systems and could result in a disruption of our operations, particularly our sales operations. While we maintain cyber liability insurance, not all losses would be covered by such insurance. Further, there can be no assurance that we will be able to maintain such insurance at commercially reasonable rates.

*Our quarterly results are subject to seasonality and variability*

We derive most of our income from a limited number of NASCAR-sanctioned races. As a result, our business has been, and is expected to remain, highly seasonal based on the timing of major racing events. Future schedule changes as determined by NASCAR or other sanctioning bodies, as well as the acquisition of additional, or divestiture of existing, motorsports entertainment facilities could impact the timing of our major events in comparison to prior or future periods.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None



## ITEM 2. PROPERTIES

### Motorsports Entertainment Facilities

The following table sets forth current information relating to each of our motorsports entertainment facilities as of November 30, 2016:

TRACK NAME	LOCATION	2016 YEAR END CAPACITY		NASCAR CUP EVENTS	OTHER MAJOR EVENTS(1)	MARKETS SERVED	MEDIA MARKET RANK
		SEATS	SUITES				
Daytona International Speedway	Daytona Beach, Florida	101,000	124	4	6	Orlando/Central Florida	18
Talladega Superspeedway	Talladega, Alabama	78,000	30	2	3	Atlanta/Birmingham	10/45
Michigan International Speedway	Brooklyn, Michigan	71,000	46	2	3	Detroit	13
Auto Club Speedway of Southern California	Fontana, California	67,000	80	1	1	Los Angeles	2
Kansas Speedway	Kansas City, Kansas	64,000	55	2	3	Kansas City	33
Richmond International Raceway	Richmond, Virginia	59,000	40	2	2	Washington D.C.	7
Darlington Raceway	Darlington, South Carolina	58,000	13	1	1	Columbia	77
Chicagoland Speedway	Joliet, Illinois	55,000	25	1	3	Chicago	3
Martinsville Speedway	Martinsville, Virginia	55,000	20	2	2	Greensboro/High Point	46
Phoenix International Raceway	Phoenix, Arizona	51,000	46	2	4	Phoenix	12
Homestead-Miami Speedway	Homestead, Florida	47,000	66	1	2	Miami	16
Watkins Glen International	Watkins Glen, New York	32,000	4	1	3	Buffalo/Rochester	53/76
Route 66 Raceway	Joliet, Illinois	24,000	24	—	1 (2)	Chicago	3

(1) Other major events include NASCAR Xfinity and Camping World Truck series; ARCA; IMSA; IndyCar; and, AMA Pro Racing.

(2) Route 66's other major event includes an NHRA Mello Yello Drag Racing Series event.

**DAYTONA INTERNATIONAL SPEEDWAY.** Daytona is a 2.5 mile high-banked, lighted, asphalt, tri-oval superspeedway that also includes a 3.6-mile road course. We lease the land on which Daytona International Speedway is located from the City of Daytona Beach. The lease on the property expires in 2054, including renewal options. The facility is situated on 440 acres and is located in Daytona Beach, Florida.

**TALLADEGA SUPERSPEEDWAY.** Talladega is a 2.7 mile high-banked, asphalt, tri-oval superspeedway with a 1.3-mile infield road course. The facility is situated on 1,435 acres and is located about 100 miles from Atlanta, Georgia and approximately 50 miles from Birmingham, Alabama.

**MICHIGAN INTERNATIONAL SPEEDWAY.** Michigan is a 2.0 mile moderately-banked, asphalt, tri-oval superspeedway. The facility is situated on 1,180 acres and is located in Brooklyn, Michigan, approximately 70 miles southwest of Detroit.

**AUTO CLUB SPEEDWAY OF SOUTHERN CALIFORNIA.** Auto Club Speedway is a 2.0 mile moderately-banked, lighted, asphalt, tri-oval superspeedway. The facility is situated on 566 acres and is located approximately 40 miles east of Los Angeles in Fontana, California. The facility also includes a quarter mile drag strip and a 2.8-mile road course.

**KANSAS SPEEDWAY.** Kansas is a 1.5 mile variable-degree banked, asphalt, tri-oval superspeedway with a 0.9-mile infield road course. The facility is situated on 1,000 acres and is located in Kansas City, Kansas. Overlooking turn two of Kansas is a Hollywood-themed and branded destination entertainment facility (see Equity Investments).

**RICHMOND INTERNATIONAL RACEWAY.** Richmond is a 0.8 mile moderately-banked, lighted, asphalt, oval, intermediate speedway. The facility is situated on 635 acres and is located approximately 10 miles from downtown Richmond, Virginia.

**DARLINGTON RACEWAY.** Darlington is a 1.3 mile high-banked, lighted, asphalt, egg-shaped superspeedway. The facility is situated on 230 acres and is located in Darlington, South Carolina.

**CHICAGOLAND SPEEDWAY.** Chicagoland is a 1.5 mile moderately-banked, lighted, asphalt, tri-oval superspeedway. The facility is situated on 930 acres and is located in Joliet, Illinois, approximately 35 miles from Chicago, Illinois.

**MARTINSVILLE SPEEDWAY.** Martinsville is a 0.5 mile moderately-banked, asphalt and concrete, oval speedway. The facility is situated on 250 acres and is located in Martinsville, Virginia, approximately 50 miles north of Winston-Salem, North Carolina.

**PHOENIX INTERNATIONAL RACEWAY.** Phoenix is a 1.0 mile low-banked, lighted, asphalt, oval superspeedway. The facility is situated on 598 acres that also includes a 1.5-mile road course located near Phoenix, Arizona.

**HOMESTEAD-MIAMI SPEEDWAY.** Homestead is a 1.5 mile variable-degree banked, lighted, asphalt, oval superspeedway. The facility is situated on 404 acres and is located in Homestead, Florida. Homestead is owned by the City of Homestead, however we operate Homestead under an agreement that expires in 2075, including renewal options.

**WATKINS GLEN INTERNATIONAL.** Watkins Glen includes 3.4-mile and 2.4-mile road course tracks. The facility is situated on 1,377 acres and is located near Watkins Glen, New York.

**ROUTE 66 RACEWAY.** Route 66 includes a quarter mile drag strip and dirt oval speedway. The facility, adjacent to Chicagoland, is situated on 240 acres and is located in Joliet, Illinois, approximately 35 miles from Chicago, Illinois.

**OTHER FACILITIES:** We own approximately 245 acres of real property near Daytona which is home to our corporate headquarters, ONE DAYTONA (see “Liquidity and Capital Resources - ONE DAYTONA”) and other offices and facilities. We also own an additional approximate 3,800 acres, outside the location of the respective racing facilities, that are used for event parking, camping, other non-motorsport events and ancillary purposes. In addition, we lease real estate and office space in Talladega, Alabama, Watkins Glen, New York, Concord, North Carolina and Avondale, Arizona.

#### Intellectual Property

We have various registered and common law trademark rights, including, but not limited to, “California Speedway,” “Chicagoland Speedway,” “Darlington Raceway,” “The Great American Race,” “Southern 500,” “Too Tough to Tame,” “Daytona International Speedway,” “Daytona 500 EXperience,” the “DAYTONA 500,” the “24 Hours of Daytona,” “Acceleration Alley,” “Daytona Dream Laps,” “Speedweeks,” “World Center of Racing,” “Homestead-Miami Speedway,” “Kansas Speedway,” “Martinsville Speedway,” “Michigan International Speedway,” “Phoenix International Raceway,” “Richmond International Raceway,” “Route 66 Raceway,” “The Action Track,” “Talladega Superspeedway,” “Watkins Glen International,” “The Glen,” “Americrown,” “Motor Racing Network,” “MRN,” and related logos. We also have licenses from NASCAR, various drivers and other businesses to use names and logos for merchandising programs and product sales. Our policy is to protect our intellectual property rights vigorously, through litigation, if necessary, chiefly because of their proprietary value in merchandise and promotional sales.

#### ITEM 3. LEGAL PROCEEDINGS

From time to time, we are a party to routine litigation incidental to our business. We do not believe that the resolution of any or all of such litigation will have a material adverse effect on our financial condition or results of operations.

#### ITEM 4. MINE SAFETY DISCLOSURES

None

### PART II

#### ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

At November 30, 2016, we had two issued classes of capital stock: class A common stock, \$.01 par value per share, and class B common stock, \$.01 par value per share. The class A common stock is traded on the NASDAQ National Market System under the symbol “ISCA.” The class B common stock is traded on the Over-The-Counter Bulletin Board under the symbol “ISCB.OB” and, at the option of the holder, is convertible to class A common stock at any time. As of November 30, 2016,

there were approximately 1,934 record holders of class A common stock and approximately 344 record holders of class B common stock.

The reported high and low sales prices or high and low bid information, as applicable, for each quarter indicated are as follows:

		ISCA		ISCB.OB(1)	
		High	Low	High	Low
Fiscal	2015				
	First Quarter	32.65	28.54	32.50	30.75
	Second Quarter	38.27	30.25	37.85	31.35
	Third Quarter	38.06	28.96	37.23	31.52
	Fourth Quarter	37.87	30.99	37.77	31.25
Fiscal	2016				
	First Quarter	36.40	29.71	37.77	30.40
	Second Quarter	37.80	31.75	37.00	32.08
	Third Quarter	36.23	30.30	35.03	32.63
	Fourth Quarter	38.05	30.05	37.43	31.23

- (1) ISCB quotations were obtained from the OTC Bulletin Board and represent prices between dealers and do not include mark-up, mark-down or commission. Such quotations do not necessarily represent actual transactions.

#### Stock Purchase Plan

An important component of our capital allocation strategy is returning capital to shareholders. We have solid operating margins that generate substantial operating cash flow. Using these internally generated proceeds, we have returned a significant amount of capital to shareholders primarily through our share repurchase program.

The Company has a share repurchase program (“Stock Purchase Plan”) under which it is authorized to purchase up to \$330.0 million of its outstanding Class A common shares. In November 2016, the Company's Board of Directors expanded its Stock Purchase Plan by an incremental \$200.0 million bringing its total current authorization to \$530.0 million. The timing and amount of any shares repurchased under the Stock Purchase Plan will depend on a variety of factors, including price, corporate and regulatory requirements, capital availability and other market conditions. The Stock Purchase Plan may be suspended or discontinued at any time without prior notice. No shares have been or will be knowingly purchased from Company insiders or their affiliates.

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or Programs	(d) Maximum number of shares (or approximate dollar value of shares) that may yet be purchased under the plans or programs (in thousands)
December 1, 2015 — August 31, 2016				
Repurchase program(1)	1,098,525	\$ 34.04	1,098,525	\$ 24,346
Employee transactions(2)	17,130	33.49	—	
September 1, 2016 — September 30, 2016				
Repurchase program(1)	30,400	32.98	30,400	23,343
October 1, 2016 — October 31, 2016				
Repurchase program(1)	486,400	31.53	486,400	7,998
November 1, 2016 — November 30, 2016				
Repurchase program(1)	42,786	32.55	42,786	206,604
	<u>1,675,241</u>		<u>1,658,111</u>	

- (1) Since inception of the Stock Purchase Plan through November 30, 2016, we have purchased 8,722,073 shares of our Class A common shares, for a total of approximately \$323.4 million. There were no purchases, under the Stock Purchase Plan, of the Company's Class A common shares during fiscal 2014 or 2015. We purchased 1.7 million shares of our Class A common shares during fiscal 2016, at an average cost of approximately \$33.25 per share (including commissions), for a total of approximately \$55.1 million. At November 30, 2016, we have approximately \$206.6 million remaining repurchase authority under the current Stock Purchase Plan.
- (2) Represents shares of our common stock delivered to us in satisfaction of the minimum statutory tax withholding obligation of holders of restricted shares that vested during the period.

#### Dividends

Annual dividends were declared in the quarter ended in May and paid in June in the fiscal years reported below on all common stock that was issued at the time (amount per share):

Fiscal Year:	Annual Dividend
2012	\$ 0.20
2013	0.22
2014	0.24
2015	0.26
2016	0.41

#### Securities Authorized For Issuance Under Equity Compensation Plans

##### Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	119,879	\$ 37.23	314,221
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>119,879</b>	<b>37.23</b>	<b>314,221</b>

#### ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data as of and for each of the last five fiscal years in the period ended November 30, 2016. The income statement data for the three fiscal years in the period ended November 30, 2016, and the balance sheet data as of November 30, 2015 and November 30, 2016, have been derived from our audited historical consolidated financial statements included elsewhere in this report. The balance sheet data as of November 30, 2014, and the income statement data and the balance sheet data as of and for the fiscal years ended November 30, 2013 and 2012, have been derived from our audited historical consolidated financial statements, which are available on our website. You should read the selected financial data set forth below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the accompanying notes included elsewhere in this report.

	For the Year Ended November 30,				
	2012	2013	2014	2015	2016
	(in thousands, except share and per share data)				
<b>Income Statement Data:</b>					
Revenues:					
Admissions, net	\$ 136,099	\$ 129,824	\$ 129,688	\$ 130,154	\$ 123,521
Motorsports and other event related	416,699	425,530	433,738	451,838	477,197
Food, beverage and merchandise (1)	45,985	44,046	72,880	47,282	41,968
Other	13,584	13,240	15,630	16,096	18,330
Total revenues	612,367	612,640	651,936	645,370	661,016
Expenses:					
Direct:					
NASCAR event management fees	154,673	159,349	162,988	167,841	171,836
Motorsports and other event related	125,072	125,928	128,229	131,109	133,322
Food, beverage and merchandise (1)	35,642	33,150	58,265	38,484	30,142
General and administrative	102,958	104,925	108,563	111,617	110,828
Depreciation and amortization (2)	77,870	93,989	90,352	94,727	102,156
Impairments / losses on retirements of long-lived assets (3)	11,143	16,607	10,148	16,015	2,905
Total expenses	507,358	533,948	558,545	559,793	551,189
Operating income	105,009	78,692	93,391	85,577	109,827
Interest income (4)	102	96	2,107	157	270
Interest expense (5)	(13,501)	(15,221)	(9,182)	(9,582)	(13,837)
Loss on early redemption of debt (6)	(9,144)	—	—	—	—
Other (7)	1,008	75	5,380	730	12,896
Equity in net (loss) income from equity investments (8)	2,757	9,434	8,916	14,060	14,913
Income before income taxes	86,231	73,076	100,612	90,942	124,069
Income taxes	31,653	27,784	33,233	34,308	47,731
Net income	\$ 54,578	\$ 45,292	\$ 67,379	\$ 56,634	\$ 76,338
Basic and diluted earnings per share	\$ 1.18	\$ 0.97	\$ 1.45	\$ 1.21	\$ 1.66
Dividends per share	\$ 0.20	\$ 0.22	\$ 0.24	\$ 0.26	\$ 0.41
Weighted average shares outstanding:					
Basic	46,386,355	46,470,647	46,559,232	46,621,211	45,981,471
Diluted	46,396,631	46,486,561	46,573,038	46,635,830	45,995,691
<b>Balance Sheet Data (at end of period):</b>					
Cash and cash equivalents	\$ 78,379	\$ 172,827	\$ 158,847	\$ 160,548	\$ 263,727
Working capital	50,868	153,780	110,783	146,915	217,802
Total assets	1,941,741	2,017,506	2,077,651	2,119,663	2,172,660
Long-term debt	274,419	271,680	268,311	262,762	259,416
Total debt	276,932	274,487	271,746	265,836	262,820
Total shareholders' equity	1,248,810	1,287,155	1,346,432	1,393,215	1,400,360

- (1) Fiscal year 2014 includes consolidated operations of Motorsports Authentics (“MA”) following Speedway Motorsports, Inc.'s ("SMI") abandonment of its interest and rights in SMISC, LLC on January 31, 2014. As a result, ISC recognized merchandise revenue and operating expenses totaling approximately \$25.7 million and \$24.7 million, respectively, for the 10-month period February 1, 2014 through November 30, 2014.
- (2) Fiscal year 2013 includes accelerated depreciation that was recorded due to the shortening the service lives of certain assets associated with DAYTONA Rising and capacity management initiatives totaling approximately \$15.4 million. Fiscal year 2014 includes accelerated depreciation that was recorded due to the shortening the service lives of certain assets associated with DAYTONA Rising totaling approximately \$11.1 million. Fiscal year 2015 includes accelerated depreciation that was recorded due to the shortening the service lives of certain assets associated with DAYTONA Rising totaling approximately \$6.8 million.
- (3) Fiscal 2012 losses associated with the retirements of certain other long-lived assets is primarily attributable to the removal of certain assets in connection with the repaving of the track at Kansas, and certain other long-lived assets located at our motorsports facilities. Fiscal 2013 losses associated with the retirements of certain other long-lived assets is primarily attributable to the removal of assets not fully depreciated in connection with DAYTONA Rising, capacity management initiatives and other capital improvements. Fiscal 2014 losses associated with demolition costs in connection with DAYTONA Rising, capacity management initiatives and other capital improvements. Fiscal 2015 losses associated with demolition costs in connection with DAYTONA Rising and other capital improvements. Fiscal 2016 losses associated with asset retirements and demolition and/or asset relocation costs in connection with capacity management initiatives at Richmond and other facility capital improvements.
- (4) Fiscal 2014 includes approximately \$1.8 million related to settlement of interest income on a long-term receivable.
- (5) Fiscal 2013, 2014 and 2015 include approximately \$0.8 million \$7.2 million, and \$6.0 million, respectively, related to capitalized interest for DAYTONA Rising, (see DAYTONA Rising in Liquidity and Capital Resources of MANAGEMENT'S DISCUSSION AND ANALYSIS). Fiscal 2016 includes approximately \$1.5 million related to capitalized interest for ONE DAYTONA, DAYTONA Rising, and other capital projects.
- (6) In fiscal 2012, we recorded a loss on early redemption of debt related to the redemption of \$87.0 million of outstanding senior notes maturing in 2014.
- (7) Fiscal 2012 includes the net gain on sale of certain assets. Fiscal 2014 includes the valuation adjustment related to consolidation of MA, representing the fair value over the carrying value as of January 31, 2014. Fiscal 2016 includes the receipt of interest and other consideration, of approximately \$11.7 million, related to the sale of the Staten Island property.
- (8) Equity in net (loss) income from equity investments includes the Company’s 50.0 percent portion of Kansas Entertainment’s net income, more fully discussed in Management's Discussion and Analysis, Equity and Other Investments. Fiscal 2011 includes pre-development operating expenses not capitalized prior to commencement of operations in February 2012. Fiscal 2012 reflects a partial year of operations from the Casino opening in February 2012 through November 30, 2012. Included in the Company's equity income in fiscal 2013 is a one-time property tax refund of approximately \$1.1 million.

## GAAP to Non-GAAP Reconciliation

The following discussion and analysis of our financial condition and results of operations is presented below using other than U.S. generally accepted accounting principles (“non-GAAP”) and includes certain non-GAAP financial measures as identified in the reconciliation below. The non-GAAP financial measures disclosed herein do not have standard meaning and may vary from the non-GAAP financial measures used by other companies or how we may calculate those measures in other instances from time to time. Non-GAAP financial measures, such as EBITDA, which we interpret to be calculated as GAAP operating income, plus depreciation, amortization and other non-cash gain or losses, should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Also, our “core” financial measures should not be construed as an inference by us that our future results will be unaffected by those items, which are excluded from our “core” financial measures.

We believe such non-GAAP information is useful and meaningful, and is used by investors to assess the performance of our core operations, which primarily consists of the ongoing promotions of racing events at our major motorsports entertainment facilities. Such non-GAAP information separately identifies, displays, and adjusts for items that are not considered to be reflective of our continuing core operations at our motorsports entertainment facilities. We believe that such non-GAAP information improves the comparability of the operating results and provides a better understanding of the performance of our core operations for the periods presented.

We use this non-GAAP information to analyze the current performance and trends and make decisions regarding future ongoing operations. This non-GAAP financial information may not be comparable to similarly titled measures used by other entities and should not be considered as an alternative to operating income, net income or diluted earnings per share, which are determined in accordance with GAAP. The presentation of this non-GAAP financial information is not intended to be considered independent of or as a substitute for results prepared in accordance with GAAP. Management uses both GAAP and non-GAAP information in evaluating and operating the business and as such deemed it important to provide such information to investors.

The following financial information is reconciled to comparable information presented using GAAP. Non-GAAP net income and diluted earnings per share below are derived by adjusting amounts determined in accordance with GAAP for certain items presented in the accompanying selected operating statement data.

The adjustments for 2012 relate to carrying costs of our Staten Island property, settlement of litigation, marketing and consulting costs incurred associated with DAYTONA Rising, losses associated with the retirements of certain other long-lived assets, loss on early redemption of debt, and net gain on sale of certain assets.

The adjustments for 2013 relate to carrying costs of our Staten Island property, legal judgment, marketing and consulting costs incurred associated with DAYTONA Rising, accelerated depreciation associated with DAYTONA Rising and capacity management initiatives, losses associated with the retirements of certain other long-lived assets, capitalized interest associated with DAYTONA Rising and net gain on sale of certain assets.

The adjustments for 2014 relate to legal settlement, marketing and consulting costs incurred associated with DAYTONA Rising, accelerated depreciation, losses associated with the retirements of certain other long-lived assets, impairment of MA long-lived intangible asset, settlement of interest income related to long-term receivable, DAYTONA Rising project capitalized interest, MA fair value adjustment and income tax benefits, and net loss on sale of certain assets.

The adjustments for 2015 relate to marketing and consulting costs incurred associated with DAYTONA Rising, accelerated depreciation, losses associated with the retirements of certain other long-lived assets, DAYTONA Rising project capitalized interest and net loss on sale of certain assets.

The adjustments for 2016 relate to a legal settlement, certain track redevelopment projects, non-recurring, pre-opening costs incurred associated with DAYTONA Rising, losses associated with the retirements of certain other long-lived assets related to capacity management initiatives (which predominately include the removal of grandstands at Richmond) and other facility capital improvements, capitalized interest related to DAYTONA Rising, ONE DAYTONA and the Phoenix redevelopment project, gain on sale of Staten Island property, non-cash gain related to the transition of merchandise operations, and net gain on sale of certain assets (predominately associated with the sale of trailers in association with the transition of merchandise operations).

**For The Year Ended November 30, 2012**

	Income Before Taxes	Income Tax Effect	Net Income	Earnings Per Share
<b>GAAP</b>	\$ 86,231	\$ 31,653	\$ 54,578	\$ 1.18
Adjustments:				
Carrying costs related to Staten Island	4,573	1,793	2,780	0.06
Legal settlement/judgment	1,175	461	714	0.01
DAYTONA Rising project	377	148	229	0.00
Losses on retirements of long-lived assets	11,143	4,368	6,775	0.15
Loss on early redemption of debt	9,144	3,584	5,560	0.12
Net (gain) loss on sale of certain assets	(931)	(365)	(566)	(0.01)
<b>Non-GAAP</b>	<u>\$ 111,712</u>	<u>\$ 41,642</u>	<u>\$ 70,070</u>	<u>\$ 1.51</u>

**For The Year Ended November 30, 2013**

	Income Before Taxes	Income Tax Effect	Net Income	Earnings Per Share
<b>GAAP</b>	\$ 73,076	\$ 27,784	\$ 45,292	\$ 0.97
Adjustments:				
Carrying costs related to Staten Island	2,840	1,112	1,728	0.04
Legal settlement/judgment	510	200	310	0.01
DAYTONA Rising project	1,501	588	913	0.02
Accelerated depreciation	15,392	6,034	9,358	0.20
Losses on retirements of long-lived assets	16,607	6,510	10,097	0.21
Capitalized interest	(768)	(301)	(467)	(0.01)
Net (gain) loss on sale of certain assets	(75)	(29)	(46)	0.00
<b>Non-GAAP</b>	<u>\$ 109,083</u>	<u>\$ 41,898</u>	<u>\$ 67,185</u>	<u>\$ 1.44</u>

**For the Year Ended November 30, 2014**

	Income Before Taxes	Income Tax Effect	Net Income	Earnings Per Share
<b>GAAP</b>	\$ 100,612	\$ 33,233	\$ 67,379	\$ 1.45
Adjustments:				
Legal settlement/judgment	(635)	(249)	(386)	(0.01)
DAYTONA Rising project	1,106	434	672	0.02
Accelerated depreciation	11,117	4,359	6,758	0.14
Losses on retirements of long-lived assets	9,543	3,741	5,802	0.12
Impairment of MA's long-lived intangible asset	605	—	605	0.01
Interest settlement on long-term receivable	(1,835)	(719)	(1,116)	(0.02)
Capitalized interest	(7,215)	(2,828)	(4,387)	(0.09)
MA fair value adjustment and income tax benefits	(5,447)	4,008	(9,455)	(0.20)
Net (gain) loss on sale of certain assets	67	26	41	0.00
<b>Non-GAAP</b>	<u>\$ 107,918</u>	<u>\$ 42,005</u>	<u>\$ 65,913</u>	<u>\$ 1.42</u>



**For the Year Ended November 30, 2015**

	Income Before Taxes	Income Tax Effect	Net Income	Earnings Per Share
<b>GAAP</b>	\$ 90,942	\$ 34,308	\$ 56,634	\$ 1.21
Adjustments:				
DAYTONA Rising project	1,393	546	847	0.02
Accelerated depreciation	6,830	2,677	4,153	0.09
Losses on retirements of long-lived assets	16,015	6,280	9,735	0.21
Capitalized interest	(6,006)	(2,354)	(3,652)	(0.08)
Net (gain) loss on sale of certain assets	(730)	(286)	(444)	(0.01)
<b>Non-GAAP</b>	<u>\$ 108,444</u>	<u>\$ 41,171</u>	<u>\$ 67,273</u>	<u>\$ 1.44</u>

**For the Year Ended November 30, 2016**

	Income Before Taxes	Income Tax Effect	Net Income	Earnings Per Share
<b>GAAP</b>	\$ 124,069	\$ 47,731	\$ 76,338	\$ 1.66
Adjustments:				
Legal settlement	(1,084)	(418)	(666)	(0.02)
Track redevelopment projects	240	93	147	0.01
DAYTONA Rising project	787	304	483	0.01
Losses on retirements of long-lived assets	2,905	1,122	1,783	0.04
Capitalized interest	(1,489)	(575)	(914)	(0.02)
Gain on sale of Staten Island	(13,631)	(5,262)	(8,369)	(0.18)
Gain on transition of merchandise operations	(797)	(308)	(489)	(0.01)
Net (gain) loss on sale of certain assets	(376)	(145)	(231)	(0.01)
<b>Non-GAAP</b>	<u>\$ 110,624</u>	<u>\$ 42,542</u>	<u>\$ 68,082</u>	<u>\$ 1.48</u>

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Results of Operations**

**General**

The general nature of our business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. We derive revenues primarily from (i) admissions to motorsports events and motorsports themed amusement activities held at our facilities, (ii) revenue generated in conjunction with or as a result of motorsports events and motorsports themed amusement activities conducted at our facilities, and (iii) catering, concession and merchandising services during or as a result of these events and amusement activities.

“Admissions, net” revenue includes ticket sales for all of our racing events and other motorsports activities and amusements, net of any applicable taxes.

“Motorsports and other event related” revenue primarily includes television and ancillary media rights fees, promotion and sponsorship fees, hospitality rentals (including luxury suites, chalets and the hospitality portion of club seating), advertising revenues, royalties from licenses of our trademarks, parking and camping revenues, track rental fees and fees paid by third party promoters for management of non-motorsports events.

“Food, beverage and merchandise” revenue includes revenues from concession stands, direct sales of souvenirs, hospitality catering, programs and other merchandise and fees paid by third party vendors for the right to occupy space to sell souvenirs and concessions at our motorsports entertainment facilities.

Direct expenses include (i) NASCAR event management fees, (ii) motorsports and other event related expenses, which include labor, advertising, costs of competition paid to sanctioning bodies other than NASCAR and other expenses associated with the promotion of all of our motorsports and other events and activities, and (iii) food, beverage and merchandise expenses, consisting primarily of labor and costs of goods sold.

We receive distributions from the operations of our 50/50 joint venture in Kansas Entertainment, LLC (see "Equity and Other Investments - Hollywood Casino at Kansas Speedway").

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. While our estimates and assumptions are based on conditions existing at and trends leading up to the time the estimates and assumptions are made, actual results could differ materially from those estimates and assumptions. We continually review our accounting policies, how they are applied and how they are reported and disclosed in the financial statements.

The following is a summary of our critical accounting policies and estimates and how they are applied in the preparation of the financial statements.

*Basis of Presentation and Consolidation.* We consolidate all entities we control by ownership of a majority voting interest and variable interest entities for which we have the power to direct activities and the obligation to absorb losses. Our judgment in determining if we consolidate a variable interest entity includes assessing which party, if any, has the power and benefits. Therefore, we evaluate which activities most significantly affect the variable interest entities economic performance and determine whether we, or another party, have the power to direct these activities.

We apply the equity method of accounting for our investments in joint ventures and other investees whenever we can exert significant influence on the investee but do not have effective control over the investee. Our consolidated net income includes our share of the net earnings or losses from these investees. Our judgment regarding the level of influence over each equity method investee includes considering factors such as our ownership interest, board representation and policy making decisions. We periodically evaluate these equity investments for potential impairment where a decline in value is determined to be other than temporary. We eliminate all significant intercompany transactions from financial results.

*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.

NASCAR contracts directly with certain network providers for television rights to the entire Monster Energy NASCAR Cup, Xfinity and Camping World Truck series schedules. Event promoters share in the television rights fees in accordance with the provision of the sanction agreement for each NASCAR Cup, Xfinity and Camping World Truck series event. Under the terms of this arrangement, NASCAR retains 10.0 percent of the gross broadcast rights fees allocated to each Monster Energy NASCAR Cup, Xfinity and Camping World Truck series event as a component of its sanction fees. The promoter records 90.0 percent of the gross broadcast rights fees as revenue and then records 25.0 percent of the gross broadcast rights fees as part of its awards to the competitors. Ultimately, the promoter retains 65.0 percent of the net cash proceeds from the gross broadcast rights fees allocated to the event.

Our revenues from marketing partnerships are paid in accordance with negotiated contracts, with the identities of partners and the terms of sponsorship changing from time to time. Some of our marketing partnership agreements are for multiple facilities and/or events and include multiple specified elements, such as tickets, hospitality chalets, suites, display space and signage for each included event. The allocation of such marketing partnership revenues between the multiple elements, events and facilities is based on relative selling price. The sponsorship revenue allocated to an event is recognized when the event is conducted.

Revenues and related costs from the sale of merchandise to retail customers, internet sales and direct sales to dealers are recognized at the time of sale.

*Business Combinations.* All business combinations are accounted for under the acquisition method. Whether net assets or common stock is acquired, fair values are determined and assigned to the purchased assets and assumed liabilities of the acquired entity. The excess of the cost of the acquisition over fair value of the net assets acquired is recorded as goodwill. Business combinations involving existing motorsports entertainment facilities commonly result in a significant portion of the purchase price being allocated to the fair value of the contract-based intangible asset associated with long-term relationships manifest in the sanction agreements with sanctioning bodies, such as NASCAR and IMSA series. The continuity of sanction agreements with these bodies has historically enabled the facility operator to host motorsports events year after year. While some individual sanction agreements may be of terms as short as one year, sanction agreements with NASCAR's national touring series' are five years in length and sanction agreements with IMSA are for a three year period. A significant portion of the purchase price in excess of the fair value of acquired tangible assets is commonly paid to acquire anticipated future cash

flows from events promoted pursuant to these agreements which are expected to continue for the foreseeable future and therefore, in accordance with ASC 805-50, "Business Combinations," are recorded as indefinite-lived intangible assets recognized apart from goodwill.

*Capitalization and Depreciation Policies.* Property and equipment are stated at cost. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation and amortization for financial statement purposes are provided on a straight-line basis over the estimated useful lives of the assets. When we construct assets, we capitalize costs of the project, including, but not limited to, certain pre-acquisition costs, permitting costs, fees paid to architects and contractors, certain costs of our design and construction subsidiary, property taxes and interest.

We must make estimates and assumptions when accounting for capital expenditures. Whether an expenditure is considered an operating expense or a capital asset is a matter of judgment. When constructing or purchasing assets, we must determine whether existing assets are being replaced or otherwise impaired, which also is a matter of judgment. Our depreciation expense for financial statement purposes is highly dependent on the assumptions we make about our assets' estimated useful lives. We determine the estimated useful lives based upon our experience with similar assets, industry, legal and regulatory factors, and our expectations of the usage of the asset. Whenever events or circumstances occur which change the estimated useful life of an asset, we account for the change prospectively. Interest costs associated with major development and construction projects are capitalized as part of the cost of the project. Interest is typically capitalized on amounts expended using the weighted-average cost of our outstanding borrowings, since we typically do not borrow funds directly related to a development or construction project. We capitalize interest on a project when development or construction activities begin, and cease when such activities are substantially complete or are suspended for more than a brief period.

*Impairments / Losses on Retirements of Long-Lived Assets, Goodwill and Other Intangible Assets.* Our consolidated balance sheets include significant amounts of long-lived assets, goodwill and other intangible assets, which could be subject to impairments / losses on retirements. During the fiscal years ended November 30, 2014, 2015 and 2016 we recorded before-tax charges as losses on retirements of long-lived assets primarily attributable to costs to remove certain other long-lived assets located at our motorsports facilities totaling approximately \$10.1 million, \$16.0 million and \$2.9 million, respectively.

As of November 30, 2016, goodwill and other intangible assets and property and equipment account for approximately \$1.8 billion, or 80.7 percent of our total assets. We account for our goodwill and other intangible assets in accordance with ASC 350 and for our long-lived assets in accordance with ASC 360.

We follow applicable authoritative guidance on accounting for goodwill and other intangible assets which specifies, among other things, non-amortization of goodwill and other intangible assets with indefinite useful lives and requires testing for possible impairment, either upon the occurrence of an impairment indicator or at least annually. We complete our annual testing in our fiscal fourth quarter, based on assumptions regarding our future business outlook and expected future discounted cash flows attributable to such assets (using the fair value assessment provision of applicable authoritative guidance), supported by quoted market prices or comparable transactions where available or applicable.

While we continue to review and analyze many factors that can impact our business prospects in the future (as further described in "Risk Factors"), our analysis is subjective and is based on conditions existing at, and trends leading up to, the time the estimates and assumptions are made. Different conditions or assumptions, or changes in cash flows or profitability, if significant, could have a material adverse effect on the outcome of the impairment evaluation and our future condition or results of operations.

In connection with our fiscal 2016 assessment of goodwill and intangible assets for possible impairment we used the methodology described above. We believe our methods used to determine fair value and evaluate possible impairment were appropriate, relevant, and represent methods customarily available and used for such purposes. Our latest annual assessment of goodwill and other intangible assets in the fourth quarter of fiscal 2016 indicated there had been no impairment and the fair value substantially exceeded the carrying value for the respective reporting units.

In addition, our growth strategy includes investing in certain joint venture opportunities. In these equity investments we exert significant influence on the investee but do not have effective control over the investee, which adds an additional element of risk that could harm our operating results or financial condition. The carrying value of our equity investments were \$92.4 million at November 30, 2016.

*Income Taxes.* The tax law requires that certain items be included in our tax return at different times than when these items are reflected in our consolidated financial statements. Some of these differences are permanent, such as expenses not deductible on our tax return. However, some differences reverse over time, such as depreciation expense, and these temporary differences create deferred tax assets and liabilities. Our estimates of deferred income taxes and the significant items giving rise to deferred

tax assets and liabilities reflect our assessment of actual future taxes to be paid on items reflected in our financial statements, giving consideration to both timing and probability of realization. Actual income taxes could vary significantly from these estimates due to future changes in income tax law or changes or adjustments resulting from final review of our tax returns by taxing authorities, which could also adversely impact our cash flow.

In the ordinary course of business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Accruals for uncertain tax positions are provided for in accordance with the requirements of ASC 740, "Income Taxes." Under this guidance, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50.0 percent likelihood of being realized upon the ultimate settlement. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Although we believe the estimates are reasonable, no assurance can be given that the final outcome of these matters will not be different than what is reflected in the historical income tax provisions and accruals. Such differences could have a material impact on the income tax provision and operating results in the period in which such determination is made.

*Contingent Liabilities.* Our determination of the treatment of contingent liabilities in the financial statements is based on our view of the expected outcome of the applicable contingency. In the ordinary course of business, we consult with legal counsel on matters related to litigation and other experts both within and outside our Company. We accrue a liability if the likelihood of an adverse outcome is probable and the amount of loss is reasonably estimable. We disclose the matter but do not accrue a liability if the likelihood of an adverse outcome is reasonably possible and an estimate of loss is not determinable. Legal and other costs incurred in conjunction with loss contingencies are expensed as incurred.

## **Equity and Other Investments**

### **Hollywood Casino at Kansas Speedway**

Kansas Entertainment, a 50/50 joint venture of Penn, a subsidiary of Penn National Gaming, Inc. and Kansas Speedway Development Corporation ("KSDC"), a wholly owned indirect subsidiary of ISC, operates the Hollywood-themed casino and branded destination entertainment facility, overlooking turn two at Kansas Speedway. Penn is the managing member of Kansas Entertainment and is responsible for the operations of the casino.

We have accounted for Kansas Entertainment as an equity investment in our financial statements as of November 30, 2016. Our 50.0 percent portion of Kansas Entertainment's net income was approximately \$8.9 million, \$14.1 million and \$14.9 million for fiscal years 2014, 2015 and 2016, respectively, and is included in equity in net income from equity investments in our consolidated statements of operations.

Distributions from Kansas Entertainment, for the year ended November 30, 2016, totaling \$25.9 million, consist of \$16.1 million received as a distribution from its profits included in net cash provided by operating activities on our statement of cash flows; the remaining \$9.8 million received was recognized as a return of capital from investing activities on our statement of cash flows. We received total distributions of approximately \$32.1 million in fiscal 2015.

### **Fairfield Inn Hotel at ONE DAYTONA**

Since June 2013, we have pursued development of ONE DAYTONA (see "Liquidity and Capital Resources - ONE DAYTONA"), the proposed premier mixed use and entertainment destination across from its Daytona International Speedway. Daytona Hotel Two, LLC ("Fairfield"), a joint venture of Daytona Hospitality Group II, LLC ("DHGII"), a subsidiary of Prime-Shaner Groups, and Daytona Beach Property Holdings Retail, LLC ("DBR"), a wholly owned indirect subsidiary of ISC, was formed to own, construct and operate a Fairfield Inn hotel. The hotel will be situated within the ONE DAYTONA development. As per the partnership agreement, our 33.25 percent share of equity will be limited to our non-cash land contribution and we will share in the profits and losses from the joint venture proportionately to our equity ownership.

In June 2016, DBR contributed land to the joint venture as per the agreement. Vertical construction of the hotel has commenced and is expected to open in third quarter of fiscal 2017. DHGII is the managing member of the Fairfield and will be responsible for the development and operations of the hotel. There were no operations as of November 30, 2016.

As part of the ONE DAYTONA project, we have entered into additional joint ventures, which are structured similarly to the Fairfield joint venture, where our share of equity will be limited to our non-cash land contribution and we will share in the profits and losses from the joint venture proportionately to our equity ownership. These joint venture projects include The Daytona, a full service Marriott Autograph Collection hotel, and a residential component of the ONE DAYTONA project.

## Staten Island Property

On August 5, 2013, we announced that we sold our 676 acre parcel of property located in Staten Island, New York, to Staten Island Marine Development, LLC (“Marine Development”). Marine Development purchased 100 percent of the outstanding equity membership interests of 380 Development LLC (“380 Development”), a wholly owned indirect subsidiary of ISC and owner of the Staten Island property, for a total sales price of \$80.0 million. In addition, we previously received approximately \$4.2 million for an option provided to the purchaser that is nonrefundable and does not apply to the \$80.0 million sales price.

We received \$7.5 million, less closing and other administrative costs, of the sales price at closing. The remaining sales price was financed with us holding a secured mortgage interest in 380 Development as well as the underlying property. The mortgage balance bore interest at an annual rate of 7.0 percent. In accordance with the terms of the agreement, we have received a principal payment of approximately \$6.1 million plus interest on the mortgage balance through February 29, 2016. The remaining purchase price of \$66.4 million was due in March 2016. We have accounted for the transaction using the cost recovery method and have deferred the recognition of profit of approximately \$1.9 million, and interest totaling approximately \$11.4 million at May 31, 2016, until the carrying amount of the property was recovered, upon final payment.

In March 2016, we completed an assignment of all rights, title and interest in the mortgage and underlying promissory note to an affiliate of Matrix Development Group, a New York/New Jersey area developer, and received the remaining principal balance of \$66.4 million, plus additional consideration of approximately \$0.3 million. We have no further commitments or contingencies related to the property or its sale. As a result, in the second quarter of fiscal 2016, we recorded a gain of approximately \$13.6 million. The deferred gain of \$1.9 million is included in Other operating revenue in our consolidated statement of operations, and the interest, and additional consideration, received is included in Other in our consolidated statement of operations.

The net proceeds from the sale, combined with the mortgage interest and related cash tax benefits, has provided us with approximately \$129.8 million in cash through the term of the mortgage.

### **Income Taxes**

The principal causes of the decreased income tax rate for the fiscal year ended November 30, 2014 are the tax treatment related to the other income recognized as a result of SMI's abandonment of their interest in SMISC, LLC on January 31, 2014, including the related tax benefits associated with various operating loss and other carryforwards of MA and certain tax filing positions of SMISC, LLC totaling approximately \$4.0 million along with certain state income tax adjustments. The principal causes of the decreased effective income tax rate as compared to the statutory income tax rate, for the fiscal year ended November 30, 2015 and 2016 are reductions in certain state tax rates.

As a result of the above items, the Company's effective income tax rate decreased from the statutory income rate to approximately 33.0 percent, 37.7 percent and 38.5 percent for the fiscal years ended November 30, 2014, 2015 and 2016, respectively.

In December 2015, Congress passed the Protecting Americans from Tax Hikes Act which included a retroactive renewal back to January 1, 2015 of the previously expired tax legislation. The Act extended accelerated depreciation on qualified capital investments placed into service. This bonus depreciation provision is 50% for qualifying assets placed into service from 2015 through 2017. The impact of this tax legislation did not affect the Company's fiscal 2016 effective tax rate, but correspondingly reduced the current income tax payable and increased the noncurrent deferred tax liability by \$73.4 million.

### **Future Trends in Operating Results**

International Speedway Corporation is the leading owner of major motorsports entertainment facilities and promoter of motorsports-themed entertainment activities in the United States. We compete for discretionary spending and leisure time with many other entertainment alternatives and are subject to factors that generally affect the recreation, leisure and sports industry, including general economic conditions. Our operations are also sensitive to factors that affect corporate budgets. Such factors include, but are not limited to, general economic conditions, employment and wage levels, business conditions, interest and taxation rates, relative commodity prices, and changes in consumer tastes and spending habits.

In 2008, an unprecedented global economic crisis began that significantly impacted consumer confidence and disproportionately affected key demographics of our target customers. Continuing economic uncertainty including the lack of a broad-based middle class recovery may continue to adversely impact our future attendance, guest spending, and our ability to grow corporate marketing partnerships all of which could negatively affect revenues and profitability. In fiscal 2009, we implemented sustainable cost containment initiatives to mitigate declines in certain revenue categories. We are sustaining the significant cost reductions implemented in previous years and continuously seek ways to improve our operating efficiency without negatively impacting the guest experience.

Looking to the future, we expect the continuing slow, but uneven, recovery in the broader U.S. economy to provide an environment for improved attendance-related and corporate partnership revenues. Our industry is also benefiting from NASCAR securing its broadcast rights through the 2024 season with the largest broadcast rights deal in the sport's 68-year history. Consistent with major sports properties throughout the world, broadcast rights represent our company's largest revenue segment. Expanding and extending this contracted revenue will provide us unparalleled long-term cash flow visibility. We also believe the strategic initiatives and investments we and the motorsports industry have undertaken to grow the sport will continue to strengthen the long-term health of our Company.

The industry and its stakeholders have demonstrated their commitment to growing the sport by aligning with and executing upon growth initiatives supporting NASCAR's industry-wide strategic plan whose objective is to build upon NASCAR's appeal by enhancing the connection with existing fans, as well as attracting and engaging new Gen Y, youth and multicultural consumers in motorsports. Additional areas of focus include building greater product relevance, cultivating driver star power, growing social media activities and enhancing the event experience.

A few recent, successful innovations that resulted from NASCAR initiatives that have improved on-track competition and excitement, include the introduction of refined aerodynamic and downforce specifications providing the driver more control of the car, knockout group qualifying formats, and overtime rules and enhancements to the Chase for the Championship. In January 2014 NASCAR announced a new championship format that puts greater emphasis on winning races throughout the season and expands the current Chase field to 16 drivers. For 2016, the Chase format has been expanded to both Xfinity and Camping World Truck series events, qualifying 12 drivers and 8 drivers, respectively. The Chase implements a round-by-round advancement format that ultimately rewards a battle-tested, worthy champion. The format makes every race matter even more, diminishes points racing, puts a premium on winning races and concludes with a best-of-the-best, first-to-the-finish line showdown race – all of which is exactly what fans want. The new Chase structure has driven competition to a whole new level with a thrilling, easy to understand format that we believe translates into greater fan interest and revenue opportunities for these events. We anticipate continued favorable momentum at our Chase-related events as we move forward.

We support NASCAR's industry strategy on a number of fronts. We are committed to improving our major motorsports facilities to enhance guest experiences and create stronger fan engagement. Specifically, one of the most ambitious and important projects in our history is the redevelopment of the frontstretch of the Daytona International Speedway ("Daytona"), the Company's 57-year-old flagship motorsports facility. The new Daytona International Speedway is the world's first and only motorsports stadium featuring unique experiences for our guests and providing several new marketing platforms for corporate partners, broadcasters and industry stakeholders. Fan and stakeholder feedback, related to redevelopment at Daytona, has been overwhelmingly positive and we were pleased with the financial results after the first full year of events (See "DAYTONA Rising: Reimagining an American Icon"). We remain confident that elevating the experience at the most important and iconic motorsports facility in North America will drive further growth for the DAYTONA 500 brand, our 12 other major motorsports facilities' brands, and the NASCAR brand. We are also confident, that this strategic project will positively influence attendance trends, corporate involvement in the sport, and the long-term strength of future broadcast media rights revenues.

As part of our strategic plan and updated capital allocation strategy (See "Capital Improvements" and "Growth Strategies"), ISC recently announced that the Board of Directors approved a project to redevelop the grandstands and infield for Phoenix International Raceway ("Phoenix"). The project's cost is estimated to be approximately \$178.0 million and addresses critical facility maintenance, enhances the fan experience, provides valuable marketing assets for new sponsorship opportunities, and creates updated infield amenities including a new 'fanzone'. Phoenix is an attractive asset in ISC's portfolio of tracks with a number of key attributes that include two major NASCAR Cup series weekends, including the second to the last NASCAR Cup Series event in the Chase, and a fan-favorite, unique racetrack configuration in the twelfth major media market. Phoenix exists in an attractive, but competitive marketplace with an exciting opportunity to grow its brand, enhance the facility and guest experience and provide a sustainable financial return.

### *Admissions*

Driving event sellouts and creating excess demand is key to the optimal performance of our Monster Energy NASCAR Cup Series events. An important component of our operating strategy continues to be a long-standing focus on supply and demand when evaluating ticket pricing and adjusting capacity at our facilities. By effectively managing both ticket prices and seating capacity, we have historically shown the ability to stimulate ticket renewals and advance ticket sales.

Advance ticket sales provide us many benefits such as earlier cash inflow, and reducing the potential negative impact of actual or forecasted inclement weather. When evaluating ticketing initiatives, we first examine our ticket pricing structure for each segmented seating area and/or offering within our major motorsports entertainment facilities to ensure prices are on target with market demand. When determined necessary, we adjust ticket pricing. We believe our ticket pricing philosophy appropriately factors current demand and provides attractive price points for all income levels and desired fan experiences.

It is important that we maintain the integrity of our ticket pricing model by ensuring our customers who purchase tickets during the renewal period get preferential pricing. We do not adjust pricing downward inside of the sales cycle to avoid rewarding last-

minute ticket buyers by discounting tickets. Further, we closely monitor and manage the availability of promotional tickets. Encouraging late cycle buying and offering excess promotional tickets could have a detrimental effect on our ticket pricing model and long-term value of our business. We believe it is more important to encourage advance ticket sales and maintain price integrity to achieve long-term growth rather than to capture short-term incremental revenue at the expense of our customers who purchased tickets during the renewal period. We continue to implement innovative ticket pricing strategies to capture incremental admissions revenue including ticket price increases over time as the event nears and adjusting pricing of specific seats within a section or row with desirable attributes and greater demand.

To provide our guests with the best fan experience possible, we have improved fan amenities such as wider seating, increased the amount of social zones to promote greater fan interaction/engagement for our guests, and adjusted sight lines for better viewing. Based on our experience, and the continual evolution of modern sports facilities, ticket demand relies strongly on creating a more personal experience for the fans. Enhancing the live event experience to differentiate it from the at-home television viewing experience is a critical strategy for our future growth. Other benefits derived from capacity management include:

- improved pricing power for our events;
- enticing more customers to renew or purchase tickets earlier in the sales cycle;
- increasing customer retention;
- driving greater attendance to our lead-in events, such as NASCAR's Xfinity and Camping World Truck series events;
- generating stronger interest from corporate sponsors; and
- creating a more visually compelling event for the television audience.

Other key strategic focus areas designed to build fan engagement and augment the live-event experience include providing enhanced at-track audio and visual experiences, additional and improved concession and merchandise points-of-sale, creating more interactive social zones and offering greater wireless connectivity. We continuously monitor market demand, evaluate customer feedback, and explore next generation live-sports entertainment fan amenities, all of which could further impact how we manage capacity and spend capital at our major motorsports facilities.

#### *Corporate Partnerships*

NASCAR is a powerful brand with a loyal fan base that we believe is aware of, appreciates and supports corporate participation to a greater extent than fans of any other sports property. The combination of brand power and fan loyalty provides an attractive platform for robust corporate partnerships. The number of FORTUNE 500 companies invested in NASCAR remains higher than any other sport. More than one-in-four FORTUNE 500 companies, and nearly half of FORTUNE 100 companies, use NASCAR as part of their marketing strategy and the trend is increasing. The number of FORTUNE 500 companies investing in NASCAR has increased approximately 20.0 percent since fiscal 2008.

We believe that our presence in key metropolitan statistical areas, year-round event schedule, impressive portfolio of major motorsports events and attractive fan demographics are beneficial as we continue to pursue renewal and expansion of existing corporate marketing partnerships and establish new corporate relationships. Companies are demanding more quantifiable return on investment from their sports marketing strategies and our company is focused on delivering enhanced value through our strategic initiatives. This includes enhanced facilities, more frequent and diverse content at our facilities, and deeper understanding of and integration with our customers' business, among other things.

We are very encouraged by organic growth of corporate sales and new sales boosted by strong corporate demand from the grand opening of DAYTONA Rising. For DAYTONA Rising, we have secured five long-term founding partnerships with Toyota, Florida Hospital, Chevrolet, Sunoco, and most recently Axalta, all of them equal or exceed ten year relationships. We also continue to see longer deal terms that provide greater long-term income visibility, which allows our sales team to focus on incremental revenue generation, and more time for sponsor activation.

2017 marks the beginning of a new, exciting era for NASCAR's premiere racing series. The introduction of Monster Energy as the series entitlement sponsor for the NASCAR Cup Series establishes a new brand identity that is modern, yet embraces the heritage of NASCAR racing. NASCAR has expressed that Monster Energy will bring greater commitment and activation to the sponsorship platform including greater exposure to younger demographics.

It is important to note that 2016 was the last year our revenue included agreements between ISC and Sprint, previous series sponsor, for various inventory and activation rights at ISC racetracks. These agreements were originally formed in the mid-2000's, pre-recession. While we currently expect to have similar agreements in place with Monster Energy, we anticipate the economics of the agreements will result in a one-time reset in 2017. Our current estimate for gross corporate sales is to decline approximately 1.0 percent in 2017 due to the reset of these agreements. Excluding this one-time reset, at this time, we expect an increase between 1.0 percent and 2.0 percent in 2017, with escalators in the low-to-mid single digits going forward.

As of January 2017, we have sold all but two Monster Energy NASCAR Cup race entitlements, all but three NASCAR Xfinity series entitlements, and all except one NASCAR Camping World Truck series entitlements. For fiscal 2017, we have agreements in place for approximately 76.0 percent of our gross marketing partnership revenue target. This is compared to fiscal 2016 at this time when we had approximately 75.0 percent of our gross marketing partnership revenue target sold and had entitlements for one Monster Energy NASCAR Cup and four NASCAR Xfinity entitlements either open or not announced. With the vast majority of our event entitlements secured, we can focus more resources on official status categories, which will better position us to meet our gross marketing partnership revenue target for fiscal 2017.

We believe this demonstrates the value proposition for our corporate partners is stronger than ever.

#### *Television Broadcast and Ancillary Media Rights*

Domestic broadcast and ancillary media rights fees are ISC's largest revenue source, accounting for approximately 49.2 percent of 2016 total revenues.

In August 2013, NASCAR finalized multi-platform broadcast rights agreements with NBCUniversal ("NBC") and FOX Broadcasting Company ("FOX") for 10 years, beginning in 2015 through the 2024 season, for the broadcast and related rights for NASCAR's three national touring series. Financial terms were not disclosed but leading industry sources estimate the combined agreements value at approximately \$8.2 billion over the 10 years. The agreements include Spanish-language rights and the rights to stream authenticated NASCAR content over the broadcasters' affiliated digital platforms. The streaming and/or video-on-demand rights are often referred to as 'TV Everywhere' rights in the broadcast industry. These rights are important to the broadcasters, who can monetize alternative digital delivery methods of NASCAR content, and address the shifting ways people consume live sports content.

FOX has exclusive rights to the first 16 Monster Energy NASCAR Cup Series point races beginning each year with the prestigious DAYTONA 500. In addition, FOX retains the rights to the NASCAR Cup Series All-Star Race, The Advance Auto Parts Clash (formerly the Sprint Unlimited), Can-Am Duel, 14 NASCAR Xfinity Series events and the entire NASCAR Camping World Truck Series. NBC has exclusive rights to the final 20 Monster Energy NASCAR Cup Series points races including NASCAR's playoffs, final 19 NASCAR Xfinity Series events, select NASCAR Regional & Touring Series events and other live content beginning in 2015. In 2017, NASCAR will have 17 Monster Energy Cup races on network television, the same as 2016.

NASCAR's solid ratings, the strong demand for live sports programming and the proliferation of on-demand content were significant factors for NASCAR signing the largest broadcast rights deal in the sport's 68-year history.

In August 2013, FOX debuted its 24-hour Fox Sports 1 network to compete with ESPN. Fox Sports 1 is available in approximately 86 million television households. In addition to NASCAR, Fox Sports 1 has deals for Major League Baseball, college football and basketball, Ultimate Fighting Championship, Major League Soccer, United States Golf Association, as well as other sports. Fox Sports 1 represents the latest in the long migration of marquee sports from broadcast television to cable/satellite, who generally can support a higher investment due to subscriber fees that are not available to traditional networks. In 2016, Fox Sports 1 broadcast seven live NASCAR Cup events and eleven NASCAR Xfinity events. NASCAR events and content are consistently among the highest rated programming on Fox Sports 1.

In January 2, 2012, NBC Sports Network (NBCSN) was re-branded to align NBC owned sports channels with its NBC sports division, which consists of a unique array of sports assets, including NBC Sports, NBC Olympics, NBC Sports Network ("NBCSN"), Golf Channel, 10 NBC Sports Regional Networks, NBC Sports Radio and NBC Sports Digital (Sports Live Extra). NBCSN is available in approximately 78 million pay television homes. NBC Sports Group possesses an unparalleled collection of television rights agreements, and in addition to NASCAR partners with some of the most prestigious sports properties in the world including the International Olympic Committee and United States Olympic Committee, the NFL, NHL, PGA TOUR, The R&A, PGA of America, Churchill Downs, Premier League, Tour de France, French Open, Formula One, IndyCar and many more. In 2016, NBCSN broadcast twelve NASCAR Cup events and thirteen NASCAR Xfinity events, which represented some of the highest rated programming for NBCSN.

Specific events, such as the impact of inclement weather for events in the current and/or prior year, and from media competition faced from the 2016 Summer Olympics and the 2016 Presidential campaign, impacts year over year comparability of television ratings.

NASCAR continues to deliver strong audiences in a changing media consumption environment. Even as fans of all sporting events choose to consume content through digital and social media alternatives in addition to television viewing, NASCAR's live television draw is powerful. NASCAR Cup events ranked as the number one or two sports broadcast of the weekend seventeen times during the 2016 season with the premier series events averaging approximately 4.6 million viewers per broadcast and approximately 58.0 million total unique television viewers.



During 2016, ratings on FOX declined versus prior year, paralleling the general trend in 2016 for sports viewership and media consumption. Notable other marquee sports events saw 2016 viewership declines including the Super Bowl, NCAA Final Four, the Kentucky Derby and the Masters. However, Fox Sports 1 NASCAR ratings increased approximately 3.8% versus 2015 demonstrating that value the NASCAR product brings to the sports network.

In 2016, NASCAR Cup Races on NBC and NBCSN began with a successful kickoff in Daytona for the July NASCAR weekend resulting in the most-watched summer Daytona race since 2011, with 5.7 million viewers. Some significant 2016 season highlights for NBCSN include the number one most watched NBCSN telecast in record for the Brickyard 400 Cup event, and NASCAR Cup races now account for the five most watched telecasts ever on that network. Finally, the NASCAR Cup Championship race from Miami was the second most-watched NASCAR season championship since 2011 and at peak recorded 8.4 million viewers per minute.

Domestic broadcast media rights fees provide significant cash flow visibility to us, race teams and NASCAR over the contract term. Television broadcast and ancillary rights fees received from NASCAR for the NASCAR Cup, Xfinity and Camping World Truck series events conducted at our facilities under these agreements, and recorded as part of motorsports related revenue, were approximately \$302.9 million, \$314.5 million and \$325.1 million for fiscal 2014, 2015 and 2016, respectively. Operating income generated by these media rights were approximately \$220.1 million, \$228.4 million and \$236.7 million for fiscal 2014, 2015 and 2016, respectively.

As media rights revenues fluctuate so do the variable costs tied to the percentage of broadcast rights fees required to be paid to competitors as part of NASCAR Cup, Xfinity and Camping World Truck series sanction agreements. NASCAR event management fees ("NEM" or "NASCAR direct expenses") are outlined in the sanction agreement for each event and are negotiated in advance of an event. As previously discussed, included in these NASCAR direct expenses are amounts equal to 25.0 percent of the gross domestic television broadcast rights fees allocated to our NASCAR Cup Cup, Xfinity and Camping World Truck series events, as part of NASCAR event management fees (See "Critical Accounting Policies and Estimates - Revenue Recognition"). The NASCAR event management fees are contracted from 2016 through 2020 under the five-year sanction agreements (see *Sanctioning Bodies*) and paid to NASCAR to contribute to the support and growth of the sport of NASCAR stock car racing through payments to the teams and sanction fees paid to NASCAR. As such, we do not expect these costs to materially decrease in the future as a percentage of admissions and motorsports related income.

#### *Digital Media Content*

A 2016 digital media study conducted by Deloitte confirmed that the current dynamic media landscape is transforming as a result of new technologies available and the evolving ways people choose to consume media content. A few of the study's key findings are as follows:

- The study evaluated the key segments of the U.S. adult population for technology and consumption preferences. Millennials, defined as adults born after 1983, now make up the largest single segment of generational consumers at 33% of the adult population.
- Across all generations, smart phones are the highest valued technology product device, far outweighing flat-screen TV's.
- Nearly a quarter of the U.S. population own a streaming media device, and nearly half of U.S. consumers subscribe to a streaming video service.
- Millennials spend approximately 50% of their time watching movies and TV shows on a device other than a television, with 20% watching on mobile devices.
- Checking social networks is a daily habit for more than half of all U.S. consumers, skewing much higher for younger demographics.
- Social media has surpassed television as the most popular source of news for millennials.

Even though the environment is changing, content is still in high-demand regardless of how it is consumed. However, these statistics point to the importance of providing content through multiple, alternative channels as the importance of digital and social delivery methods continues to progress.

A key plank of NASCAR's strategy is to continue developing rich content and ensuring its delivery through all of the potential ways that people consume media, whether through traditional television viewership, dynamic web/mobile content, and/or through social-media channels. In addition, NASCAR continuously measures content consumption with balanced metrics that track all the distribution channels to measure the effectiveness of television, digital channels, and social media interest and demand. On the digital front, NASCAR is continually enhancing NASCAR.com and NASCAR Mobile applications to strengthen the Industry's digital presence and drive fan engagement. And NASCAR continues to gain critical Industry insights

from the Fan and Media Engagement Center to better understand digital conversations and optimize engagement with the social community.

Through the 2016 NASCAR season, NASCAR has experienced mostly positive results with its digital product offerings experiencing steady overall growth. Digital media held strong delivering approximately 55.0 million unique visitors to NASCAR.com, NASCAR Mobile web and NASCAR Mobile applications.

Two bright spots in the 2016 season are growth of fans using NASCAR related mobile applications, which is up approximately 8.0 percent year-over-year; and growth in the all-important male 18-34 year old demographic. In addition, as the NASCAR season concluded on NBC, consumption of NASCAR content on NBC Sports' digital properties (NBCSports.com, the NBC Sports app and connected devices) garnered 105 million live minutes and 873,000 unique devices this season, up +56% and +50%, respectively, compared to the 2015 NASCAR season. These reflect positive digital metric trends and demonstrate progress in NASCAR's key strategic focus areas. On the social media front NASCAR's platforms combined to generate over 4.0 billion social impressions and 256.0 million fan engagements in 2016. Overall, social media reach continues to increase this year with Facebook growing by almost 20.0 percent the prior year, and Twitter increased by more than 24.0 percent versus prior year. This tremendous growth in reach and engagement is a direct result of our Industry's strategic initiatives and a testament to the broader audience of NASCAR and what can be done with targeted activation. We expect these channels to continue to grow and believe the industry is well positioned to monetize these channels as our fans (mirroring society-at-large) consume more content.

Along with NASCAR, we closely monitor changes in the television and media landscape. As the media landscape continues to evolve we believe we are well positioned to navigate because of our long-term partnerships with industry leaders FOX and NBC, who own the rights to digital distribution of NASCAR content through our current broadcast agreement through 2024. Collectively we view the shifts in media consumption as positives for consumers and provides our sport the opportunity to develop and deliver compelling content in rich and diverse ways to interact with our fans. In addition, NASCAR continuously monitors the broadcast environment and seeks to maximize its return on content with our partners and for the industry stakeholders.

#### *Sanctioning Bodies*

Our success has been, and is expected to remain, dependent on maintaining good working relationships with the organizations that sanction events at our facilities, particularly with NASCAR, whose sanctioned events at our wholly owned facilities accounted for approximately 89.1 percent of our revenues in fiscal 2016. NASCAR continues to entertain and discuss proposals from track operators regarding potential realignment of their portfolio of NASCAR Cup series dates to more geographically diverse and potentially more desirable markets where there may be greater demand, resulting in an opportunity for increased revenues to the track operators. We believe that realignments have provided, and will continue to provide, incremental net positive revenue and earnings as well as further enhance the sport's exposure in highly desirable markets, which we believe benefits the sport's fans, teams, sponsors and television broadcast partners as well as promoters.

In October 2015, we entered into five year sanction agreements with NEM, an affiliate of NASCAR, for the promotion of the Company's inventory of NASCAR Cup, Xfinity and Camping World Truck Series events. In fiscal 2016, we conducted 21 NASCAR Cup Series events, 14 NASCAR Xfinity Series events, and 9 NASCAR Camping World Truck Series events. Each Sanction Agreement is for a term of five years. Other than the term, the Sanction Agreements are substantially similar to those entered into in previous years. The Sanction Agreements contain annual increases of between 3.0 percent and 4.0 percent in media rights fees for each sanctioned event conducted, and provide a specific percentage of media rights fees to be paid to competitors. The Sanction Agreements also provide for annual increases in sanction fees and non-media rights related prize and point fund monies (to be paid to competitors) of approximately 4.0 percent annually over the term of the Sanction Agreements. NASCAR and NEM are controlled by members of the France Family Group which controls approximately 73.4 percent of the combined voting power of the outstanding stock of the Company, as of November 30, 2016, and some members of which serve as directors and officers of International Speedway Corporation. The Company strives to ensure, and management believes that, the terms of the Sanction Agreements transactions are reasonable. Collectively, the media rights fees, sanction fees and non-media prize and point fund fees that we pay are referred to as NASCAR Event Management fees.

#### *Merchandise Operations*

In 2015, NASCAR and NASCAR Team Properties announced a 10-year agreement with Fanatics, to operate NASCAR's entire at-track merchandise business and deliver fans an enhanced, experiential at-track shopping environment. As part of the agreement, Fanatics became the exclusive retailer of NASCAR and driver merchandise at trackside for all 38 NASCAR Cup Series events. In addition, we also contracted with Fanatics for 10 years of exclusive retail merchandise rights for our track trademarks and certain other intellectual property at all of our tracks. The new trackside retail model operated by Fanatics has evolved from using solely haulers for each specific team or driver to displaying all merchandise in a superstore retail environment supported by, in instances, smaller satellite retail touch points around the track. The new model provides a more personal and convenient shopping experience for race fans. We believe this improved trackside merchandise model, combined

with select brand name merchandise and an upgraded on-line and mobile experience, better positions us and the industry to maximize merchandise sales while delivering top quality experience to our fans. Consequently, our wholly owned subsidiaries, Americrown and MA, no longer provide at track merchandise to fans at motorsports events and therefore no longer recognize related revenues and expenses. Instead, we receive a percentage of sales from Fanatics, recorded as part of Food, Beverage and Merchandise Revenue.

For fiscal 2015, we recognized the following non-recurring transactions associated with the transition:

- sales of merchandise inventory to Fanatics and wholesale transactions by MA totaling approximately \$10.4 million recognized in food, beverage and merchandise revenue and associated expenses totaling approximately \$11.0 million recognized in food, beverage and merchandise expense;
- general and administrative expenses associated with the transition totaling approximately \$1.3 million.

There were no comparable transactions in fiscal 2016.

Comparable merchandise sales per capita utilizing the new superstore shopping model are, on average, approximately 6.0 percent greater than sales per capita using the 'hauler' model employed historically. We expect the new merchandising model will continue to enhance the event experience for our fans and grow the operating margin contribution from the merchandise line of business.

### *Capital Improvements*

Enhancing the live event experience for our guests is a key strategic pillar to drive future growth. We compete for the consumers' discretionary dollar with other entertainment options such as concerts and other major sporting events not just motorsports events. In addition, fans continue to demonstrate willingness to pay for more unique, immersive, and segmented experiences that cannot be duplicated at-home. Today's consumer wants improved traffic flow, comfortable and wider seating, clean and available restroom facilities, more points of sale, enhanced audio and visual engagement, social zones and greater connectivity. Providing these enhancements often requires capital reinvestment.

We are confident that our focus on driving incremental earnings by improving the fan experience leads to increased ticket sales and better ticket pricing power, growth in sponsorship and hospitality sales, solidifying prospects for longer-term growth in broadcast media rights fees agreements, and greater potential to capture market share. We continue to be confident that by continuing to smartly reinvest to create memorable guest experiences, provide attractive pricing and fantastic racing, we will generate increased revenues and bottom-line results. This has most recently been evident in the success of our redevelopment of the frontstretch at Daytona International Speedway (see "Liquidity and Capital Resources - DAYTONA Rising").

While we focus on allocating our capital to generate returns in excess of our cost of capital, certain of our capital improvement investments may not provide immediate, directly traceable near term positive returns on invested capital but over the longer term will better enable us to effectively compete with other entertainment venues for consumer and corporate spending. See Capital Allocation in Liquidity and Capital Resources section of Management's Discussion and Analysis for a complete discussion of how capital improvements at existing facilities integrates into our overall capital allocation.

### *Growth Strategies*

Our growth strategies also continuously explores ways to grow our businesses through acquisitions and external developments that offer attractive financial returns and leverage our core competencies. A prime example is our joint venture to develop and operate a Hollywood-themed and branded entertainment destination facility overlooking turn two of Kansas Speedway (see "Hollywood Casino at Kansas Speedway").

The Hollywood Casino at Kansas Speedway provides positive cash flow to us and positive equity income in our consolidated statement of operations for fiscal 2014, 2015 and 2016. We expect for our 2017 fiscal year that our share of the cash flow from the casino's operations will be approximately \$26.0 million to \$27.0 million dollars.

Since June 2013, we have pursued development of ONE DAYTONA, a premier mixed use and entertainment destination across from the Daytona International Speedway. We have commenced site work on the property, completed construction of the Cobb Theater, and began vertical construction on other phases of the development. We are targeting phase one completion in late 2017 (see "Liquidity and Capital Resources - ONE DAYTONA").

We remain interested in pursuing further ancillary developments at certain of our other motorsports facilities which enhance our core business, are market-driven, and provide a prudent return on investment.

## Current Operations Comparison

The following table sets forth, for each of the indicated periods, certain selected statement of operations data as a percentage of total revenues:

	For the Year Ended		
	2014	2015	2016
<b>Revenues:</b>			
Admissions, net	19.9%	20.2%	18.7%
Motorsports and other event related	66.5	70.0	72.2
Food, beverage and merchandise	11.2	7.3	6.3
Other	2.4	2.5	2.8
Total revenues	100.0	100.0	100.0
<b>Expenses:</b>			
Direct:			
NASCAR event management fees	25.0	26.0	26.0
Motorsports and other event related	19.7	20.3	20.2
Food, beverage and merchandise	8.9	6.0	4.6
General and administrative	16.7	17.3	16.7
Depreciation and amortization	13.9	14.7	15.5
Losses on retirements of long-lived assets	1.5	2.4	0.4
Total expenses	85.7	86.7	83.4
Operating income	14.3	13.3	16.6
Interest expense, net	(1.1)	(1.5)	(2.1)
Other	0.8	0.1	2.0
Equity in net income from equity investments	1.4	2.2	2.3
Income before income taxes	15.4	14.1	18.8
Income taxes	5.1	5.3	7.2
Net income	10.3%	8.8%	11.6%

## Comparison of Fiscal 2016 to Fiscal 2015

The comparison of fiscal 2016 to fiscal 2015 is impacted by the following factors:

- Year-over-year increases in operating revenues and expenses are significantly driven by the completion of the DAYTONA Rising project prior to the first quarter of fiscal 2016 events at Daytona International Speedway ("Daytona");
- In the second and third quarters of fiscal 2016 we hosted the Country 500 music festival at Daytona and HARD summer music festival at Auto Club Speedway, respectively. Comparatively, in the third quarter of fiscal 2015, we hosted the Phish Magnaball music festival at Watkins Glen. For these aforementioned music festivals we earned a facility rental and certain other fees, and recognized revenues and expenses from the sale of concession operations;
- For fiscal 2015, we recognized non-recurring revenue and expense related to the transition of merchandise operations of approximately \$10.4 million and \$12.3 million, respectively. Included in this amount is approximately \$6.4 million for inventory sold to Fanatics and \$4.0 million of wholesale transactions by MA. These revenues drove a total of approximately \$12.3 million in expense including product costs associated with the non-recurring transactions, non-recurring costs related to the transition of trackside merchandise operations to Fanatics, as well as partial period operating expenses incurred prior to the transition of Americrown and MA merchandise operations, for which there was no related revenue (see "Future Trends in Operating Results, *Merchandise Operations*"). There were no comparable transactions in fiscal 2016;
- In fiscal 2016, we recognized approximately \$0.8 million, or \$0.01 per diluted share, in non-recurring, pre-opening costs that are included in general and administrative expense related to DAYTONA Rising. During fiscal 2015, we recognized approximately \$1.4 million, or \$0.02 per diluted share, of similar costs;
- During fiscal 2015, we recognized approximately \$6.8 million, or \$0.09 per diluted share, of accelerated depreciation that was recorded due to the shortening the service lives of certain assets associated with DAYTONA Rising and capacity management initiatives. There were no comparable costs during fiscal 2016;

- In fiscal 2016, we recognized approximately \$2.9 million, or \$0.04 per diluted share, of losses associated with asset retirements and demolition and/or asset relocation costs in connection with capacity management initiatives and other facility capital improvements. Included in these losses were approximately \$0.5 million of expenditures related to demolition and/or asset relocation costs, the remaining charges were non-cash charges. During fiscal 2015, we recognized approximately \$16.0 million, or \$0.21 per diluted share, of similar charges, in connection with DAYTONA Rising and capacity management initiatives. Included in these losses were approximately \$12.5 million of expenditures related to demolition and/or asset relocation costs, the remaining charges were non-cash charges;
- During fiscal 2016, we capitalized approximately \$1.5 million, or \$0.02 per diluted share, of interest related to ONE DAYTONA, DAYTONA Rising and the redevelopment at Phoenix. During fiscal 2015, we recognized approximately \$6.0 million, or \$0.08 per diluted share, of similar interest capitalization related to DAYTONA Rising;
- During fiscal 2016, we completed an assignment of all rights, title and interest in the mortgage and underlying promissory note of our Staten Island property. As a result, we recorded a gain of approximately \$13.6 million, or 0.18 per diluted share, comprised of deferred gain, interest, and other consideration paid. The deferred gain of \$1.9 million is included in Other operating revenue in our consolidated statement of operations, and the interest, and additional consideration, received is included in Other in our consolidated statement of operations (see "Equity and Other Investments"). There was no comparable transaction in the prior year;
- During fiscal 2016, we recognized a non-cash gain related to the transition of merchandise operations of approximately \$0.8 million, or \$0.01 per diluted share. There was no comparable transaction in the prior year; and
- During fiscal 2016, we received a favorable settlement relating to certain ancillary operations of approximately \$1.1 million or \$0.02 per diluted share. There was no comparable activity in the prior year.

Fiscal 2016 admissions revenue decreased approximately \$6.6 million, or 5.1 percent compared to fiscal 2015. The decrease is predominately due to decreased attendance and/or admissions at NASCAR events held at certain of our locations. In addition, the NASCAR Cup event held at Richmond International Raceway ("Richmond") was moved from its traditional Saturday evening schedule to a Sunday afternoon time slot, and the threat of inclement weather during the NASCAR events held at Talladega Superspeedway ("Talladega") also contributed to the decrease. Partially offsetting these decreases were increased attendance and/or admissions related to DAYTONA Rising for events held during Daytona Speedweeks, including the Daytona 500, Bikeweek events, the Coke Zero 400 and the Rolex 24, as well as NASCAR and IMSA weekends at Watkins Glen.

Motorsports and other event related revenue increased approximately \$25.4 million, or 5.6 percent, in fiscal 2016 as compared to fiscal 2015. The increase is largely attributable to increases in sponsorship and hospitality revenues of approximately \$12.7 million, primarily related to DAYTONA Rising and the events held during Daytona Speedweeks. Also contributing to the increase were increases in television broadcast revenue of approximately \$8.5 million, ancillary rights of approximately \$2.2 million and other track related revenues totaling approximately \$1.6 million, as well increased revenues from the aforementioned music festivals totaling approximately \$1.0 million, as compared to the prior year.

Food, beverage and merchandise revenue decreased approximately \$5.3 million, or 11.2 percent, in fiscal 2016 as compared to fiscal 2015. When excluding the aforementioned transition of merchandise operations of approximately \$11.1 million, food, beverage and merchandise revenue increased approximately \$5.8 million as compared to the prior year. This increase is attributed to increased non-motorsports related catering and concessions revenue related to the aforementioned HARD and Country 500 music festivals of approximately \$3.6 million, approximately \$1.5 million related to disaster relief efforts in the Daytona Beach area related to Hurricane Matthew, and increased motorsports related catering and concessions of approximately \$2.5 million. Slightly offsetting the increase was approximately \$1.8 million related to the aforementioned Phish Magnaball music festival held in fiscal 2015, for which the event was not held in fiscal 2016.

NASCAR event management fees increased by approximately \$4.0 million, or 2.4 percent, in fiscal 2016 as compared to fiscal 2015. The increase includes approximately \$5.6 million attributable to contracted NEM fees, of which approximately \$2.7 million is attributable to the increase in television broadcast rights fees, as NASCAR sanction agreements require a specific percentage of television broadcast rights fees to be paid to competitors for the NASCAR Sprint Cup, Xfinity and Camping World Truck series. This increase is offset by the aforementioned Chicagoland Xfinity series held in 2015 for which there is no comparable events in 2016.

Motorsports and other event related expense increased by approximately \$2.2 million, or 1.7 percent, in fiscal 2016 as compared to fiscal 2015. The increase is attributable to increased purchased services and personnel related expenses for other events of approximately \$2.6 million, higher operating costs of approximately \$1.5 million, associated with the opening of the world's first motorsports stadium at Daytona, and approximately \$1.9 million of expenses related to the aforementioned IndyCar event held at Phoenix in fiscal 2016, which was not held in fiscal 2015. Partially offsetting the increase were

reductions in expenses of approximately \$4.0 million, related to certain fiscal 2015 events held at Chicagoland and Auto Club Speedway which were not held in fiscal 2016. Motorsports and other event related expenses as a percentage of combined admissions and motorsports and other event related revenue remained consistent at approximately 22.2 percent for fiscal 2016, as compared to 22.5 percent for the same period in the prior year.

Food, beverage and merchandise expense decreased approximately \$8.3 million, or 21.7 percent, in fiscal 2016 as compared to fiscal 2015. When excluding the aforementioned fiscal 2015 costs for transition of merchandise operations of approximately \$10.5 million, food, beverage and merchandise expense increased by approximately \$2.2 million, as compared to the prior year. The increase was primarily attributed to increased concession related expenses of approximately \$3.2 million, attributed to the aforementioned HARD summer music festival at Auto Club Speedway and the Country 500 music festival at Daytona, for which these events were not held in fiscal 2015, and increased motorsports related concessions and catering expenses of approximately \$0.8 million. Slightly offsetting the increase was approximately \$1.6 million of concession expenses related to the aforementioned Phish Magnaball music festival at Watkins Glen for which this event was not held in fiscal 2016. Food, beverage and merchandise expense as a percentage of food, beverage and merchandise revenue decreased to approximately 71.8 percent for fiscal 2016, as compared to 81.4 percent for the same period in the prior year. The margin improvement is primarily a result of the aforementioned transition in merchandising operations in fiscal 2015, as well as lower cost of sales related to concessions and catering as compared to the same period in the prior year, driven by improvements in menu engineering and production strategy coupled with a modest per cap increase.

General and administrative expense decreased approximately \$0.8 million, or 0.7 percent, in fiscal 2016 as compared to fiscal 2015, predominately due to a reduction of approximately \$2.2 million in certain administrative costs, a decrease in certain land lease payments of approximately \$1.1 million and approximately \$0.5 million of costs related to building maintenance that occurred in fiscal 2015, for which there were no comparable costs in fiscal 2016. Partially offsetting the decrease were approximately \$1.4 million of costs associated with the opening of the world's first motorsports stadium at Daytona, approximately \$0.4 million of property taxes, approximately \$0.7 million of lower reimbursed expenses related to the aforementioned transition in merchandising operations, and approximately \$0.5 million in purchased services, as compared to prior year. General and administrative expenses as a percentage of total revenues decreased slightly to approximately 16.8 percent for fiscal 2016, as compared to 17.3 percent for fiscal 2015. The slight margin increase is predominately due to higher total revenues in fiscal 2016.

Depreciation and amortization expense increased approximately \$7.4 million, or 7.8 percent, in fiscal 2016, as compared to fiscal 2015. Depreciation increased approximately \$9.5 million due to new assets placed in service associated with DAYTONA Rising in fiscal 2016. Partially offsetting the increase is approximately \$1.1 million attributable to the shortening of service lives of certain assets associated with the repaving of Watkins Glen, in fiscal 2015, for which there was no comparable event in the same periods of fiscal 2016 and approximately \$1.0 million related to assets that have been fully depreciated, or removed from service.

Losses on retirements of long-lived assets decreased approximately \$13.1 million, or 81.9 percent, in fiscal 2016, as compared to fiscal 2015. The decrease is primarily due to approximately \$12.1 million of fiscal 2015 demolition costs in connection with DAYTONA Rising, for which there were no comparable cost in fiscal 2016.

Interest income, during fiscal 2016, of approximately \$0.3 million, was comparable to the prior year.

Interest expense increased approximately \$4.3 million, or 44.4 percent, in fiscal 2016, as compared to fiscal 2015. The increase was predominately due to lower capitalized interest associated with DAYTONA Rising. Partially offsetting the increase was capitalized interest of approximately \$1.2 million related to ONE DAYTONA.

Equity in net income from equity investments in fiscal 2016 and 2015, respectively, substantially represents our 50.0 percent equity investments in Hollywood Casino at Kansas Speedway (see "Equity and Other Investments").

Our effective income tax rate increased from approximately 37.7 percent to approximately 38.5 percent during fiscal 2016 compared to fiscal 2015 (see "Income Taxes").

As a result of the foregoing, net income increased approximately \$19.7 million, or \$0.45 per diluted share, for fiscal 2016 as compared to fiscal 2015.

#### **Comparison of Fiscal 2015 to Fiscal 2014**

The comparison of fiscal 2015 to fiscal 2014 is impacted by the following factors:

- In the third quarter of fiscal 2015, we hosted the Phish Magnaball music festival at Watkins Glen, for which there was no comparable event in the prior year. Also in the third quarter of fiscal 2015, we hosted the third annual Faster Horses music festival at Michigan.

- During fiscal 2014, we received a favorable settlement relating to a legal judgment of litigation involving certain ancillary operations of approximately \$0.6 million, or \$0.01 per diluted share. There was no comparable activity during fiscal 2015.
- On January 31, 2014, SMI abandoned its interest and rights in our 50/50 partnership MA, consequently bringing our ownership of MA to 100.0 percent. MA's operations are included in our consolidated operations subsequent to the date of SMI's abandonment. Prior to January 31, 2014, MA was accounted for as an equity investment in our financial statements. As a result of SMI's abandonment of their interest in MA, we recorded other income of approximately \$5.4 million representing the fair value of MA, over the carrying value, as of January 31, 2014. In addition we recognized tax benefits relating to MA of approximately \$4.0 million for fiscal 2014 (see "Equity and Other Investments and "Income Taxes"). There was no comparable event in the same period of fiscal 2015;
- For fiscal 2015, we recognized revenue and expense related to merchandise operations of approximately \$16.5 million and \$12.3 million, respectively. Included in this amount are \$5.1 million of commission from third party merchandise sales, predominately from Fanatics, non-recurring transactions of approximately \$10.4 million, which includes approximately \$6.4 million for inventory sold to Fanatics and \$4.0 million of wholesale transactions by MA. These revenues drove a total of approximately \$12.3 million in expense including product costs associated with the non-recurring transactions, non-recurring costs related to the transition of trackside merchandise operations to Fanatics, as well as partial period operating expenses incurred prior to the transition of Americrown and MA merchandise operations, for which there was no related revenue. This compares to fiscal 2014, where we recognized revenue and expense related to merchandise operations of approximately \$44.1 million and \$35.5 million, respectively, which included direct sales of trackside merchandise and excluded the partial period pre-consolidation operation of MA prior to SMI's abandonment of its MA interest (see "Future Trends in Operating Results, *Merchandise Operations*");
- In fiscal 2015, we recognized approximately \$1.4 million, or \$0.02 per diluted share, in marketing and consulting costs that are included in general and administrative expense related to DAYTONA Rising. During fiscal 2014, we recognized approximately \$1.1 million, or \$0.02 per diluted share, of similar costs;
- During fiscal 2015, we recognized approximately \$6.8 million, or \$0.09 per diluted share, of accelerated depreciation that was recorded due to the shortening the service lives of certain assets associated with DAYTONA Rising and other projects. During fiscal 2014, we recognized approximately \$11.1 million, or \$0.14 per diluted share, of accelerated depreciation that was recorded due to the shortening the service lives of certain assets associated with DAYTONA Rising and capacity management initiatives;
- In fiscal 2015, we recognized approximately \$16.0 million, or \$0.21 per diluted share, of losses associated with asset retirements of losses primarily attributable to demolition and/or asset relocation costs in connection with DAYTONA Rising, capacity management initiatives and other capital improvements. Included in these losses were approximately \$12.5 million of expenditures related to demolition and/or asset relocation costs, the remaining charges were non-cash charges. During fiscal 2014, we recognized approximately \$10.1 million, or \$0.12 per diluted share, of similar charges, of which approximately \$7.5 million of expenditures related to demolition and/or asset relocation costs, the remaining charges were non-cash, which included an impairment of a long-lived intangible asset related to MA, discussed above; and
- During fiscal 2015, we capitalized approximately \$6.0 million, or \$0.08 per diluted share, of interest related to DAYTONA Rising. During fiscal 2014, we recognized approximately \$7.2 million, or \$0.09 per diluted share, of similar interest capitalization.

Fiscal 2015 admissions revenue of \$130.2 million was comparable to fiscal 2014. Factors driving attendance increases and higher average ticket prices include:

- Increases in attendance and admissions at the DAYTONA 500, Talladega, Martinsville, Auto Club Speedway, Darlington, Phoenix, Watkins Glen and Homestead;
- Increased attendance and admissions for NASCAR's Cup Chase for the Championship events at Chicagoland and Talladega as well as sold out events for the Fall Phoenix and Homestead Cup races; and
- Certain non-NASCAR events new to the Company's event schedule in 2015.

Several factors contributed to attendance decreases which offset the noted increases, including:

- The reduced number of seats available at Daytona for the July NASCAR Cup and Xfinity series events as a result of the construction cycle related to DAYTONA Rising (see *Liquidity and Capital Resources - DAYTONA Rising: Reimagining an American Icon*);
- Inclement weather and the threat of inclement weather during Speedweeks events preceding the DAYTONA 500;
- Inclement weather impacting major events at Michigan, Richmond and Kansas; and

- Other decreases in certain markets.

Motorsports and other event related revenue increased approximately \$18.1 million, or 4.2 percent, in fiscal 2015 as compared to fiscal 2014. The increase is largely attributable to increases in television broadcast revenue of approximately \$11.6 million. Also contributing to the increase were advertising, hospitality and sponsorship revenues of approximately \$4.2 million, other ancillary motorsports revenue totaling approximately \$1.5 million, as well as the aforementioned music festivals totaling approximately \$0.8 million.

Food, beverage and merchandise revenue decreased approximately \$25.6 million, or 35.1 percent, in fiscal 2015 as compared to fiscal 2014. The decrease is primarily due to the aforementioned transition of merchandise operations of approximately \$27.5 million. Slightly offsetting the decrease were concession sales of approximately \$1.8 million related to the aforementioned Phish Magnaball music festival held in the third quarter of fiscal 2015, for which there was no comparable event in fiscal 2014.

NASCAR event management fees increased by approximately \$4.9 million, or 3.0 percent, in fiscal 2015 as compared to fiscal 2014. The increase includes approximately \$3.0 million attributable to increases in television broadcast rights fees, for the NASCAR Cup, Xfinity and Camping World Truck series events held during the period as standard NASCAR sanctioning agreements require a specific percentage of television broadcast rights fees to be paid to competitors. The remaining increase is attributable to higher contracted NEM fees.

Motorsports and other event related expense increased by approximately \$2.9 million, or 2.2 percent, in fiscal 2015 as compared to fiscal 2014. The increase is primarily due to personnel related expenses, incremental costs for certain events largely driven by inclement weather, as well as other purchased services. Motorsports and other event related expenses as a percentage of combined admissions and motorsports and other event related revenue remained consistent at approximately 22.5 percent for fiscal 2015, as compared to 22.8 percent for the same period in the prior year.

Food, beverage and merchandise expense decreased approximately \$19.8 million, or 34.0 percent, in fiscal 2015 as compared to fiscal 2014. The decrease is predominately attributable to the aforementioned transition of merchandise operations of approximately \$22.0 million. Slightly offsetting the decrease were concession related expenses of approximately \$1.6 million attributed to the aforementioned Phish Magnaball music festival held in the third quarter of fiscal 2015, for which there was no comparable event in fiscal 2014. In addition, motorsports related concessions and catering yielded an increase of approximately \$0.6 million. Food, beverage and merchandise expense as a percentage of food, beverage and merchandise revenue increased to approximately 81.4 percent for fiscal 2015, as compared to 79.9 percent for the same period in the prior year. The decrease in margin is primarily a result of the aforementioned transition in merchandising operations, however, excluding this activity, food, beverage and merchandise expense as a percentage of food, beverage and merchandise sales decreased compared to the same period in 2014 due to increased catering revenues driven by an approximate 3.0 percent increase in prices, slightly offset by increased spoilage due to inclement weather affecting certain events.

General and administrative expense increased approximately \$3.1 million, or 2.8 percent, in fiscal 2015 as compared to fiscal 2014, due to approximately \$3.6 million of certain administrative costs and ancillary facility operations, as well as a net decrease to our general liability insurance reserve in the prior year period of approximately \$1.1 million, for which there is no comparable reduction in the current period. Slightly offsetting the increase was approximately \$0.9 million of costs related to real and tangible property taxes and \$0.7 million of non-recurring costs related to the aforementioned transition in merchandising operations. General and administrative expenses as a percentage of total revenues decreased slightly to approximately 17.3 percent for fiscal 2015, as compared to 16.7 percent for fiscal 2014. The margin decrease for the period is primarily due one-time, non-recurring administrative costs related to DAYTONA Rising and to adjustments in our general liability insurance reserves in the 2014 period.

Depreciation and amortization expense increased approximately \$4.4 million, or 4.8 percent, in fiscal 2015 as compared to fiscal 2014. Approximately \$11.9 million of the increase relates to new assets placed in service associated with DAYTONA Rising, and approximately \$5.5 million is attributable to the continued shortening of the service lives of certain assets that will eventually be retired associated with DAYTONA Rising. Also contributing to the increase is approximately \$1.3 million is attributable to the shortening of service lives of certain assets associated with the repaving of Watkins Glen. Offsetting these increases are approximately \$14.3 million related to assets that have been fully depreciated, or removed from service.

Losses on retirements of long-lived assets of approximately \$16.0 million during fiscal 2015 is primarily due to demolition costs in connection with DAYTONA Rising and other capital improvements.

Interest income during fiscal 2015 decreased approximately \$2.0 million as compared to fiscal 2014. The decrease is predominately due to a settlement reached in fiscal 2014 related to prior years interest associated with a long-term receivable. There was no comparable event in fiscal 2015.



Interest expense increased approximately \$0.4 million, or 4.4 percent, in fiscal 2015, as compared to fiscal 2014. The increase was predominately due to slightly lower capitalized interest associated with DAYTONA Rising.

Equity in net income from equity investments in fiscal 2015 and 2014, respectively, represents our 50.0 percent equity investments in Hollywood Casino at Kansas Speedway (see "Equity and Other Investments").

Our effective income tax rate increased from approximately 33.0 percent to approximately 37.7 percent during fiscal 2015 compared to fiscal 2014 (see "Income Taxes").

As a result of the foregoing, net income decreased approximately \$10.7 million, or \$0.24 per diluted share, for fiscal 2015 as compared to fiscal 2014.

## Liquidity and Capital Resources

### General

We have historically generated sufficient cash flow from operations to fund our working capital needs, capital expenditures at existing facilities, and return of capital through payments of an annual cash dividend and repurchase of our shares under our Stock Purchase Plan. In addition, we have used the proceeds from offerings of our Class A Common Stock, the net proceeds from the issuance of long-term debt, borrowings under our credit facilities and state and local mechanisms to fund acquisitions and development projects. The following table sets forth certain selected financial information as of November 30, (in thousands):

	2014	2015	2016
Cash and cash equivalents	\$ 158,847	\$ 160,548	\$ 263,727
Working capital	110,783	146,915	217,802
Total debt	271,746	265,836	262,820

At November 30, 2016, our working capital was primarily supported by our cash and cash equivalents totaling approximately \$263.7 million. The increase in working capital at November 30, 2016, as compared to the prior period, is predominantly attributable to the refund received, of approximately \$50.8 million, in February 2016 of all of the Federal income tax estimated payments made in fiscal year 2015. This was a result of the Protecting Americans from Tax Hikes Act, passed by Congress in December 2015, which renewed previously expired tax legislation that included a retroactive renewal back to January 1, 2015 (see "Capital Allocation"). Also contributing to the increase in working capital were the cash proceeds from the sale of the Staten Island property (see "Equity and Other Investments - Staten Island Property").

Significant cash flow items during fiscal the fiscal years ended November 30 are as follows (in thousands):

	2014	2015	2016
Net cash provided by operating activities <sup>(1)</sup>	\$ 162,847	\$ 151,987	\$ 245,888
Capital expenditures <sup>(2)</sup>	(183,936)	(155,016)	(140,793)
Distribution from equity investee and affiliate <sup>(3)</sup>	22,000	32,050	25,900
Proceeds from sale of Staten Island property <sup>(4)</sup>	11,187	4,648	67,890
Equity investments and advances to affiliate <sup>(5)</sup>	(1,322)	—	(130)
Net proceeds (payments) related to long-term debt	(2,807)	(3,437)	(3,408)
Dividends paid and reacquisitions of previously issued common stock	(11,504)	(13,111)	(74,571)

(1) Variances in net cash provided by operating activities were predominately due to the amount and timing of cash payments for income taxes (see "Income Taxes"). The increase in net cash provided by operating activities, during the period ended November 30, 2016, as compared to the same period in the prior year, is driven primarily by the aforementioned Federal income tax refund received in February 2016

(2) Activity in capital expenditures is predominately due to DAYTONA Rising (see "Capital Expenditures") and ONE DAYTONA (see "ONE DAYTONA")

(3) Distributions from equity investee and affiliates, consist of amounts received as distribution from their profits and returns of capital as detailed in our statement of cash flows

(4) Proceeds from sale of Staten Island property consist of interest and principle amounts received as detailed in our statement of cash flows

(5) Amounts relate to Hollywood Casino at Kansas Speedway (see "Equity and Other Investments") and ONE DAYTONA (see "ONE DAYTONA"), respectively

(6) Amounts relate to dividends paid and reacquisition of previously issued common stock (see "Item 2. Unregistered Sales of Equity Securities and Use of Proceeds")

Our liquidity is primarily generated from our ongoing motorsports operations, and we expect our strong operating cash flow to continue in the future. In addition, as of November 30, 2016, we have approximately \$294.0 million available to draw upon under our 2016 Credit Facility, if needed. See "Future Liquidity" for additional disclosures relating to our credit facility and certain risks that may affect our near term operating results and liquidity.

Allocation of capital is driven by our long-term strategic planning and initiatives that encompass our mission, vision and values. Our primary uses of capital are to maintain modest debt levels that are consistent with our current investment grade debt rating from Standard and Poor's. We will invest in our facilities to improve the guest experience and we will make investments in strategic projects that complement our core business and provide value for our shareholders, all of which is balanced with returning capital to our shareholders through share repurchases and dividends.

### **Capital Allocation**

We have established a long-term capital allocation plan to ensure we generate sufficient cash flow from operations to fund our working capital needs, capital expenditures at existing facilities, and return of capital through payments of an annual cash dividend and repurchase of our shares under our Stock Purchase Plan. In addition, we have used the proceeds from offerings of our Class A Common Stock, the net proceeds from the issuance of long-term debt, borrowings under our credit facilities and state and local mechanisms to fund acquisitions and development projects.

Since 2013, we have operated under a capital expenditure plan totaling \$600.0 million for reinvestment in existing facilities, which included capital expenditures related to DAYTONA Rising (see "DAYTONA Rising - Reimagining an American Icon"). This plan was adopted by the Board of Directors in 2013 and established a multi-year capital facility reinvestment plan through 2017. At November 30, 2016, there was approximately \$58.7 million remaining for capital expenditures in approved and/or planned projects under this plan.

In 2016, our working capital position was further strengthened by the following events:

- Federal tax legislation passed in December 2015 providing for extension of 7-year depreciation for tax purposes on certain motorsports facility assets placed in service during fiscal 2015 through 2016, and bonus depreciation on capital expenditures placed in service fiscal 2015 through 2019. While the tax legislation does not impact our overall tax liability, it does impact the timing of the annual payment of cash taxes. Cash taxes paid for federal and state taxes in fiscal 2015 was approximately \$45.0 million. As a result of this legislation, which was passed subsequent to our fiscal 2015 year-end, but retroactive for all assets placed in service during 2015, we received a tax refund of approximately \$50.8 million in fiscal 2016 related to overpayment of estimated taxes in prior years, primarily attributable to depreciation for assets placed in service related to DAYTONA Rising. Cash tax payments for fiscal 2016 were approximately \$24.4 million. Cash tax payments for fiscal 2017 are currently estimated to be between \$50.0 million to \$55.0 million; and
- In March 2016, we completed an assignment of all rights, title and interest in the mortgage and underlying promissory note to an affiliate of Matrix Development Group, a New York/New Jersey area developer, and received the remaining principal balance of \$66.4 million, plus additional consideration of approximately \$0.3 million. We have no further commitments or contingencies related to the property or its sale. As a result, in the second quarter of fiscal 2016, we recorded a gain of approximately \$13.6 million. The deferred gain of \$1.9 million is included in Other operating revenue in our consolidated statement of operations, and the interest and additional consideration received is included in Other below Operating Income in our consolidated statement of operations.

Following the successful completion of DAYTONA Rising (delivering the project on time, on budget and achieving incremental \$15.0 million EBITDA), along with the aforementioned events strengthening working capital, the Board of Directors transitioned the remaining commitments under the 2013 \$600.0 million plan as of November 30, 2016 and adopted the following capital allocation plan covering fiscal years 2017 through 2021:

- Capital expenditures for existing facilities up to \$500.0 million from fiscal 2017 through fiscal 2021, which includes approximately \$58.7 million for 2017 carried over from the 2013 \$600 million plan. This allocation will fund a reinvestment at Phoenix, the first phase of redevelopment at Richmond, as well as all other maintenance and guest experience capital expenditures for the remaining existing facilities. In 2017 we will begin the redevelopment of Phoenix (see "Phoenix Redevelopment") with completion targeted in late 2018, therefore, we expect spending to be somewhat front-loaded. While many components of these expected projects will exceed weighted average cost of

capital, considerable maintenance capital expenditures, approximately \$40.0 million to \$60.0 million annually, will likely result in a blended return of this invested capital in the mid to low single digits;

- In addition to the aforementioned \$500.0 million in capital expenditures for existing facilities, we expect we will have an additional \$95.0 million of capital expenditures in fiscal 2016 through 2018 related to phase one of ONE DAYTONA. We expect this investment to exceed our weighted average cost of capital (see "ONE DAYTONA");
- Return of capital to shareholders is a significant pillar of our capital allocation. In fiscal 2016 we increased our dividend approximately 58.0 percent to \$0.41 per share. We expect dividends to increase in 2017, and beyond, by approximately four to five percent annually. For the year ended November 30, 2016, we repurchased 1.7 million shares of ISCA on the open market at a weighted average share price of \$33.25 for a total of approximately \$55.1 million. In November 2016, our Board of Directors expanded the Stock Purchase Plan by an incremental \$200.0 million bringing its total current authorization to \$530.0 million. For 2017 through 2021 we expect our return of capital program will be approximately \$280.0 million, comprised of close to \$100.0 million in total annual dividends and the balance being open market repurchase of ISCA shares over the five year period. At this time we expect this spending to be evenly allocated per year, although we will scale the repurchase program to buy opportunistically; and
- We will continue to explore development and/or acquisition opportunities beyond the initiatives discussed above that build shareholder value and exceed our weighted average cost of capital. Should additional development and/or acquisitions be pursued, we will provide discrete information on timing, scope, cost and expected returns of such opportunities.

The aforementioned represents certain components of our capital allocation plan for fiscal 2017 and beyond. This capital allocation plan is reviewed annually, or more frequently, and can be revised, if necessary, based on changes in business conditions.

### **Capital Expenditures**

As discussed in "Future Trends in Operating Results," an important strategy for our future growth will come from investing in our major motorsports facilities to enhance the live event experience and better enable us to effectively compete with other entertainment venues for consumer and corporate spending.

Capital expenditures for fiscal 2016 total approximately \$140.8 million, inclusive of capitalized interest and labor. In comparison, the Company spent approximately \$155.0 million on capital expenditures for projects at its existing facilities in fiscal 2015, including DAYTONA Rising. For fiscal 2017, we expect capital expenditures associated with the \$500.0 million capital expenditure plan to range between \$100.0 million and \$115.0 million, which includes commencement of construction for the Phoenix Redevelopment project. Incremental to this is approximately \$50.0 million to \$60.0 million in capital expenditures related to construction for ONE DAYTONA.

We review the capital expenditure program periodically and modify it as required to meet current business needs.

### **Future Liquidity**

#### **General**

As discussed in "Future Trends in Operating Results," we compete for discretionary spending and leisure time with many other entertainment alternatives and are subject to factors that generally affect the recreation, leisure and sports industry, including general economic conditions. Our operations are also sensitive to factors that affect corporate budgets. Such factors include, but are not limited to, general economic conditions, employment levels, business conditions, interest and taxation rates, relative commodity prices, and changes in consumer tastes and spending habits. These factors may negatively impact year-over-year comparability for our revenue categories for the full year, with the exception of domestic broadcast media rights fees. While we are sustaining the significant cost reductions implemented subsequent to the unprecedented adverse economic conditions that began in 2008, we do not expect further significant cost reductions.

Our cash flow from operations consists primarily of ticket, hospitality, merchandise, catering and concession sales and contracted revenues arising from television broadcast rights and marketing partnerships. We believe that cash flows from operations, along with existing cash, cash equivalents and available borrowings under our credit facility, will be sufficient to fund:

- operations of our major motorsports facilities for the foreseeable future;
- ONE DAYTONA (see "ONE DAYTONA");
- the previously discussed capital allocation plans for our existing facilities;

- payments required in connection with the funding of the Unified Government's debt service requirements related to the TIF bonds;
- payments related to our other existing debt service commitments;
- contributions in connection with any future expansion of the Hollywood Casino at Kansas Speedway; and
- our annual dividend payment and share repurchases under our Stock Purchase Plan.

We remain interested in pursuing acquisition and/or development opportunities that would increase shareholder value, of which the timing, size, success and associated potential capital commitments, are unknown at this time. Accordingly, a material acceleration of our growth strategy could require us to obtain additional capital through debt and/or equity financings. Although there can be no assurance, we believe that adequate debt and equity financing will be available on satisfactory terms.

While we expect our strong cash flows to continue in the future, our financial results depend significantly on a number of factors. In addition to local, national, and global economic and financial market conditions, consumer and corporate spending could be adversely affected by security and other lifestyle conditions resulting in lower than expected future cash flows. See "Future Trends in Operating Results - Postponement and/or Cancellation of Major Motorsports Events" for further discussion of items that could have a singular or compounded material adverse effect on our financial success and future cash flow.

#### *Long-Term Obligations and Commitments*

Our \$65.0 million principal amount of senior unsecured notes ("4.63 percent Senior Notes") bear interest at 4.63 percent and are due January 2021, require semi-annual interest payments on January 18 and July 18 through their maturity. The 4.63 percent Senior Notes may be redeemed in whole or in part, at our option, at any time or from time to time at redemption prices as defined in the indenture. Certain of our wholly owned domestic subsidiaries are guarantors of the 4.63 percent Senior Notes. Certain restrictive covenants of the 4.63 percent Senior Notes require that the Company's ratio of its Consolidated Funded Indebtedness to its Consolidated EBITDA ("leverage ratio") does not exceed 3.50 to 1.0, and its Consolidated EBITDA to Consolidated Interest Expense ("interest coverage ratio") is not less than 2.0 to 1.0. In addition the Company may not permit the aggregate of certain Priority Debt to exceed 15.0 percent of its Consolidated Net Worth. The 4.63 percent Senior Notes contain various other affirmative and negative restrictive covenants including, among others, limitations on liens, sales of assets, mergers and consolidations and certain transactions with affiliates. As of November 30, 2016, the Company was in compliance with its various restrictive covenants. At November 30, 2016, outstanding principal on the 4.63 percent Senior Notes was approximately \$65.0 million.

Our \$100.0 million principal amount of senior unsecured notes ("3.95 percent Senior Notes") bear interest at 3.95 percent and are due September 2024. The 3.95 percent Senior Notes require semi-annual interest payments on March 13 and September 13 through their maturity. The 3.95 percent Senior Notes may be redeemed in whole or in part, at our option, at any time or from time to time at redemption prices as defined in the indenture. Certain of our wholly owned domestic subsidiaries are guarantors of the 3.95 percent Senior Notes. Certain restrictive covenants of the 3.95 percent Senior Notes require that the Company's leverage ratio does not exceed 3.50 to 1.0, and its interest coverage ratio is not less than 2.0 to 1.0. In addition the Company may not permit the aggregate of certain Priority Debt to exceed 15.0 percent of its Consolidated Net Worth. The 3.95 percent Senior Notes contain various other affirmative and negative restrictive covenants including, among others, limitations on liens, sales of assets, mergers and consolidations and certain transactions with affiliates. As of November 30, 2016, the Company was in compliance with its various restrictive covenants. At November 30, 2016, outstanding principal on the 3.95 percent Senior Notes was approximately \$100.0 million.

The term loan ("6.25 percent Term Loan"), related to our International Motorsports Center, has a 25 year term due October 2034, an interest rate of 6.25 percent, and a current monthly payment of approximately \$323,000 principal and interest. At November 30, 2016, the outstanding principal on the 6.25 percent Term Loan was approximately \$47.9 million.

At November 30, 2016, outstanding TIF bonds totaled approximately \$52.1 million, net of the unamortized discount, which is comprised of a \$2.8 million principal amount, 6.15 percent term bond due December 1, 2017 and a \$49.7 million principal amount, 6.75 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 our 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.

In October 2002, the Unified Government issued subordinate sales tax special obligation revenue bonds ("2002 STAR Bonds") totaling approximately \$6.3 million to reimburse us 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 Kansas Speedway's boundaries and are not our obligation. KSC has agreed to guarantee the payment of principal, any required

premium and interest on the 2002 STAR Bonds. At November 30, 2016, the Unified Government had approximately \$0.9 million in 2002 STAR Bonds outstanding. Under a keepwell agreement, we have agreed to provide financial assistance to KSC, if necessary, to support its guarantee of the 2002 STAR Bonds.

On September 27, 2016, we amended and extended our existing \$300.0 million credit facility, maturing November 2017, and entered into a new \$300.0 million revolving credit facility ("2016 Credit Facility"). The 2016 Credit Facility contains a feature that allows us to increase the credit facility to a total of \$500.0 million, subject to certain conditions, provides for separate sub-limits of \$25.0 million for standby letters of credit and \$10.0 million for swing line loans. The 2016 Credit Facility is scheduled to mature five years from the date of inception, with two 1-year extension options. Interest accrues, at our option, at either LIBOR plus 100.0 — 162.5 basis points or a base rate loan at the highest of i) Wells Fargo Bank's prime lending rate, ii) the Federal Funds rate, as in effect from time to time, plus 0.5 percent, and iii) one month LIBOR plus 1.0 percent. The 2016 Credit Facility also contains a commitment fee ranging from 0.125 percent to 0.225 percent of unused amounts available for borrowing. The interest rate margin on the LIBOR borrowings and commitment fee are variable depending on the better of our debt rating as determined by specified rating agencies or its leverage ratio. Certain of our wholly owned domestic subsidiaries are guarantors on the 2016 Credit Facility. The 2016 Credit Facility requires that our leverage ratio does not exceed 3.50 to 1.0 (4.0 to 1.0 for the four quarters ending after any Permitted Acquisition), and our interest coverage ratio is not less than 2.5 to 1.0. The 2016 Credit Facility also contains various other affirmative and negative restrictive covenants including, among others, limitations on indebtedness, investments, sales of assets, certain transactions with affiliates, entering into certain restrictive agreements and making certain restricted payments as detailed in the agreement. As of November 30, 2016, we were in compliance with the various restrictive covenants contained in the credit facility agreement. At November 30, 2016, we had no outstanding borrowings under our credit facility.

At November 30, 2016 we had contractual cash obligations to repay debt and to make payments under operating agreements, leases and commercial commitments in the form of guarantees and unused lines of credit. Payments due under these long-term obligations are as follows as of November 30, 2016 (in thousands):

	Total	Obligations Due by Period			
		Less Than One Year	2-3 Years	4-5 Years	After 5 Years
Long-term debt	\$ 265,418	\$ 3,738	\$ 8,613	\$ 76,134	\$ 176,933
Interest	104,686	13,967	27,185	23,320	40,214
Motorsports entertainment facility operating agreement	16,968	1,055	2,110	2,110	11,693
Other operating leases	41,896	4,570	4,942	2,066	30,318
<b>Total Contractual Cash Obligations</b>	<b>\$ 428,968</b>	<b>\$ 23,330</b>	<b>\$ 42,850</b>	<b>\$ 103,630</b>	<b>\$ 259,158</b>

Commercial commitment expirations are as follows as of November 30, 2016 (in thousands):

	Total	Commitment Expiration by Period			
		Less Than One Year	2-3 Years	4-5 Years	After 5 Years
Guarantees	\$ 940	\$ 205	\$ 275	\$ 255	\$ 205
Unused credit facilities	300,000	2,000	—	298,000	—
<b>Total Commercial Commitments</b>	<b>\$ 300,940</b>	<b>\$ 2,205</b>	<b>\$ 275</b>	<b>\$ 298,255</b>	<b>\$ 205</b>

### **DAYTONA Rising: Reimagining an American Icon**

DAYTONA Rising is the redevelopment of the frontstretch at Daytona, ISC's 57-year-old flagship motorsports facility, to enhance the event experience for our fans, marketing partners, broadcasters and the motorsports industry.

In May 2016, Axalta joined Toyota, Florida Hospital, Chevrolet and Sunoco as Founding Partners at Daytona International Speedway's new motorsports stadium. With each partnership extending over 10 years, the Founding partners received sponsorship rights for a dedicated injector, as well as innovative fan engagement space, and interior and exterior branding space, that will enhance the overall guest experience.

By providing our fans with a better experience as well as an expansive platform for our marketing partners, including an elevated hospitality experience, we expected, upon completion of DAYTONA Rising, to provide an immediate incremental lift in Daytona's revenues of approximately \$20.0 million, and earnings before interest, taxes, depreciation and amortization ("EBITDA") lift of approximately \$15.0 million. For the year ended November 30, 2016, we slightly exceeded these expectations. We also currently anticipate the project to be accretive to our net income per share within three years of

completion. While these forward-looking amounts are management's projections and we believe they are reasonable, our actual results may vary from these estimates due to unanticipated changes in projected attendance, lower than expected ticket prices, and/or lower than forecasted corporate sponsorships. We do not know whether these expectations will ultimately continue as actual revenues and operating results may differ materially from these estimates.

Despite not anticipating the need for additional long-term debt to fund this project, accounting rules dictate that we capitalize a portion of the interest on existing outstanding debt during the construction period. Through November 30, 2016, we recorded approximately \$14.6 million of capitalized interest associated with the DAYTONA Rising project since inception.

Total spending incurred, exclusive of capitalized interest, relating to DAYTONA Rising was approximately \$65.9 million for fiscal 2016, and is approximately \$398.7 million since the inception of the project.

We have identified existing assets that were expected to be impacted by the redevelopment and that those assets required accelerated depreciation, certain removal costs and losses on asset retirements, over the approximate 31-month project time span. Total accelerated depreciation, certain removal costs and losses on retirements of assets recognized, since the inception of the project, was approximately \$45.4 million. There were no similar costs related to the DAYTONA Rising project in fiscal 2016.

In addition, our depreciation expense, related directly to DAYTONA Rising, increased incrementally by approximately \$11.9 million in fiscal 2015, and an additional \$16.4 million in fiscal 2016. The incremental increase in depreciation expense for fiscal 2015 is based on the opening of approximately 40.0 percent of the new stadium's seating capacity for Budweiser Speedweeks 2015 and an additional approximate 10.0 percent of the new stadium's seating capacity for the 2015 Coke Zero 400.

As a result, our total depreciation expense for fiscal 2016 is approximately \$102.2 million, and is estimated to be between approximately \$100.0 million to \$105.0 million in fiscal 2017.

## **ONE DAYTONA**

Since June 2013, we have pursued development of ONE DAYTONA, a premier mixed use and entertainment destination across from the Daytona International Speedway.

We have crafted a strategy that will create synergy with the Speedway, enhance customer and partner experiences, monetize real estate on International Speedway Blvd and leverage our real estate on year-round basis.

We have approved land use entitlements for ONE DAYTONA to allow for up to 1.4 million square feet of retail/dining/entertainment, a 2,500 seat movie theater, 660 hotel rooms, 1,350 residential units, 567,000 square feet of additional office space and 500,000 square feet of commercial/industrial space.

A Community Development District ("CDD") has been established for the purpose of installing and maintaining public infrastructure at ONE DAYTONA. The CDD is a local, special purpose government framework authorized by Chapter 190 of the Florida Statutes for managing and financing infrastructure to support community development.

The CDD has negotiated agreements with the City of Daytona Beach and Volusia County for a total of \$40.0 million in incentives to finance a portion of the estimated \$53.0 million in infrastructure required to move forward with the ONE DAYTONA project.

In March 2015, we announced Legacy Development, a leading national development group, as development consultant for ONE DAYTONA. Intensely focused on innovative destination retail and mixed-use projects, Legacy Development is working closely with ISC's development staff on the project. The Legacy Development team is a natural fit for the project, having served as the developer for Legends Outlets Kansas City, a mixed-use retail destination across from our Kansas Speedway.

We have completed the design for the first phase of ONE DAYTONA. This first phase will be comprised of three components: retail, dining and entertainment ("RD&E"); hotels; and residential.

The RD&E component of phase one will be owned and managed 100.0 percent by us. The expected total square footage for the RD&E first phase is approximately 300,000 square feet. We expect to spend approximately \$95.0 million in fiscal 2016 through 2017 on the RD&E component of ONE DAYTONA's first phase. Other sources of funds will include the public incentives discussed above and land to be contributed to the project. In September 2016, we announced VCC has been selected as general contractor to oversee construction of the RD&E component of phase one including Victory Circle and the parking garage. VCC has an outstanding national reputation for quality and a proven track record leading and managing the development and construction of some of the country's most engaging mixed-use developments.

Lease agreements have been executed with Bass Pro Shops®, America's most popular outdoor store, and Cobb Theatres, the highly respected Southeastern-based exhibitor, as anchor tenants of ONE DAYTONA. Other announced tenants include P.F. Chang's, Hy's Toggery, Kilwins Confections, Guitar Center, Tervis, IT'SUGAR, Jeremiah's Italian Ice, Venetian Nail Spa, Sunglass World, Oklahoma Joe's BBQ, Rock Bottom Restaurant & Brewery, MidiCi: The Neapolitan Pizza Company, Lindbergh, Designers Market, and GameTime. Leasing remains strong and we are exceeding our leasing goals for the project.

Shaner Hotels and Prime Hospitality Group ("PHG") have been selected as hotel partners. They have executed a franchise agreement with Marriott International for an exclusive 145-room full service Autograph Collection hotel at ONE DAYTONA that will be known as The DAYTONA. They are also building a 105-room select-service Fairfield Inn & Suites by Marriott that is currently under vertical construction. As part of the partnership agreement, our portion of equity will be limited to our land contribution and we will share proportionately in the profits from the joint venture.

Prime Group has been selected as the partner for ONE DAYTONA's residential development. Following an extensive request for proposal process, ONE DAYTONA chose the Florida developer based on their command of market demographics, development experience and expert property management systems. Prime Group is proceeding with the development in ONE DAYTONA for approximately 276 luxury apartment rental units that will add critical mass to the overall ONE DAYTONA campus. Similar to the hotel partnership, our portion of equity will be limited to our land contribution and we will share proportionately in the profits from the joint venture.

Cobb Daytona Luxury Theatres opened in December 2016 and Bass Pro Shops is planning a February 2017 opening, followed by the Fairfield Inn & Suites later in fiscal 2017. We are targeting phase one completion in late fiscal 2017. At stabilization we expect this first phase on ONE DAYTONA to deliver annual revenue and EBITDA of approximately \$12.0 million and approximately \$9.0 million, respectively, and deliver an unlevered return above our weighted average cost of capital. We expect to add leverage to ONE DAYTONA's phase one post-stabilization.

Total capital expenditures for ONE DAYTONA, excluding capitalized interest and net of capital incentives, are expected to be approximately \$95.0 million. Through November 30, 2016 capital expenditures totaled approximately \$22.0 million, exclusive of capitalized interest and labor. At this time, there is no project specific financing in place for ONE DAYTONA. Ultimately, we expect to secure financing for the project upon stabilization. However, accounting rules dictate that we capitalize a portion of the interest on existing outstanding debt during the construction period. Through November 30, 2016, we recorded approximately \$1.6 million of capitalized interest related to ONE DAYTONA, since inception, and expect approximately \$3.5 million to \$4.0 million to be recorded by completion of construction.

Any future phases will be subject to prudent business considerations for which we will provide discrete cost and return disclosures.

### **Phoenix Redevelopment**

On November 30, 2016, we announced our Board of Directors had approved a multi-year redevelopment project to elevate the fan and spectator experience at Phoenix, the company's 52-year-old motorsports venue. The redevelopment is expected to focus on new and upgraded seating areas, vertical transportation options, new concourses, enhanced hospitality offerings and an intimate infield experience with greater accessibility to pre-race activities.

The redevelopment of Phoenix is included in our aforementioned \$500.0 million capital allocation covering fiscal years 2017 through 2021. The redevelopment project at Phoenix is expected to cost approximately \$178.0 million, including maintenance capital, before capitalized interest. Okland Construction ("Okland") has been selected as general contractor of the project. Effective November 30, 2016, Phoenix entered into a Design-Build Agreement with Okland. The Design-Build Agreement obligates Phoenix to pay Okland approximately \$136.0 million for the completion of the work described in the Design-Build Agreement. This amount is a guaranteed maximum price to be paid for the work, which may not change absent a requested change in the scope of work by Phoenix.

Based on the Company's current plans for Phoenix, it has identified existing assets that are expected to be impacted by the redevelopment and will require accelerated depreciation, or losses on asset retirements, totaling approximately \$3.4 million, non-cash charges, over the approximate 22-month project time span. Upon completion, the redevelopment is expected to provide an immediate incremental lift in Phoenix's EBITDA between approximately \$8.5 million and \$9.0 million. The project is expected to commence in early 2017 and be complete in late 2018.

Despite the Company not anticipating the need for additional long-term debt to fund this project, accounting rules dictate that the Company capitalize a portion of the interest on existing outstanding debt during the construction period. The Company estimates it will record approximately \$4.0 million to \$4.5 million of capitalized interest from fiscal 2017 through fiscal 2018.

For fiscal 2017, we expect capital expenditures related to the redevelopment of Phoenix to total approximately \$70.0 million to \$75.0 million and capitalized interest of approximately \$1.2 million.

## **Speedway Developments**

In light of NASCAR's publicly announced position regarding additional potential realignment of the Monster Energy NASCAR Cup Series schedule, we believe there are still potential development opportunities for public/private partnerships in new, underserved markets across the country that would create value for our shareholders. However, we are not currently pursuing any new speedway development opportunities.

## **Inflation**

We do not believe that inflation has had a material impact on our operating costs and earnings.

## **Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB"), in conjunction with the International Accounting Standards Board ("IASB"), issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". The objective of this Update is to significantly enhance comparability and clarify principles of revenue recognition practices across entities, industries, jurisdictions, and capital markets. On July 9, 2015, the FASB approved a one-year deferral of the effective date, while permitting entities to elect to adopt one year earlier on the original effective date. As a result, for a public entity, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The standard can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. We are currently in the process of analyzing the information necessary to determine the impact of adopting this new guidance on our financial position, results of operations, and cash flows. We will adopt the provisions of this statement in the first quarter of fiscal 2019.

In April 2015, the FASB, in conjunction with the IASB, issued ASU No. 2015-03, "Interest - Imputation of Interest". The objective of this Update is to simplify the presentation of debt issuance costs. The amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. We have adopted the provisions of this statement in the first quarter of fiscal 2016 and prior periods have been retrospectively adjusted (see "Note 6. Long-Term Debt").

In August 2015, the FASB issued ASU No. 2015-15, "Interest - Imputation of Interest (Sub-Topic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements". Given the absence of authoritative guidance within Update 2015-03 for debt issuance costs related to line-of-credit arrangements, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We have adopted the provisions of this statement in the first quarter of fiscal 2016 and prior periods have been retrospectively adjusted.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes". The objective of this Update is to simplify the presentation of deferred income taxes. The amendments in this Update require that deferred assets and liabilities be classified as long-term on the balance sheet instead of separating the deferred taxes into current and noncurrent amounts. For a public entity, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is permitted for financial statements that have not been previously issued. We believe that this treatment of deferred taxes reduces the complexity of financial reporting while improving the usefulness of the information provided to users of the financial statements. As a result the Company elected to early adopt this Update prospectively as of November 30, 2015.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842): Leases". The objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB is amending the FASB Accounting Standards Codification and creating Topic 842, Leases. This Update, along with IFRS 16, Leases, are the results of the FASB's and the International Accounting Standards Board's (IASB's) efforts to meet that objective and improve financial reporting. For a public entity, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted for all entities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact of adopting this new guidance on its financial position, results of operations, and cash flows, and will adopt the provisions of this statement in the first quarter of fiscal 2020.



## Factors That May Affect Operating Results

This report and the documents incorporated by reference may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify a forward-looking statement by our use of the words “anticipate,” “estimate,” “expect,” “may,” “believe,” “objective,” “projection,” “forecast,” “goal,” and similar expressions. These forward-looking statements include our statements regarding the timing of future events, our anticipated future operations and our anticipated future financial position and cash requirements. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we do not know whether our expectations will prove correct. We disclose the important factors that could cause our actual results to differ from our expectations in cautionary statements made in this report and in other filings we have made with the SEC. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors described in this report and other factors set forth in or incorporated by reference in this report.

Many of these factors are beyond our ability to control or predict. We caution you not to put undue reliance on forward-looking statements or to project any future results based on such statements or on present or prior earnings levels. Additional information concerning these, or other factors, which could cause the actual results to differ materially from those in the forward-looking statements is contained from time to time in our other SEC filings. Copies of those filings are available from us and/or the SEC.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates in the normal course of business. Our interest income and expense are most sensitive to changes in the general level of U.S. interest rates and the LIBOR rate. In order to manage this exposure, from time to time we use a combination of debt instruments, including the use of derivatives in the form of interest rate swap and lock agreements. We do not enter into any derivatives for trading purposes.

The objective of our asset management activities is to provide an adequate level of interest income and liquidity to fund operations and capital expansion, while minimizing market risk. We utilize overnight sweep accounts and short-term investments to minimize the interest rate risk. We do not believe that our interest rate risk related to our cash equivalents and short-term investments is material due to the nature of the investments.

Our objective in managing our interest rate risk on our debt is to negotiate the most favorable interest rate structures that we can and, as market conditions evolve, adjust our balance of fixed and variable rate debt to optimize our overall borrowing costs within reasonable risk parameters. Interest rate swaps and locks are used from time to time to convert a portion of our debt portfolio from a variable rate to a fixed rate or from a fixed rate to a variable rate as well as to lock in certain rates for future debt issuances.

The following analysis provides quantitative information regarding our exposure to interest rate risk. We utilize valuation models to evaluate the sensitivity of the fair value of financial instruments with exposure to market risk that assume instantaneous, parallel shifts in interest rate yield curves. There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled.

We have various debt instruments that are issued at fixed rates. These financial instruments, which have a fixed rate of interest, are exposed to fluctuations in fair value resulting from changes in market interest rates. The fair values of long-term debt are based on quoted market prices at the date of measurement. Our credit facilities approximate fair value as they bear interest rates that approximate market. At November 30, 2016, we had no variable debt outstanding.

At November 30, 2016, the fair value of our total long-term debt as determined by quotes from financial institutions was approximately \$278.2 million. The potential decrease in fair value resulting from a hypothetical 10.0 percent shift in interest rates would be approximately \$5.2 million at November 30, 2016.

Credit risk arises from the possible inability of counterparties to meet the terms of their contracts on a net basis. However, we minimize such risk exposures for these instruments by limiting counterparties to large banks and financial institutions that meet established credit guidelines. We do not expect to incur any losses as a result of counterparty default.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders  
International Speedway Corporation

We have audited the accompanying consolidated balance sheets of International Speedway Corporation (the “Company”) as of November 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, changes in shareholders’ equity and cash flows for each of the three years in the period ended November 30, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of International Speedway Corporation at November 30, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 30, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), International Speedway Corporation’s internal control over financial reporting as of November 30, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated January 27, 2017, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Certified Public Accountants

Tampa, Florida  
January 27, 2017

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders  
International Speedway Corporation

We have audited International Speedway Corporation's internal control over financial reporting as of November 30, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). International Speedway Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, International Speedway Corporation maintained, in all material respects, effective internal control over financial reporting as of November 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of International Speedway Corporation as of November 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended November 30, 2016 of International Speedway Corporation and our report dated January 27, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Certified Public Accountants

Tampa, Florida  
January 27, 2017

INTERNATIONAL SPEEDWAY CORPORATION  
Consolidated Balance Sheets

	November 30,	
	2015	2016
	(in thousands, except share and per share amounts)	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 160,548	\$ 263,727
Receivables, less allowance of \$1,000 in 2015 and 2016, respectively	42,112	35,445
Income taxes receivable	572	189
Prepaid expenses and other current assets	62,312	13,759
<b>Total Current Assets</b>	<b>265,544</b>	<b>313,120</b>
Property and Equipment, net	1,448,964	1,455,506
Other Assets:		
Equity investments	103,249	92,392
Intangible assets, net	178,626	178,629
Goodwill	118,791	118,791
Other	4,489	14,222
	<u>405,155</u>	<u>404,034</u>
<b>Total Assets</b>	<b>\$ 2,119,663</b>	<b>\$ 2,172,660</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Current portion of long-term debt	\$ 3,074	\$ 3,404
Accounts payable	56,968	29,770
Deferred income	38,243	39,416
Other current liabilities	20,344	22,728
<b>Total Current Liabilities</b>	<b>118,629</b>	<b>95,318</b>
Long-Term Debt	262,762	259,416
Deferred Income Taxes	336,232	409,585
Long-Term Deferred Income	6,969	5,988
Other Long-Term Liabilities	1,856	1,993
Commitments and Contingencies	—	—
Shareholders' Equity:		
Class A Common Stock, \$.01 par value, 80,000,000 shares authorized; 26,348,051 and 24,922,561 issued and outstanding in 2015 and 2016, respectively	263	249
Class B Common Stock, \$.01 par value, 40,000,000 shares authorized; 19,942,136 and 19,767,280 issued and outstanding in 2015 and 2016, respectively	199	197
Additional paid-in capital	449,136	437,292
Retained earnings	946,940	965,281
Accumulated other comprehensive loss	(3,323)	(2,659)
<b>Total Shareholders' Equity</b>	<b>1,393,215</b>	<b>1,400,360</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,119,663</b>	<b>\$ 2,172,660</b>

See accompanying notes

INTERNATIONAL SPEEDWAY CORPORATION  
Consolidated Statements of Operations

	Year Ended November 30,		
	2014	2015	2016
(in thousands, except share and per share amounts)			
<b>REVENUES:</b>			
Admissions, net	\$ 129,688	\$ 130,154	\$ 123,521
Motorsports and other event related	433,738	451,838	477,197
Food, beverage and merchandise	72,880	47,282	41,968
Other	15,630	16,096	18,330
	<u>651,936</u>	<u>645,370</u>	<u>661,016</u>
<b>EXPENSES:</b>			
Direct:			
NASCAR event management fees	162,988	167,841	171,836
Motorsports and other event related	128,229	131,109	133,322
Food, beverage and merchandise	58,265	38,484	30,142
General and administrative	108,563	111,617	110,828
Depreciation and amortization	90,352	94,727	102,156
Losses on retirements of long-lived assets	10,148	16,015	2,905
	<u>558,545</u>	<u>559,793</u>	<u>551,189</u>
Operating income	93,391	85,577	109,827
Interest income	2,107	157	270
Interest expense	(9,182)	(9,582)	(13,837)
Other	5,380	730	12,896
Equity in net income from equity investments	8,916	14,060	14,913
Income before income taxes	100,612	90,942	124,069
Income taxes	33,233	34,308	47,731
Net income	<u>\$ 67,379</u>	<u>\$ 56,634</u>	<u>\$ 76,338</u>
Earnings per share:			
Basic and diluted	<u>\$ 1.45</u>	<u>\$ 1.21</u>	<u>\$ 1.66</u>
Dividends per share	<u>\$ 0.24</u>	<u>\$ 0.26</u>	<u>\$ 0.41</u>
Basic weighted average shares outstanding	<u>46,559,232</u>	<u>46,621,211</u>	<u>45,981,471</u>
Diluted weighted average shares outstanding	<u>46,573,038</u>	<u>46,635,830</u>	<u>45,995,691</u>

See accompanying notes

INTERNATIONAL SPEEDWAY CORPORATION  
Consolidated Statements of Comprehensive Income

	Year Ended November 30,		
	2014	2015	2016
	(in thousands)		
Net income	\$ 67,379	\$ 56,634	\$ 76,338
Other comprehensive income:			
Amortization of interest rate swap, net of tax benefit of \$425, \$424 and \$418, respectively	657	658	664
Comprehensive income	\$ 68,036	\$ 57,292	\$ 77,002

**See accompanying notes**

INTERNATIONAL SPEEDWAY CORPORATION  
Consolidated Statements of Changes in Shareholders' Equity  
(in thousands)

	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	Total Shareholders' Equity
Balance at November 30, 2013	\$ 261	\$ 200	\$ 445,097	\$ 846,235	\$ (4,638)	\$ 1,287,155
Net income	—	—	—	67,379	—	67,379
Other comprehensive income	—	—	—	—	657	657
Cash dividends (\$.24 per share)	—	—	—	(11,181)	—	(11,181)
Reacquisition of previously issued common stock	—	—	(323)	—	—	(323)
Other	1	—	(82)	—	—	(81)
Stock-based compensation	—	—	2,826	—	—	2,826
Balance at November 30, 2014	262	200	447,518	902,433	(3,981)	1,346,432
Net income	—	—	—	56,634	—	56,634
Other comprehensive income	—	—	—	—	658	658
Cash dividends (\$.26 per share)	—	—	—	(12,127)	—	(12,127)
Reacquisition of previously issued common stock	—	—	(984)	—	—	(984)
Conversion of Class B Common Stock to Class A Common Stock	1	(1)	—	—	—	—
Other	—	—	(342)	—	—	(342)
Stock-based compensation	—	—	2,944	—	—	2,944
Balance at November 30, 2015	263	199	449,136	946,940	(3,323)	1,393,215
Net income	—	—	—	76,338	—	76,338
Other comprehensive income	—	—	—	—	664	664
Exercise of stock options	—	—	136	—	—	136
Cash dividends (\$.41 per share)	—	—	—	(18,859)	—	(18,859)
Reacquisition of previously issued common stock	(16)	—	(16,558)	(39,138)	—	(55,712)
Conversion of Class B Common Stock to Class A Common Stock	2	(2)	—	—	—	0
Other	—	—	872	—	—	872
Stock-based compensation	—	—	3,706	—	—	3,706
Balance at November 30, 2016	\$ 249	\$ 197	\$ 437,292	\$ 965,281	\$ (2,659)	\$ 1,400,360

See accompanying notes

INTERNATIONAL SPEEDWAY CORPORATION  
Consolidated Statements of Cash Flows

	Year Ended November 30,		
	2014	2015	2016
	(in thousands)		
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 67,379	\$ 56,634	\$ 76,338
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of Staten Island property	—	—	(13,631)
Gain on assumption of controlling interest in equity investee	(5,447)	—	—
Depreciation and amortization	90,352	94,727	102,156
Stock-based compensation	2,826	2,944	3,706
Amortization of financing costs	1,779	1,787	1,745
Interest received on Staten Island note receivable	5,087	4,648	1,162
Deferred income taxes	(12,346)	(15,678)	72,936
Income from equity investments	(8,916)	(14,060)	(14,913)
Distribution from equity investee	10,076	15,209	16,067
Losses on retirements of long-lived assets, non-cash	2,644	3,490	2,399
Other, net	380	(702)	(277)
Changes in operating assets and liabilities			
Receivables, net	(1,776)	(14,514)	6,667
Prepaid expenses and other assets	1,977	4,466	(14,751)
Accounts payable and other liabilities	(517)	5,128	4,837
Deferred income	(1,692)	2,621	192
Income taxes	11,041	5,287	1,255
Net cash provided by operating activities	<u>162,847</u>	<u>151,987</u>	<u>245,888</u>
<b>INVESTING ACTIVITIES</b>			
Capital expenditures	(183,936)	(155,016)	(140,793)
Distribution from equity investee and affiliate	11,924	16,841	9,833
Equity investments and advances to affiliate	(1,322)	—	(130)
Proceeds from sale of Staten Island property	6,100	—	66,728
Proceeds from sale of assets	—	4,442	560
Cash included in assumption of ownership interest in equity investee	4,686	—	—
Other, net	32	(5)	(6)
Net cash used in investing activities	<u>(162,516)</u>	<u>(133,738)</u>	<u>(63,808)</u>
<b>FINANCING ACTIVITIES</b>			
Payment of long-term debt	(2,807)	(3,437)	(3,408)
Deferred financing fees	—	—	(1,058)
Exercise of Class A common stock options	—	—	136
Cash dividends paid	(11,181)	(12,127)	(18,859)
Reacquisition of previously issued common stock	(323)	(984)	(55,712)
Net cash used in financing activities	<u>(14,311)</u>	<u>(16,548)</u>	<u>(78,901)</u>
Net increase (decrease) in cash and cash equivalents	(13,980)	1,701	103,179
Cash and cash equivalents at beginning of year	172,827	158,847	160,548
Cash and cash equivalents at end of year	<u>\$ 158,847</u>	<u>\$ 160,548</u>	<u>\$ 263,727</u>

See accompanying notes



INTERNATIONAL SPEEDWAY CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2016

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

DESCRIPTION OF BUSINESS: International Speedway Corporation (“ISC”), including its wholly owned subsidiaries (collectively the “Company”), is a leading promoter of motorsports themed entertainment activities in the United States. As of November 30, 2016, the Company owned and/or operated 13 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	2.7 miles
Michigan International Speedway	Brooklyn, Michigan	2.0 miles
Auto Club Speedway of Southern California	Fontana, California	2.0 miles
Kansas Speedway	Kansas City, Kansas	1.5 miles
Richmond International Raceway	Richmond, Virginia	0.8 miles
Darlington Raceway	Darlington, South Carolina	1.3 miles
Chicagoland Speedway	Joliet, Illinois	1.5 miles
Martinsville Speedway	Martinsville, Virginia	0.5 miles
Phoenix International Raceway	Phoenix, Arizona	1.0 miles
Homestead-Miami Speedway	Homestead, Florida	1.5 miles
Watkins Glen International	Watkins Glen, New York	3.4 miles
Route 66 Raceway	Joliet, Illinois	0.25 miles

In 2016, 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”) NASCAR Cup Series events;
- 14 NASCAR Xfinity Series events;
- 9 NASCAR Camping World Truck Series events;
- 2 International Motor Sports Association (“IMSA”) Weather Tech SportsCar Championship Series events including the premier sports car endurance event in the United States, the Rolex 24 At DAYTONA;
- 5 ARCA Racing Series events;
- One National Hot Rod Association (“NHRA”) Mello Yello Drag Racing Series event;
- Two IndyCar (“IndyCar”) Series event; 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 themed event operations consist principally of racing events at these major motorsports entertainment facilities, which, in total, currently have approximately 762,000 grandstand seats and 573 suites. The Company also conducts, either through operations of the particular facility or through certain wholly owned subsidiaries operating under the name “Americrown,” food and beverage concession operations and catering services, both in suites and chalets, for customers at its motorsports entertainment facilities.

At the beginning of fiscal 2017, entitlement of NASCAR's premier series changed. The NASCAR Sprint Cup Series will become the Monster Energy NASCAR Cup Series. Throughout this document, the naming convention for this series is consistent with the branding in fiscal 2017 for prospective events and will be referred to as NASCAR Cup Series for retrospective discussion.

Motor Racing Network, Inc. (“MRN”), the Company’s proprietary radio network, produces and syndicates to radio stations live coverage of the Monster Energy NASCAR Cup, Xfinity and Camping World 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 provides production services for the trackside large screen video

display units, at NASCAR Cup Series event weekends that take place at the Company's motorsports facilities. MRN also produces and syndicates daily and weekly NASCAR racing-themed programs.

#### 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:** 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 with a limited number of financial institutions at November 30, 2016.

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

**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

Leasehold improvements are depreciated over the shorter of the related lease term or their estimated useful lives. The Company evaluates the carrying value of property and equipment and if there are indicators of potential impairment. 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. Distributions received from the equity investees reduce the investment. Distributions from equity investees representing the Company's share of the equity investee's earnings are treated as cash proceeds from operations while distributions in excess of the equity investee's earnings are considered a return of capital and treated as cash proceeds from investing activities in the Company's consolidated statement of cash flows.

**GOODWILL AND INTANGIBLE ASSETS:** All business combinations are accounted for under the purchase method. The excess of the cost of the acquisition over fair value of the net assets acquired (including recognized intangibles) is recorded as goodwill. Business combinations involving existing motorsports entertainment facilities commonly result in a significant portion of the purchase price being allocated to the fair value of the contract-based intangible asset associated with long-term relationships manifest in the sanction agreements with sanctioning bodies, such as NASCAR and IMSA. The continuity of sanction agreements with these bodies has historically enabled the Company to host these motorsports events year after year. While individual sanction agreements may be of terms as short as one year, a significant portion of the purchase price in excess of the fair value of acquired tangible assets is commonly paid to acquire anticipated future cash flows from events promoted pursuant to these agreements which are expected to continue for the foreseeable future and therefore, in accordance with Accounting Standards Codification ("ASC") 805, are recorded as indefinite-lived intangible assets recognized apart from goodwill. The Company's goodwill and other intangible assets are all associated with our Motorsports Event segment.

The Company follows applicable authoritative guidance on accounting for goodwill and other intangible assets which specifies, among other things, non-amortization of goodwill and other intangible assets with indefinite useful lives and requires testing for possible impairment, either upon the occurrence of an impairment indicator or at least annually. The Company completes its annual testing in its fiscal fourth quarter, based on assumptions regarding the Company's future business outlook and expected future discounted cash flows attributable to such assets (using the fair value assessment provision of applicable authoritative guidance), supported by quoted market prices or comparable transactions where available or applicable.

In connection with the Company's fiscal 2016 assessment of goodwill and intangible assets for possible impairment, the Company used the future discounted cash flows / income approach based on Level 3 Fair Value hierarchy. The Company believes its methods used to determine fair value and evaluate possible impairment were appropriate, relevant, and represent

methods customarily available and used for such purposes. The Company's latest annual assessment of goodwill and other intangible assets in the fourth quarter of fiscal 2016 indicated there had been no impairment and the fair value exceeded the carrying value for the respective reporting units.

During fiscal 2016, the Company believes there has been no significant change in the long-term fundamentals of its ongoing motorsports event business. The Company believes its present operational and cash flow outlook further support its conclusion. While the Company continues to review and analyze many factors that can impact its business prospects in the future, its analysis is subjective and is based on conditions existing at, and trends leading up to, the time the estimates and assumptions are made. Different conditions or assumptions, or changes in cash flows or profitability, if significant, could have a material adverse effect on the outcome of the impairment evaluation and the Company's future condition or results of operations.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the "Financial Instruments" Topic, ASC 825-10 and in accordance with the "Fair Value Measurements and Disclosures" Topic, ASC 820-10, these topics discuss key considerations in determining fair value in such markets, and expanding disclosures on recurring fair value measurements using unobservable inputs (Level 3), clarification and additional disclosure is required about the use of fair value measurements.

Various inputs are considered when determining the carrying values of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities. These items approximate fair value due to the short-term maturities of these assets and liabilities. These inputs are summarized in the three broad levels listed below:

- Level 1 — observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

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

**COMPREHENSIVE INCOME:** Comprehensive income is the changes in equity of an enterprise except those resulting from shareholder transactions.

**INCOME TAXES:** Income taxes have been provided using the asset and 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.

NASCAR contracts directly with certain network providers for television rights to the entire Monster Energy NASCAR Cup, Xfinity and Camping World Truck series schedules. Event promoters share in the television rights fees in accordance with the provision of the sanction agreement for each Monster Energy NASCAR Cup, Xfinity and Camping World Truck series event. Under the terms of this arrangement, NASCAR retains 10.0 percent of the gross broadcast rights fees allocated to each Monster Energy NASCAR Cup, Xfinity and Camping World Truck series event as a component of its sanction fees. The promoter records 90.0 percent of the gross broadcast rights fees as revenue and then records 25.0 percent of the gross broadcast rights fees as part of its awards to the competitors. Ultimately, the promoter retains 65.0 percent of the net cash proceeds from the gross broadcast rights fees allocated to the event.

The Company's revenues from marketing partnerships are paid in accordance with negotiated contracts, with the identities of partners and the terms of sponsorship changing from time to time. Some of our marketing partnership agreements are for multiple facilities and/or events and include multiple specified elements, such as tickets, hospitality chalets, suites, display space and signage for each included event. The allocation of such marketing partnership revenues between the multiple

elements, events and facilities is based on relative selling price. The sponsorship revenue allocated to an event is recognized when the event is conducted.

Revenues and related costs from the sale of food, beverage and merchandise to retail customers are recognized at the time of sale.

Kansas Speedway ("Kansas") and Chicagoland Speedway ("Chicagoland") offer Preferred Access Speedway Seating ("PASS") agreements, which give purchasers the exclusive right and obligation to purchase season-ticket packages for certain sanctioned racing events annually, 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. Long-term deferred income under the PASS agreements totals approximately \$4.6 million and \$3.8 million at November 30, 2015 and 2016, respectively.

**ADVERTISING EXPENSE:** Advertising costs are expensed as incurred. Advertising expense was approximately \$16.5 million, \$17.1 million and \$17.7 million for the years ended November 30, 2014, 2015 and 2016, respectively.

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

**USE OF ESTIMATES:** The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**RECLASSIFICATIONS:** Certain prior year amounts in the Consolidated Balance Sheets have been reclassified to conform with the current year presentation.

**NEW ACCOUNTING PRONOUNCEMENTS:** In May 2014, the Financial Accounting Standards Board ("FASB"), in conjunction with the International Accounting Standards Board ("IASB"), issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". The objective of this Update is to significantly enhance comparability and clarify principles of revenue recognition practices across entities, industries, jurisdictions, and capital markets. On July 9, 2015, the FASB approved a one-year deferral of the effective date, while permitting entities to elect to adopt one year earlier on the original effective date. As a result, for a public entity, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The standard can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. The Company is currently in the process of analyzing the information necessary to determine the impact of adopting this new guidance on its financial position, results of operations, and cash flows. The Company will adopt the provisions of this statement in the first quarter of fiscal 2019.

In April 2015, the FASB, in conjunction with the IASB, issued ASU No. 2015-03, "Interest - Imputation of Interest". The objective of this Update is to simplify the presentation of debt issuance costs. The amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. The Company has adopted the provisions of this statement in the first quarter of fiscal 2016 and prior periods have been retrospectively adjusted (see "Note 6. Long-Term Debt").

In August 2015, the FASB issued ASU No. 2015-15, "Interest - Imputation of Interest (Sub-Topic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements". Given the absence of authoritative guidance within Update 2015-03 for debt issuance costs related to line-of-credit arrangements, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company has adopted the provisions of this statement in the first quarter of fiscal 2016 and prior periods have been retrospectively adjusted.

In November 2015, the Financial Accounting Standards Board issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes". The objective of this Update is to simplify the presentation of deferred income taxes. The amendments in this Update require that deferred assets and liabilities be classified as long-term on the balance sheet instead of separating the deferred taxes into current and noncurrent amounts. For a public entity, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is permitted for financial statements that have not been previously issued. The Company believes that

this treatment of deferred taxes reduces the complexity of financial reporting while improving the usefulness of the information provided to users of the financial statements. As a result the Company elected to early adopt this Update prospectively as of November 30, 2015.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842): "Leases". The objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB is amending the FASB Accounting Standards Codification and creating Topic 842, Leases. This Update, along with IFRS 16, Leases, are the results of the FASB's and the International Accounting Standards Board's (IASB's) efforts to meet that objective and improve financial reporting. For a public entity, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted for all entities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact of adopting this new guidance on its financial position, results of operations, and cash flows, and will adopt the provisions of this statement in the first quarter of fiscal 2020.

## 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 share and per share amounts):

	2014	2015	2016
<b>Numerator:</b>			
Net income	\$ 67,379	\$ 56,634	\$ 76,338
<b>Basic earnings per share denominator:</b>			
Weighted average shares outstanding	46,559,232	46,621,211	45,981,471
<b>Basic earnings per share:</b>			
Income from continuing operations	\$ 1.45	\$ 1.21	\$ 1.66
Loss from discontinued operations			
Net income	\$ 1.45	\$ 1.21	\$ 1.66
<b>Denominator:</b>			
Weighted average shares outstanding	46,559,232	46,621,211	45,981,471
Common stock options	13,806	14,619	14,220
Diluted weighted average shares outstanding	46,573,038	46,635,830	45,995,691
<b>Basic and diluted earnings per share</b>			
	\$ 1.45	\$ 1.21	\$ 1.66
<b>Anti-dilutive shares excluded in the computation of diluted earnings per share</b>			
	121,462	98,928	81,292

## NOTE 3 — PROPERTY AND EQUIPMENT

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

	2015	2016
Land and leasehold improvements	\$ 244,496	\$ 244,337
Buildings, grandstands and motorsports entertainment facilities	1,695,682	1,831,804
Furniture and equipment	215,928	258,510
Construction in progress	131,897	55,011
	2,288,003	2,389,662
Less accumulated depreciation	839,039	934,156
	\$ 1,448,964	\$ 1,455,506

Depreciation expense was approximately \$90.2 million, \$94.7 million and \$102.2 million for the years ended November 30, 2014, 2015 and 2016, respectively. The depreciation expense for the year ended November 30, 2015, includes approximately

\$6.8 million of accelerated depreciation that was recorded due to the shortening of the service lives of certain assets associated with DAYTONA Rising and capacity management initiatives. There were no similar costs in fiscal 2016.

#### NOTE 4 — RETIREMENTS OF LONG-LIVED ASSETS

The Company recorded before-tax charges relating to retirements of long-lived assets during the fiscal years ending November 30, as follows (in thousands):

	2014	2015	2016
Losses on retirements of long-lived assets	\$ 10,148	\$ 16,015	\$ 2,905
Less: cash portion of losses on asset retirements	7,504	12,525	506
Non-cash losses on retirements of long-lived assets	\$ 2,644	\$ 3,490	\$ 2,399

The fiscal 2014 retirements are primarily attributable to the ongoing removal of certain assets in connection with the track repaving at Kansas, as well as guest enhancements at Talladega Superspeedway (“Talladega”), Richmond International Raceway (“Richmond”) and certain of the Company’s other facilities.

The fiscal 2015 retirements are primarily attributable to the removal of assets not fully depreciated in connection with DAYTONA Rising, capacity management initiatives and other capital improvements.

The fiscal 2016 retirements are primarily attributable to the removal of assets not fully depreciated in connection with DAYTONA Rising and other capital improvements.

#### NOTE 5 — EQUITY AND OTHER INVESTMENTS

##### Hollywood Casino at Kansas Speedway

Kansas Entertainment, LLC, (“Kansas Entertainment”) a 50/50 joint venture of Penn Hollywood Kansas, Inc. (“Penn”), a subsidiary of Penn National Gaming, Inc. and Kansas Speedway Development Corporation (“KSDC”), a wholly owned indirect subsidiary of ISC, operates the Hollywood-themed casino and branded destination entertainment facility, overlooking turn two at Kansas Speedway. Penn is the managing member of Kansas Entertainment and is responsible for the operations of the casino.

The Company has accounted for Kansas Entertainment as an equity investment in its consolidated financial statements as of November 30, 2014, 2015 and 2016, respectively. The Company’s 50.0 percent portion of Kansas Entertainment’s net income was approximately \$8.9 million, \$14.1 million and \$14.9 million for fiscal years 2014, 2015 and 2016, respectively, and is included in equity in net income from equity investments in the Company’s consolidated statements of operations.

Distributions from Kansas Entertainment, for the years ended November 30, are as follows (in thousands):

	2014	2015	2016
Distribution from profits	\$ 10,076	\$ 15,209	\$ 16,067
Distribution in excess of profits	11,924	16,841	9,833
Total Distributions	\$ 22,000	\$ 32,050	\$ 25,900

##### Fairfield Inn at ONE DAYTONA

Since June 2013, the Company has pursued development of ONE DAYTONA, the proposed premier mixed use and entertainment destination across from its Daytona International Speedway. Daytona Hotel Two, LLC (“Fairfield”), a joint venture of Daytona Hospitality Group II, LLC (“DHGII”), a subsidiary of Prime-Shaner Groups, and Daytona Beach Property Holdings Retail, LLC (“DBR”), a wholly owned indirect subsidiary of the Company, was formed to own, construct and operate a Fairfield Inn Hotel. The Fairfield will be situated within the ONE DAYTONA development. As per the partnership agreement, the Company’s 33.25 percent share of equity will be limited to its non-cash land contribution and it will share in the profits from the joint venture proportionately to its equity ownership.

In June 2016, DBR contributed land to the joint venture as per the agreement. Vertical construction of the hotel has commenced and is expected to open in the third quarter of fiscal 2017. DHGII is the managing member of the Fairfield and will be responsible for the development and operations of the hotel. There were no operations during the year ended November 30, 2016.

## Staten Island Property

On August 5, 2013, the Company announced that it sold its 676 acre parcel of property located in Staten Island, New York, to Staten Island Marine Development, LLC ("Marine Development"). Marine Development purchased 100 percent of the outstanding equity membership interests of 380 Development LLC ("380 Development"), a wholly owned indirect subsidiary of ISC and owner of the Staten Island property, for a total sales price of \$80.0 million. In addition, the Company previously received approximately \$4.2 million for an option provided to the purchaser that is nonrefundable and does not apply to the \$80.0 million sales price.

The Company received \$7.5 million, less closing and other administrative costs, of the sales price at closing. The remaining sales price was financed with the Company holding a secured mortgage interest in 380 Development as well as the underlying property. The mortgage balance bore interest at an annual rate of 7.0 percent. In accordance with the terms of the agreement, the Company received a principal payment of approximately \$6.1 million plus interest on this mortgage balance through February 29, 2016. The remaining purchase price of \$66.4 million, was due in March 2016.

In March 2016, the Company completed an assignment of all rights, title and interest in the mortgage and underlying promissory note to an affiliate of Matrix Development Group, a New York/New Jersey area developer, and received the remaining principal balance of \$66.4 million, plus additional consideration of approximately \$0.3 million. The Company has no further commitments or contingencies related to the property or its sale. As a result, in the second quarter of fiscal 2016, the Company recorded a gain of approximately \$13.6 million, comprised of recognition of profit of approximately \$1.9 million, interest totaling approximately \$11.4 million, and other consideration paid. The deferred gain of \$1.9 million is included in Other operating revenue in the Company's consolidated statement of operations, and the interest, and additional consideration received, is included in Other Revenue in the Company's consolidated statement of operations.

The net proceeds from the sale, combined with the mortgage interest and related total cash tax benefit, has provided the Company with approximately \$129.8 million in incremental cash flow through the aforementioned assignment of all rights.

## Motorsports Authentics

Prior to January 31, 2014, the Company was partners with Speedway Motorsports, Inc. ("SMI") in a 50/50 joint venture, SMISC, LLC, which, through its wholly owned subsidiary Motorsports Authentics, LLC conducts business under the name Motorsports Authentics ("MA"). MA designs, promotes, markets and distributes motorsports licensed merchandise. On January 31, 2014, SMI abandoned its interest and rights in SMISC, LLC, consequently bringing the Company's ownership to 100.0 percent. MA's operations are included in the Company's consolidated operations subsequent to the date of SMI's abandonment. Prior to January 31, 2014, MA was accounted for as an equity investment in the Company's consolidated financial statements.

As a result of SMI's abandonment of their interest in SMISC, LLC, the Company recorded other income of approximately \$5.4 million, representing the fair value of MA, over the carrying value, as of January 31, 2014. The fair value was based on a discounted cash flow analysis using level 3 inputs. Most of the fair value represented the value of MA's working capital and the fair value was not sensitive to assumptions used in the discounted cash flow analysis. In addition, the Company recognized tax benefits of approximately \$4.0 million, representing the tax benefit associated with various operating loss carryforwards of MA that are expected to be realized in its consolidated tax filings in the future and certain other tax filing positions of SMISC, LLC. In November 2014, the Company recognized an impairment of a long-lived intangible asset of approximately \$0.6 million, which is included in non-cash losses on retirements of long-lived assets. MA's operating income contribution, subsequent to consolidation, was immaterial, and is included in the Motorsports Event segment.

Summarized financial information of the Company's equity investments as of and for the years ended November 30, are as follows (in thousands):

	2014	2015	2016
Current assets	\$ 33,349	\$ 17,204	\$ 15,856
Noncurrent assets	215,226	196,164	177,479
Current liabilities	19,273	17,749	17,380
Noncurrent liabilities	—	—	—
Net sales	141,849	153,183	153,276
Gross profit	72,031	80,691	82,087
Operating income	20,153	30,417	32,136
Net income	20,153	30,417	32,136

#### NOTE 6 — GOODWILL AND INTANGIBLE ASSETS

The gross carrying value and accumulated amortization of the major classes of intangible assets as of November 30, are as follows (in thousands):

	2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>Amortized intangible assets:</b>			
Food, beverage and merchandise contracts	\$ 10	\$ 10	\$ —
Other	114	94	20
Total amortized intangible assets	124	104	20
<b>Non-amortized intangible assets:</b>			
NASCAR — sanction agreements	177,813	—	177,813
Other	793	—	793
Total non-amortized intangible assets	178,606	—	178,606
Total intangible assets	\$ 178,730	\$ 104	\$ 178,626

	2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>Amortized intangible assets:</b>			
Food, beverage and merchandise contracts	\$ 10	\$ 10	\$ —
Other	120	97	23
Total amortized intangible assets	130	107	23
<b>Non-amortized intangible assets:</b>			
NASCAR — sanction agreements	177,813	—	177,813
Other	793	—	793
Total non-amortized intangible assets	178,606	—	178,606
Total intangible assets	\$ 178,736	\$ 107	\$ 178,629



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, 2016	\$	3
Estimated amortization expense for the year ending November 30:		
2017		2
2018		2
2019		2
2020		2
2021		15

There were no changes in the carrying value of goodwill during fiscal 2015 and 2016.

#### NOTE 7 — LONG-TERM DEBT

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

	2015		2016	
	Principal	Unamortized Discount and Debt Issuance Costs	Principal	Unamortized Discount and Debt Issuance Costs
4.63 percent Senior Notes	\$ 65,000	\$ (261)	\$ 65,000	\$ (210)
3.95 percent Senior Notes	100,000	(370)	100,000	(328)
6.25 percent Term Loan	48,726	—	47,878	—
TIF bond debt service funding commitment	54,646	(1,905)	52,145	(1,665)
Revolving Credit Facility	—	—	—	—
	268,372	(2,536)	265,023	(2,203)
Less: current portion	3,408	(334)	3,738	(334)
	<u>\$ 264,964</u>	<u>\$ (2,202)</u>	<u>\$ 261,285</u>	<u>\$ (1,869)</u>

#### Schedule of Payments (in thousands)

For the year ending November 30:	
2017	\$ 3,738
2018	4,091
2019	4,522
2020	5,326
2021	70,808
Thereafter	176,933
	265,418
Net premium	(395)
Total	<u>\$ 265,023</u>

The Company's \$65.0 million principal amount of senior unsecured notes ("4.63 percent Senior Notes") bear interest at 4.63 percent and are due January 2021, require semi-annual interest payments on January 18 and July 18 through their maturity. The 4.63 percent Senior Notes may be redeemed in whole or in part, at the Company's option, at any time or from time to time at redemption prices as defined in the indenture. Certain of the Company's wholly owned domestic subsidiaries are guarantors of the 4.63 percent Senior Notes. Certain restrictive covenants of the 4.63 percent Senior Notes require that the Company's ratio of its Consolidated Funded Indebtedness to its Consolidated EBITDA ("leverage ratio") does not exceed 3.50 to 1.0, and its Consolidated EBITDA to Consolidated Interest Expense ("interest coverage ratio") is not less than 2.0 to 1.0. In addition the Company may not permit the aggregate of certain Priority Debt to exceed 15.0 percent of its Consolidated Net Worth. The 4.63

percent Senior Notes contain various other affirmative and negative restrictive covenants including, among others, limitations on liens, sales of assets, mergers and consolidations and certain transactions with affiliates. As of November 30, 2016, the Company was in compliance with its various restrictive covenants. At November 30, 2016, outstanding principal on the 4.63 percent Senior Notes was approximately \$65.0 million.

The Company's \$100.0 million principal amount of senior unsecured notes ("3.95 percent Senior Notes") bear interest at 3.95 percent and are due September 2024. The 3.95 percent Senior Notes require semi-annual interest payments on March 13 and September 13 through their maturity. The 3.95 percent Senior Notes may be redeemed in whole or in part, at our option, at any time or from time to time at redemption prices as defined in the indenture. Certain of the Company's wholly owned domestic subsidiaries are guarantors of the 3.95 percent Senior Notes. Certain restrictive covenants of the 3.95 percent Senior Notes require that the Company's leverage ratio does not exceed 3.50 to 1.0, and its interest coverage ratio is not less than 2.0 to 1.0. In addition the Company may not permit the aggregate of certain Priority Debt to exceed 15.0 percent of its Consolidated Net Worth. The 3.95 percent Senior Notes contain various other affirmative and negative restrictive covenants including, among others, limitations on liens, sales of assets, mergers and consolidations and certain transactions with affiliates. As of November 30, 2016, the Company was in compliance with its various restrictive covenants. At November 30, 2016, outstanding principal on the 3.95 percent Senior Notes was approximately \$100.0 million.

Debt associated with the Company's wholly owned subsidiary, Chicagoland Speedway, LLC, which owns and operates Chicagoland and Route 66 Raceway, consisted of revenue bonds payable ("4.82 percent Revenue Bonds") consisting of economic development revenue bonds issued by the City of Joliet, Illinois to finance certain land improvements. The 4.82 percent Revenue Bonds had an interest rate of 4.82 percent and a monthly payment of approximately \$29,000 principal and interest. The principal on the 4.82 percent Revenue Bonds was paid in full in November 2015.

The term loan ("6.25 percent Term Loan"), related to the Company's International Motorsports Center, has a 25 year term due October 2034, an interest rate of 6.25 percent, and a current monthly payment of approximately \$323,000 principal and interest. At November 30, 2016, the outstanding principal on the 6.25 percent Term Loan was approximately \$47.9 million.

At November 30, 2016, in connection with the financing of Kansas Speedway, totaled approximately \$52.1 million, net of the unamortized discount, which is comprised of a \$2.8 million principal amount, 6.15 percent term bond due December 1, 2017 and a \$49.7 million principal amount, 6.75 percent term bond due December 1, 2027. The TIF bonds are repaid by the Unified Government of Wyandotte County/Kansas City, Kansas ("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.

On September 27, 2016, the Company amended and extended its existing \$300.0 million credit facility, maturing November 2017, and entered into a new \$300.0 million revolving credit facility ("2016 Credit Facility"). The 2016 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, provides for separate sub-limits of \$25.0 million for standby letters of credit and \$10.0 million for swing line loans. The 2016 Credit Facility is scheduled to mature five years from the date of inception, with two 1-year extension options. Interest accrues, at the Company's option, at either LIBOR plus 100.0 — 162.5 basis points or a base rate loan at the highest of i) Wells Fargo Bank's prime lending rate, ii) the Federal Funds rate, as in effect from time to time, plus 0.5 percent, and iii) one month LIBOR plus 1.0 percent. The 2016 Credit Facility also contains a commitment fee ranging from 0.125 percent to 0.225 percent of unused amounts available for borrowing. The interest rate margin on the LIBOR borrowings and commitment fee are variable depending on the better of the Company's debt rating as determined by specified rating agencies or its leverage ratio. Certain of the Company's wholly owned domestic subsidiaries are guarantors on the 2016 Credit Facility. The 2016 Credit Facility requires that the Company's leverage ratio does not exceed 3.50 to 1.0 (4.0 to 1.0 for the four quarters ending after any Permitted Acquisition), and its interest coverage ratio is not less than 2.5 to 1.0. The 2016 Credit Facility also contains various other affirmative and negative restrictive covenants including, among others, limitations on indebtedness, investments, sales of assets, certain transactions with affiliates, entering into certain restrictive agreements and making certain restricted payments as detailed in the agreement. As of November 30, 2016, the Company was in compliance with its various restrictive covenants. At November 30, 2016, the Company had no outstanding borrowings under the 2016 Credit Facility.

At November 30, 2016, the Company has approximately \$2.7 million, net of tax, deferred in accumulated other comprehensive loss associated with a terminated interest rate swap which is being amortized as interest expense over life of the 4.63 percent Senior Notes (see above).

Total interest expense incurred by the Company for the years ended November 30, are as follows (in thousands):

	2014	2015	2016
Interest expense	\$ 16,479	\$ 16,286	\$ 16,038
Less: capitalized interest	7,297	6,704	2,201
Net interest expense	<u>\$ 9,182</u>	<u>\$ 9,582</u>	<u>\$ 13,837</u>

At November 30, 2015 and 2016, the Company recorded deferred financing costs of approximately \$3.1 million and \$3.6 million, respectively, net of accumulated amortization. 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 for the years ended November 30, are as follows (in thousands):

	2014	2015	2016
Current tax expense (benefit):			
Federal	\$ 42,243	\$ 46,095	\$ (27,061)
State	3,336	3,891	1,856
Deferred tax expense (benefit):			
Federal	(13,450)	(15,164)	70,186
State	1,104	(514)	2,750
Provision for income taxes	<u>\$ 33,233</u>	<u>\$ 34,308</u>	<u>\$ 47,731</u>

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

	2014	2015	2016
Income tax computed at federal statutory rates	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.8	2.5	3.2
MA abandonment benefit	(5.9)	—	—
Other, net	0.1	0.2	0.3
	<u>33.0%</u>	<u>37.7%</u>	<u>38.5%</u>

The principal causes of the decreased income tax rate for the fiscal year ended November 30, 2014 are the tax treatment related to the other income recognized as a result of SMI's abandonment of their interest in SMISC, LLC on January 31, 2014, including the related tax benefits associated with various operating loss and other carryforwards of MA and certain tax filing positions of SMISC, LLC totaling approximately \$4.0 million along with certain state income tax adjustments. The principal causes of the decreased effective income tax rate as compared to the statutory income tax rate, for the fiscal year ended November 30, 2015 and 2016 are reductions in certain state tax rates.

As a result of the above items, the Company's effective income tax rate decreased from the statutory income rate to approximately 33.0 percent, 37.7 percent and 38.5 percent for the fiscal years ended November 30, 2014, 2015 and 2016, respectively.

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

	2015	2016
Loss carryforwards	\$ 13,918	\$ 15,477
Deferred revenues	2,609	1,529
Accruals	7,204	2,946
Compensation related	3,509	4,065
Interest	3,406	2,740
Deferred tax assets	30,646	26,757
Valuation allowance	(7,893)	(7,031)
Deferred tax assets, net of valuation allowance	22,753	19,726
Amortization and depreciation	(357,389)	(428,828)
Equity investment	(1,273)	(180)
Other	(323)	(303)
Deferred tax liabilities	(358,985)	(429,311)
Net deferred tax liabilities	\$ (336,232)	\$ (409,585)
Deferred tax assets — current	\$ —	\$ —
Deferred tax liabilities — noncurrent	(336,232)	(409,585)
Net deferred tax liabilities	\$ (336,232)	\$ (409,585)

At November 30, 2016 the Company has deferred tax assets related to various state loss carryforwards totaling approximately \$13.2 million that expire in varying amounts beginning in fiscal 2019. The Company also has deferred tax assets related to federal loss carryforwards subject to limitations under IRC 382 related to MA totaling approximately \$2.3 million that expire beginning in fiscal 2032. The valuation allowance at November 30, 2015 and 2016 was primarily related to state loss carryforwards that, in the judgment of management, are not more likely to be realized. 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.

Federal returns for fiscal years 2012 through 2015 remain open and subject to examination by the Internal Revenue Service. The Company files and remits state income taxes in various states where the Company has determined it is required to file state income taxes. The Company's filings with those states remain open for audit for the fiscal years 2011 through 2015.

A reconciliation of the beginning and ending amount of unrecognized tax liability is as follows (in thousands):

Balance at December 1, 2015	\$ 356
Reductions for tax positions of prior years	(45)
Balance at November 30, 2016	\$ 311

In December 2015, Congress passed the Protecting Americans from Tax Hikes Act which included a retroactive renewal back to January 1, 2015 of the previously expired tax legislation. The Act extended accelerated depreciation on qualified capital investments placed into service. This bonus depreciation provision is 50% for qualifying assets placed into service from 2015 through 2017, 40% for qualifying assets placed into service in 2018 and 30% for qualifying assets placed into service in 2019. The impact of this tax legislation did not affect the Company's fiscal 2016 effective tax rate, but correspondingly reduced the current income tax payable and increased the noncurrent deferred tax liability by \$73.4 million.

## 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 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 there from, 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.

### *Stock Purchase Plan*

The Company has a share repurchase program ("Stock Purchase Plan") under which it is authorized to purchase up to \$330.0 million of its outstanding Class A common shares. In November 2016, the Company's Board of Directors expanded its Stock Purchase Plan by an incremental \$200.0 million, bringing its total current authorization to \$530.0 million. The timing and amount of any shares repurchased under the Stock Purchase Plan will depend on a variety of factors, including price, corporate and regulatory requirements, capital availability and other market conditions. The Stock Purchase Plan may be suspended or discontinued at any time without prior notice. No shares have been or will be knowingly purchased from Company insiders or their affiliates.

Since inception of the Stock Purchase Plan through November 30, 2016, the Company has purchased 8,722,073 shares of its Class A common shares, for a total of approximately \$323.4 million. There were no purchases of the Company's Class A shares during fiscal 2014 or 2015. In fiscal 2016 the Company purchased 1.7 million shares of our Class A common shares, at an average cost of approximately \$33.25 per share (including commissions), for a total of approximately \$55.1 million. Transactions occur in open market purchases and pursuant to a trading plan under Rule 10b5-1. At November 30, 2016, the Company has approximately \$206.6 million remaining repurchase authority under the current Stock Purchase Plan.

## 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 for the ISC Plan was approximately \$1.6 million, \$1.7 million and \$1.7 million for the years ended November 30, 2014, 2015 and 2016, respectively.

The estimated cost to complete approved projects and current construction in progress at November 30, 2016 at the Company's existing facilities is approximately \$247.2 million. Included in Other current liabilities on the Company's Consolidated Balance Sheets are approximately \$6.5 million and \$4.1 million, of certain administrative costs as of November 30, 2015 and 2016, respectively.

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, 2016, the Unified Government had approximately \$0.9 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 operates Homestead-Miami Speedway under an operating agreement which expires December 31, 2032 and provides for subsequent renewal terms through December 31, 2075. The Company operates Daytona International Speedway under an operating lease agreement which expires November 7, 2054. 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 non-cancelable terms in excess of one year at November 30, 2016, are as follows (in thousands):

For the year ending November 30:	Operating Agreement	Operating Leases
2017	\$ 1,055	\$ 4,570
2018	1,055	2,995
2019	1,055	1,947
2020	1,055	1,123
2021	1,055	943
Thereafter	11,693	30,318
Total	<u>\$ 16,968</u>	<u>\$ 41,896</u>

Total expenses incurred under the track operating agreement, these operating leases and all other short-term rentals during the years ended November 30, 2014, 2015 and 2016 were approximately \$14.7 million, \$14.4 million, and \$13.7 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 approximately \$6.0 million at November 30, 2016. At November 30, 2016, there were no amounts drawn on the standby letters of credit.

#### 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.

#### 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, the Federation Internationale de L'Automobile, the Federation Internationale Motocycliste, IMSA, Historic Sportscar Racing, IndyCar Series, 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 many of the Company's principal racing events, is a member of the France Family Group which controls over 73.0 percent of the combined voting power of the outstanding stock of the Company, as of November 30, 2016, and some members of which serve as directors and officers of the Company.

Under current agreements, NASCAR contracts directly with certain network providers for television rights to the entire Monster Energy NASCAR Cup, Xfinity and Camping World Truck series schedules. Under the terms of this arrangement, NASCAR retains 10.0 percent of the gross broadcast rights fees allocated to each NASCAR Cup, Xfinity and Camping World Truck series event as a component of its sanction fees. The promoter records 90.0 percent of the gross broadcast rights fees as revenue and then records 25.0 percent of the gross broadcast rights fees as part of its awards to the competitors, included in NASCAR event management fees (discussed below). Ultimately, the promoter retains 65.0 percent of the net cash proceeds from the gross broadcast rights fees allocated to the event. The Company's television broadcast and ancillary rights fees received from NASCAR for the NASCAR Cup, Xfinity and Camping World Truck series events conducted at its wholly owned facilities were approximately \$302.9 million, \$314.5 million and \$325.1 million in fiscal years 2014, 2015 and 2016, respectively. The Company recorded prize money of approximately \$84.0 million, \$87.2 million and \$89.6 million in fiscal years 2014, 2015 and 2016, respectively, included in NASCAR event management fees (discussed below) related to the aforementioned 25.0 percent of gross broadcast rights fees ultimately paid to competitors.

Standard NASCAR and IMSA sanction agreements require racetrack operators to pay event management fees (collectively "NASCAR event management or NEM fees"), which include 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. Total NEM fees paid by the Company were approximately \$163.0 million, \$167.8 million and \$171.8 million, for the fiscal years ended November 30, 2014, 2015 and 2016, respectively. The Company has outstanding receivables related to NASCAR and its affiliates of approximately \$29.8 million and \$21.3 million at November 30, 2015 and 2016, respectively.

The Company and NASCAR, along with certain NASCAR affiliates, 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 Daytona Beach, Florida. 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. The Company pays NASCAR for certain advertising, participation in NASCAR racing series banquets, the use of NASCAR trademarks and intellectual images and production space on trackside large screen video display units. The Company's payments to NASCAR for MRN's broadcast rights to NASCAR Camping World Truck races represent an agreed-upon percentage of the Company's advertising revenues attributable to such race broadcasts. 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 and receivable from NASCAR for shared expenses, net of amounts paid by the Company for shared expenses, totaled approximately \$10.5 million, \$10.2 million and \$10.2 million during fiscal 2014, 2015 and 2016, respectively. We believe the amounts earned from or charged by us under each of the aforementioned transactions are commercially reasonable.

IMSA, a wholly owned subsidiary of NASCAR, sanctions various events at certain of the Company's facilities. Standard IMSA sanction agreements require racetrack operators to pay event management fees, which include prize and point fund monies for each sanctioned event conducted. The prize and point fund monies are distributed by IMSA to participants in the events. Event management fees paid by the Company to IMSA totaled approximately \$1.3 million, \$1.3 million and \$1.3 million for the years ended November 30, 2014, 2015 and 2016, respectively.

AMA Pro Racing, an entity controlled by a member of the France Family Group, sanctions various events at certain of the Company's facilities. Standard AMA Pro Racing sanction agreements require racetrack operators to pay event management fees, which include prize and point fund monies for each sanctioned event conducted. The prize and point fund monies are distributed by AMA Pro Racing to participants in the events. Event management fees paid by the Company to AMA Pro Racing totaled approximately \$0.5 million, \$0.1 million and \$0.1 million during fiscal 2014, 2015 and 2016, respectively. Furthermore, the Company and AMA Pro Racing share a variety of expenses in the ordinary course of business. The aggregate amount received from AMA Pro Racing by the Company for shared expenses, net of amounts paid by the Company for shared expenses, totaled approximately \$0.2 million.

The Company strives to ensure, and management believes that, the terms of the Company's transactions with NASCAR, IMSA and AMA Pro Racing are commercially reasonable.

#### *Other Related Party Transactions*

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. 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 net amount received by the Company for these items, totaled approximately \$320,000, \$456,000 and \$306,000 during fiscal 2014, 2015 and 2016, respectively.

Crotty, Bartlett & Kelly, P.A. ("Crotty, Bartlett & Kelly"), is a law firm controlled by family members of W. Garrett Crotty, one of the Company's executive officers. The Company engages Crotty, Bartlett & Kelly for certain legal and consulting services. The aggregate amount paid to Crotty, Bartlett & Kelly by the Company for legal and consulting services totaled approximately \$31,000, \$39,000 and \$36,000 during fiscal 2014, 2015 and 2016, respectively.

J. Hyatt Brown, one of the Company's directors, serves as Chairman 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 and certain employee benefit programs. The aggregate commissions received by Brown & Brown in connection with the Company's policies were approximately \$492,000, \$517,000

and \$555,000 during fiscal 2014, 2015 and 2016, respectively. In fiscal 2014, Brown & Brown paid the Company approximately \$100,000 for the purchase of tickets. There were no comparable transactions in fiscal 2015 or 2016.

One of the Company's directors, Christy F. Harris, is Of Counsel to Kinsey, Vincent Pyle, L.C., a law firm that provided legal services to the Company during fiscal 2014, 2015 and 2016. The Company paid approximately \$78,000, \$35,000 and \$97,000 for these services in fiscal 2014, 2015 and 2016, respectively.

We believe the amounts earned from or charged by us under each of the aforementioned transactions are commercially reasonable.

#### 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):

	2014	2015	2016
Income taxes paid	\$ 51,314	\$ 44,989	\$ 24,392
Interest paid	\$ 14,429	\$ 14,504	\$ 14,199

#### NOTE 13 — LONG-TERM STOCK INCENTIVE PLAN

On November 30, 2016, the Company has two share-based compensation plans, which are described below. Compensation cost included in operating expenses in the accompanying consolidated statements of operations for those plans was \$2.8 million, \$2.9 million, and \$3.7 million for the years ended November 30, 2014, 2015 and 2016, respectively. The total income tax benefit recognized in the consolidated statements of operations for share-based compensation arrangements was approximately \$1.2 million, \$1.2 million and \$1.5 million for the years ended November 30, 2014, 2015 and 2016, respectively.

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 advisers 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.

##### *Restricted Stock Awards*

Restricted stock awarded under the 1996 Plan and 2006 Plan (collectively the "Plans") generally is subject to forfeiture in the event of termination of employment prior to vesting dates. Prior to vesting, the Plans 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 Plans which are offered for sale subsequent to vesting. In accordance with ASC 718, "Compensation - Stock Compensation" the Company is recognizing stock-based compensation on these restricted shares awarded on the accelerated method over the requisite service period. 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 91,076, 89,343 and 92,583 shares of restricted stock awards of the Company's Class A Common Stock during the fiscal years ended November 30, 2014, 2015 and 2016, respectively, to certain officers, managers, and other employees under the Plans. The shares of restricted stock awarded vest at the rate of 50.0 percent on the third anniversary of the award date and the remaining 50.0 percent on the fifth anniversary of the award date. The weighted average grant date fair value of these restricted stock awards was \$31.44, \$36.36 and \$33.49 per share, respectively.



The Company granted 8,118, 8,190 and 8,073 shares of restricted stock awards of the Company's Class A Common Stock during the fiscal years ended November 30, 2014, 2015 and 2016, respectively, to non-employee directors as partial compensation for their service as a director. The shares of restricted stock awarded vest at the rate of 100.0 percent on the one year anniversary after the date of grant. The weighted average grant date fair value of these restricted share awards was \$33.28, \$36.67 and \$33.45 per share, respectively.

A summary of the status of the Company's restricted stock as of November 30, 2016, and changes during the fiscal year ended November 30, 2016, is presented as follows:

	Restricted Shares	Weighted- Average Grant- Date Fair Value (Per Share)	Weighted- Average Remaining Contractual Term (Years)
Unvested at November 30, 2015	359,793	\$ 32.03	
Granted	100,656	33.49	
Vested	(69,574)	32.55	
Forfeited	(882)	26.69	
Unvested at November 30, 2016	389,993	32.32	3.5

As of November 30, 2016, there was approximately \$5.4 million of total unrecognized compensation cost related to unvested restricted stock awards granted under the Stock Plans. This cost is expected to be recognized over a weighted-average period of approximately 3.5 years. The total fair value of restricted stock awards vested during the fiscal years ended November 30, 2014, 2015 and 2016, was approximately \$1.5 million, \$3.7 million and \$2.3 million, respectively.

#### *Nonqualified and Incentive Stock Options*

In fiscal 2010 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 Plans. 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 Plans. 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.

A summary of option activity under the Stock Plan as of November 30, 2016, and changes during the year then ended is presented as follows:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at November 30, 2015	148,951	\$ 38.31		
Expired	(23,751)	46.59		
Exercised	(5,321)	25.65		
Forfeited	—	—		
Outstanding at November 30, 2016	119,879	37.23	1.9	\$ 598,489
Vested and Exercisable at November 30, 2016	119,879	\$ 37.23	1.9	\$ 598,489

There were no options granted in fiscal years 2014, 2015 and 2016. There were no options exercised during fiscal years 2014, 2015 and there were 5,321 options exercised during fiscal year 2016. The total intrinsic value of options exercised during the fiscal year ended November 30, 2016, was approximately \$0.6 million. The actual tax benefit realized for the tax deductions from exercise of the stock options totaled approximately \$20,251 for the fiscal year ended November 30, 2016.

As of November 30, 2016, there was no unrecognized compensation cost related to unvested stock options granted under the Stock Plan.

#### NOTE 14 — FINANCIAL INSTRUMENTS

In accordance with the “Financial Instruments” Topic, ASC 825-10 and in accordance with the “Fair Value Measurements and Disclosures” Topic, ASC 820-10, these topics discuss key considerations in determining fair value in such markets, and expanding disclosures on recurring fair value measurements using unobservable inputs (Level 3), clarification and additional disclosure is required about the use of fair value measurements.

Various inputs are considered when determining the carrying values of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities. These items approximate fair value due to the short-term maturities of these assets and liabilities. These inputs are summarized in the three broad levels listed below:

- Level 1 — observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Company’s own assumptions in determining the fair value of investments)

At November 30, 2016, the Company had money market funds totaling approximately \$68.4 million and are included in cash and cash equivalents in the consolidated balance sheets. All inputs used to determine fair value are considered level 1 inputs.

Fair values of long-term debt 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. These inputs used to determine fair value are considered level 2 inputs. At November 30, 2016, the fair value of the long-term debt, as determined by quotes from financial institutions, was approximately \$278.2 million compared to the carrying amount of approximately \$265.0 million.

The Company had no level 3 inputs as of November 30, 2016.

#### 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.

The following table presents certain unaudited financial data for each quarter of fiscal 2015 and 2016 (in thousands, except per share amounts):

	Fiscal Quarter Ended			
	February 28, 2015	May 31, 2015	August 31, 2015	November 30, 2015
Total revenue	\$ 136,552	\$ 164,010	\$ 125,490	\$ 219,318
Operating income (loss)	21,591	19,217	(7,138)	51,907
Net income (loss)	14,953	13,355	(3,956)	32,282
Basic and diluted earnings (loss) per share	0.32	0.29	(0.08)	0.69

	Fiscal Quarter Ended			
	February 29, 2016	May 31, 2016	August 31, 2016	November 30, 2016
Total revenue	\$ 142,630	\$ 167,561	\$ 128,986	\$ 221,839
Operating income	31,166	23,679	3,737	51,245
Net income	19,831	21,898	2,173	32,436
Basic and diluted earnings per share	0.43	0.47	0.05	0.72

#### 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 reporting units within the motorsports segment portfolio are reviewed together as the nature of the products and services, the production processes used, the type or class of customer using our products and services, and the methods used to distribute our products or provide their services are consistent in objectives and principles, and predominately uniform and centralized throughout the Company. The Company's remaining business units, which are comprised of the radio network production and syndication of numerous racing events and programs, certain souvenir merchandising operations not associated with the promotion of motorsports events at the Company's facilities, construction management services, leasing operations, and financing and licensing 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 \$2.0 million, \$2.1 million and \$2.2 million for the years ended November 30, 2014, 2015 and 2016, respectively. The following table shows information by operating segment (in thousands):

	For the Year Ended November 30, 2014		
	Motorsports Event	All Other	Total
Revenues	\$ 609,973	\$ 43,981	\$ 653,954
Depreciation and amortization	84,614	5,738	90,352
Operating income (loss)	99,332	(5,941)	93,391
Equity investments income	—	8,916	8,916
Capital expenditures	177,318	6,618	183,936
Total assets	1,621,726	455,925	2,077,651
Equity investments	—	122,565	122,565

**For the Year Ended November 30, 2015**

	<b>Motorsports Event</b>	<b>All Other</b>	<b>Total</b>
Revenues	\$ 607,483	\$ 39,986	\$ 647,469
Depreciation and amortization	89,823	4,904	94,727
Operating income (loss)	89,395	(3,818)	85,577
Equity investments income	—	14,060	14,060
Capital expenditures	144,641	10,375	155,016
Total assets	1,682,700	439,499	2,122,199
Equity investments	—	103,249	103,249

**For the Year Ended November 30, 2016**

	<b>Motorsports Event</b>	<b>All Other</b>	<b>Total</b>
Revenues	\$ 630,213	\$ 32,953	\$ 663,166
Depreciation and amortization	97,816	4,340	102,156
Operating income (loss)	107,690	2,137	109,827
Equity investments income	—	14,913	14,913
Capital expenditures	100,644	40,149	140,793
Total assets	1,651,845	520,815	2,172,660
Equity investments	—	92,392	92,392

Schedule II — Valuation and Qualifying Accounts (in thousands)

<b>Description</b>	<b>Balance beginning of period</b>	<b>Additions charged to costs and expenses</b>	<b>Deductions (A)</b>	<b>Balance at end of period</b>
For the year ended November 30, 2014 Allowance for doubtful accounts	\$ 1,000	\$ 101	\$ 101	\$ 1,000
For the year ended November 30, 2015 Allowance for doubtful accounts	1,000	260	260	1,000
For the year ended November 30, 2016 Allowance for doubtful accounts	1,000	94	94	1,000

(A) Uncollectible accounts written off, net of recoveries.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures, subject to limitations as noted below, were effective at November 30, 2016, and during the period prior to and including the date of this report.

Because of its inherent limitations, our disclosure controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

### Report of Management on Internal Control Over Financial Reporting

January 27, 2017

We, as members of management of International Speedway Corporation, are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our disclosure controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We, under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, assessed the Company's internal control over financial reporting as of November 30, 2016, based on criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, we concluded that we maintained effective internal control over financial reporting as of November 30, 2016, based on the specified criteria. There were no changes in our internal control over financial reporting during the quarter ended November 30, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of our internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

## ITEM 9B. OTHER INFORMATION

None

## PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is set forth under the headings "Directors, Nominees, and Officers" and under the subheading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's 2017 Proxy Statement to be filed with the U.S. Securities and Exchange Commission ("SEC") within 120 days after November 30, 2016 in connection with the solicitation of proxies for the Company's 2017 annual meeting of shareholders and is incorporated herein by reference.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is set forth under the heading “Executive Compensation” and under the heading “Directors, Nominees and Officers” in the Company’s 2017 Proxy Statement to be filed with the SEC within 120 days after November 30, 2016 and is incorporated herein by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is set forth under the headings “Voting Securities and Principal Holders” and under the heading “Directors, Nominees and Officers” in the Company’s 2017 Proxy Statement to be filed with the SEC within 120 days after November 30, 2016 and is incorporated herein by reference.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item is set forth under the heading under the subheading "Compensation Committee Interlocks and Insider Participation" under the heading "Executive Compensation" and under the subheadings "Directors Holding Office Until 2015 Annual Meeting", "Board Leadership" and “Certain Relationships and Related Transactions” under the heading “Directors, Nominees and Officers” in the Company’s 2017 Proxy Statement to be filed with the SEC within 120 days after November 30, 2016 and is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is set forth under the heading "Registered Independent Public Accounting Firm" and subheading “Policy on Audit Committee Pre-Approval Policies and Procedures” under the heading “Registered Independent Public Accounting Firm” in the Company’s 2017 Proxy Statement to be filed with the SEC within 120 days after November 30, 2016 and is incorporated herein by reference.

## PART IV

## ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as a part of this report

1. Consolidated Financial Statements listed below:

International Speedway Corporation

Consolidated Balance Sheets

— November 30, 2015 and 2016

Consolidated Statements of Operations

— Years ended November 30, 2014, 2015, and 2016

Consolidated Statements of Comprehensive Income

— Years ended November 30, 2014, 2015, and 2016

Consolidated Statements of Changes in Shareholders’ Equity

— Years ended November 30, 2014, 2015, and 2016

Consolidated Statements of Cash Flows

— Years ended November 30, 2014, 2015, and 2016

Notes to Consolidated Financial Statements

2. Consolidated Financial Statement Schedules listed below:

II — Valuation and qualifying accounts

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements and notes thereto.

3. Exhibits:

Exhibit Number	Description of Exhibit
3.1	— Articles of Amendment of the Restated and Amended Articles of Incorporation of the Company, as filed with the Florida Department of State on July 26, 1999. (3.1)*
3.2	— Conformed Copy of Amended and Restated Articles of Incorporation of the Company, as amended as of July 26, 1999. (3.2)*
3.3	— Conformed Copy of Amended and Restated By-Laws of the Company. (3)(ii)**
4.1	— Note Purchase Agreement, dated as of September 13, 2012, among the Company and purchasers party thereto. (4.2)***
4.2	— Form of Series 2012A Note due 2024 (included in Exhibit 4.1). (4.2)***
4.3	— Amended and Restated Revolving Credit Agreement, dated as of November 15, 2012, among the Company, certain subsidiaries and the lenders party thereto. (10.1)****
4.4	— Note Purchase Agreement, dated as of January 18, 2011, among the Company and purchasers party thereto. (10.1)*****
4.5	— Form of Series 2011A Note due 2021 (included in Exhibit 10.1). (10.1)*****
10.1	— Daytona Property Lease. (10.4)*****
10.2	— 1996 Long-Term Incentive Plan. (10.6)*****
10.3	— 2006 Long-Term Incentive Plan. (4)*****
10.4	— Design-Build Agreement. (10.1)*****
10.5.1	— Design-Build Agreement, by and between Phoenix Speedway, LLC and Okland Construction Company, Inc. (Part 1), dated as of November 30, 2016 — filed herewith.
10.5.2	— Design-Build Agreement, by and between Phoenix Speedway, LLC and Okland Construction Company, Inc. (Part 2), dated as of November 30, 2016 — filed herewith.
21	— Subsidiaries of the Registrant — filed herewith.
23.1	— Consent of Ernst & Young LLP — filed herewith.
31.1	— Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer — filed herewith
31.2	— Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer — filed herewith.
32	— Section 1350 Certification — filed herewith.
101.INS	— XBRL Instance Document
101.SCH	— XBRL Taxonomy Extension Schema
101.CAL	— XBRL Taxonomy Extension Calculation Linkbase
101.DEF	— XBRL Taxonomy Extension Definition Linkbase
101.LAB	— XBRL Taxonomy Extension Label Linkbase
101.PRE	— XBRL Taxonomy Extension Presentation Linkbase

\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's Report on Form 8-K dated July 26, 1999.

\*\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's report on Form 10-Q for the quarter ended February 28, 2003.

\*\*\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's report on Form 8-K filed on September 18, 2012.

\*\*\*\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's report on Form 8-K filed on November 19, 2012.

\*\*\*\*\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's report on Form 8-K filed on January 20, 2011.

\*\*\*\*\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's Report on Form 10-K for the year ended November 30, 1998.

\*\*\*\*\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's Registration Statement on Form S-8 as filed on February 11, 2010.

\*\*\*\*\* Incorporated by reference to the exhibit shown in parentheses and filed with the Company's Amended Form 10-Q for the quarter ended May 31, 2013.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

International Speedway Corporation

By: /s/ Gregory S. Motto

Gregory S. Motto  
Chief Financial Officer

Dated: January 27, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.



Signature	Title	Date
<u>/s/ Lesa France Kennedy</u> Lesla France Kennedy	Chief Executive Officer and Vice Chairman of the Board (Principal Executive Officer)	January 26, 2017
<u>/s/ Gregory S. Motto</u> Gregory S. Motto	Vice President, Chief Financial Officer and Treasurer	January 26, 2017
<u>/s/ James C. France</u> James C. France	Chairman of the Board	January 26, 2017
<u>/s/ Brian Z. France</u> Brian Z. France	Director	January 26, 2017
<u>/s/ Larry Aiello, Jr.</u> Larry Aiello, Jr.	Director	January 26, 2017
<u>/s/ J. Hyatt Brown</u> J. Hyatt Brown	Director	January 26, 2017
<u>/s/ William P. Graves</u> William P. Graves	Director	January 26, 2017
<u>/s/ Christy F. Harris</u> Christy F. Harris	Director	January 26, 2017
<u>/s/ Morteza Hosseini – Kargar</u> Morteza Hosseini – Kargar	Director	January 26, 2017
<u>/s/ Sonia M. Green</u> Sonia M. Green	Director	January 26, 2017
<u>/s/ Larree M. Renda</u> Larree M. Renda	Director	January 26, 2017
<u>/s/ Larry Woodard</u> Larry Woodard	Director	January 26, 2017

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# ***INFORMATION STATEMENT***

***2017***

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14C INFORMATION**

**Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Information Statement

Confidential, for Use of Commission Only (as permitted by Rule 14c-5(d)(2))

Definitive Information Statement

**INTERNATIONAL SPEEDWAY CORPORATION**

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:



INTERNATIONAL SPEEDWAY CORPORATION  
One Daytona Boulevard  
Daytona Beach, Florida 32114

**NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS**

To the Shareholders of International Speedway Corporation:

The Annual Meeting of the Shareholders of International Speedway Corporation will be held at **THE COBB THEATRE AT ONE DAYTONA, 1850 Legends Lane, Suite E100, Daytona Beach, FL 32115** on Wednesday, the 12th day of April 2017, commencing at 9:00 A.M. (local time), for the following purposes:

- (a) To elect three (3) Directors of the Corporation.
- (b) To approve or reject the International Speedway Corporation 2017 Long Term Incentive Plan.
- (c) To transact such other business as may properly come before the meeting.

ALL Shareholders of record as of January 31, 2017, will be entitled to vote, either in person or by proxy. **Due to logistical considerations, please be present by 8:45 A.M.** Shareholder registration tables will open at 8:00 A.M.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "W. Garrett Crotty". The signature is fluid and cursive.

W. Garrett Crotty  
Senior Vice President, Secretary and General  
Counsel

March 7, 2017

*This Notice of 2017 Annual Meeting and the attached Information Statement dated March 7, 2017 should be read in combination with the Company's annual report on Form 10-K for the fiscal year ended November 30, 2016 and the Annual Report. Collectively these documents contain all of the information and disclosures required in connection with the 2017 Annual Meeting of Shareholders. Copies of all of these materials can be found in the Financial Information/SEC Filings section of the Investor Relations page on our website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com).*

**INTERNATIONAL SPEEDWAY CORPORATION**  
**One Daytona Boulevard**  
**Daytona Beach, Florida 32114**

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**INFORMATION STATEMENT**

**Pursuant to Section 14(c)**  
**of the Securities Exchange Act of 1934**  
**and Regulation 14C and Schedule 14C thereunder**

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**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE**  
**REQUESTED NOT TO SEND US A PROXY**

This Information Statement has been filed with the Securities and Exchange Commission (the “SEC”) and is first being mailed on or about March 10, 2017 to holders of record on January 31, 2017 (the “Record Date”) of shares of all classes of the common stock of International Speedway Corporation, a Florida corporation (the “Company”). This Information Statement relates to an Annual Meeting of Shareholders and the only matters to be acted upon at the meeting are (i) the election of directors and (ii) to approve or reject the adoption of the “International Speedway Corporation 2017 Long Term Incentive Plan” (the “2017 Long Term Incentive Plan”).

You are being provided with this Information Statement pursuant to Section 14(c) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Regulation 14C and Schedule 14C thereunder.

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## DATE, TIME AND PLACE INFORMATION

Our Annual Meeting of Shareholders will be held on Wednesday, April 12, 2017 commencing at 9:00 A.M. (local time) at THE COBB THEATRE AT ONE DAYTONA, 1850 Legends Lane, Suite E100, Daytona Beach, Florida, 32115. Shareholder registration tables will open at 8:00 A.M. The mailing address of our principal executive offices is One Daytona Boulevard, Daytona Beach, Florida 32114.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

This Information Statement is being mailed commencing on or about March 10, 2017 to all of our shareholders of record as of the Record Date. The Record Date for the Annual Meeting is January 31, 2017. As of the Record Date, we had 25,319,853 shares of class A common stock and 19,759,469 shares of class B common stock issued and outstanding. Each share of the class A common stock is entitled to one-fifth of one vote on matters submitted to shareholder approval or a vote of shareholders. Each share of the class B common stock is entitled to one vote on matters submitted to shareholder approval or a vote of shareholders.

Name of Beneficial Owner (1)	Number of Shares of Common Stock Beneficially Owned (2)		Percentage of Common Stock Beneficially Owned		Percentage of Combined Voting Power of Common Stock
	Class A (3)	Class B (4)	Class A (5)	Class B (6)	(7)
<b>France Family Group (8)</b>	<b>18,385,752</b>	<b>18,181,167</b>	<b>42.26%</b>	<b>92.00%</b>	<b>73.41%</b>
<b>James C. France (9)</b>	<b>6,209,685</b>	<b>6,107,111</b>	<b>20.10%</b>	<b>30.90%</b>	<b>24.68%</b>
<b>Ariel Investments, LLC (10)</b>	<b>3,483,402</b>	<b>0</b>	<b>13.76%</b>	<b>0.00%</b>	<b>2.81%</b>
<b>Blackrock, Inc. (11)</b>	<b>2,521,031</b>	<b>0</b>	<b>9.96%</b>	<b>0.00%</b>	<b>2.03%</b>
<b>Vanguard Group (12)</b>	<b>2,199,566</b>	<b>0</b>	<b>8.69%</b>	<b>0.00%</b>	<b>1.77%</b>
<b>Paradise Investment Mngmnt LLC (13)</b>	<b>1,662,608</b>	<b>0</b>	<b>6.57%</b>	<b>0.00%</b>	<b>1.34%</b>
<b>Lesa France Kennedy (14)</b>	<b>1,239,749</b>	<b>1,156,896</b>	<b>4.68%</b>	<b>5.85%</b>	<b>4.73%</b>
<b>Brian Z. France (15)</b>	<b>804,182</b>	<b>785,064</b>	<b>3.08%</b>	<b>3.97%</b>	<b>3.18%</b>
<b>John R. Saunders</b>	<b>63,047</b>	<b>11,286</b>	<b>0.25%</b>	<b>0.06%</b>	<b>0.09%</b>
<b>J. Hyatt Brown (16)</b>	<b>56,179</b>	<b>9,000</b>	<b>0.22%</b>	<b>0.04%</b>	<b>0.07%</b>
<b>Daniel W. Houser</b>	<b>28,390</b>	<b>0</b>	<b>0.11%</b>	<b>0.00%</b>	<b>0.02%</b>
<b>Daryl Q. Wolfe</b>	<b>25,949</b>	<b>90</b>	<b>0.10%</b>	<b>0.00%</b>	<b>0.02%</b>
<b>Morteza Hosseini-Kargar (17)</b>	<b>23,713</b>	<b>0</b>	<b>0.09%</b>	<b>0.00%</b>	<b>0.02%</b>
<b>Christy F. Harris (18)</b>	<b>20,321</b>	<b>150</b>	<b>0.08%</b>	<b>0.00%</b>	<b>0.02%</b>
<b>Joel S. Chitwood</b>	<b>15,902</b>	<b>0</b>	<b>0.06%</b>	<b>0.00%</b>	<b>0.01%</b>
<b>William P. Graves</b>	<b>13,779</b>	<b>0</b>	<b>0.05%</b>	<b>0.00%</b>	<b>0.01%</b>
<b>Larry Aiello, Jr.</b>	<b>11,914</b>	<b>0</b>	<b>0.05%</b>	<b>0.00%</b>	<b>0.01%</b>
<b>Larree M. Renda</b>	<b>8,816</b>	<b>0</b>	<b>0.03%</b>	<b>0.00%</b>	<b>0.01%</b>
<b>Sonia M. Green</b>	<b>3,572</b>	<b>0</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Larry D. Woodard</b>	<b>3,572</b>	<b>0</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>All directors and executive officers as a group (21 persons)(19)</b>	<b>18,743,227</b>	<b>18,204,477</b>	<b>43.06%</b>	<b>92.13%</b>	<b>73.77%</b>

The preceding table sets forth information regarding the beneficial ownership of our class A common stock and our class B common stock as of the Record Date by:

- All persons known to us who beneficially own 5 percent or more of either class of our common stock;
- Each “named executive officer” in the Summary Compensation Table in this Information Statement;
- Each of our directors and director nominees; and
- All of our directors, director nominees and officers as a group.

As described in the following notes to the table, voting and/or investment power with respect to certain shares of common stock is shared by the named individuals. Consequently, such shares may be shown as beneficially owned by more than one person.

- (1) Unless otherwise indicated the address of each of the beneficial owners identified is c/o International Speedway Corporation, One Daytona Boulevard, Daytona Beach, Florida 32114.
- (2) Unless otherwise indicated, each person has sole voting and investment power with respect to all such shares.
- (3) Reflects the aggregate number of shares held by the named beneficial owner assuming (i) the exercise of any options to acquire shares of class A common stock that are held by such beneficial owner that are exercisable within 60 days of the Record Date and (ii) the conversion of all shares of class B common stock held by such beneficial owner into shares of class A common stock.
- (4) Assumes no conversion of shares of class B common stock into shares of class A common stock.
- (5) Assumes (i) the exercise of any options to acquire shares of class A common stock that are held by the named beneficial owner that are exercisable within 60 days of the Record Date, (ii) the conversion of all shares of class B common stock held by such beneficial owner into shares of class A common stock, and (iii) the assumption that no other named beneficial owner has exercised any such options or converted any such shares.
- (6) Reflects current ownership percentage of named beneficial owner's shares of class B common stock without any conversion of shares of class B common stock into shares of class A common stock.
- (7) Assumes no exercise of options or conversion of shares of class B common stock into shares of class A common stock.
- (8) The France Family Group consists of James C. France, Lesa France Kennedy, Brian Z. France and members of their families and entities controlled by the natural person members of the group. A complete list of all the members of the France Family Group can be found in its 23rd amendment to Schedule 13G which was filed with the SEC on February 14, 2017. Amounts shown reflect the non-duplicative aggregate of 204,585 Class A and 8,049,071 Class B shares indicated in the table as beneficially owned by James C. France, Lesa France Kennedy, and Brian Z. France. The amounts shown also reflect the non-duplicative aggregate of 5,352,122 Class B Shares held by a series of BJJ Descendants Trusts as listed in the Schedule 13G noted above. The amounts shown also reflect the non-duplicative aggregate of 4,779,974 Class B Shares held by the adult children of James C. France and their descendants and the adult child of Lesa France Kennedy. See footnotes (9), (14) and (15).
- (9) Includes (i) 1,500 Class B shares held of record by Sharon M. France, his spouse, (ii) 3,192,680 Class B shares held of record by Western Opportunity Limited Partnership ("Western Opportunity"), (iii) 29,238 Class B shares held of record by Carl Investment Limited Partnership ("Carl"), (iv) all of the 78,243 Class B shares held of record by Quaternary Investment Company, (v) 1,301 Class B shares held of record by Carl Two Limited Partnership ("Carl Two"), (vi) all of the 1,749,848 Class B shares held of record by Carl Three Limited Partnership ("Carl Three"), (vii) all of the 919 Class B shares held of record by Carl Two, LLC, (viii) 40,251 Class B shares held of record by Automotive Research Bureau ("ARB"), (ix) all of the 547,166 Class B shares held of record by SM Holder Limited Partnership, and (x) 73,199 Class B shares held of record by Principal Investment Company. James C. France is the sole shareholder and director of (x) Principal Investment Company, one of the two general partners of Western Opportunity and (y) Quaternary Investment Company, the general partner of Carl. He is also the sole member of Carl Two, LLC, the general partner of Carl Two, and Carl Three, LLC the general partner of Carl Three. Does not include shares held beneficially by the adult children of James C. France or their descendants.
- (10) This owner's address is 200 East Randolph Drive, Suite 2900, Chicago, Illinois 60601, as reflected on its Amendment No. 7 to Schedule 13G, which was filed with the SEC on February 14, 2017.
- (11) This owner's address is 55 East 52nd Street, New York, NY 10022, as reflected on its Amendment No. 6 to Schedule 13G, which was filed with the SEC on January 25, 2017.
- (12) This owner's address is 100 Vanguard Blvd., Malvern, Pennsylvania 19355, as reflected on its Amendment No. 3 to Schedule 13G, which was filed with the SEC on February 10, 2017.
- (13) This owner's address is 257 Fillmore Street, Suite 200, Denver, Colorado 80206, as reflected on its Schedule 13G, which was filed with the SEC on February 6, 2017.
- (14) Includes (i) 361,988 Class B shares held of record by BBL Limited Partnership, (ii) 75,286 Class B shares held of record by Western Opportunity, (iii) 39,992 Class B shares held of record by WCF Family I, Inc., (iv) 73,199 Class B shares held of record by Sierra Central LLC, (v) 33,291 Class B shares held of record by WCF Family I, Inc. through Western Opportunity, (vi) 400,537 Class B shares held of record by WCF Family Trust, and (vii) 7,745 shares held of record by BBL Company. Ms. Kennedy is the sole shareholder and a director of BBL Company, the sole general partner of BBL

Limited Partnership. She is also the sole member of Sierra Central LLC, one of the two general partners of Western Opportunity. Does not include shares held beneficially by the adult child of Lesa France Kennedy.

- (15) Includes (i) 84,212 Class B shares held of record by Western Opportunity, (ii) 39,992 Class B shares held of record by WCF Family I, Inc., (iii) 15,695 Class B shares held of record by Western Opportunity as custodian for minor children, (iv) 33,291 Class B shares held of record by WCF Family I, Inc. through Western Opportunity, and (v) 400,537 Class B shares held of record by WCF Family Trust.
- (16) Held of record as joint tenants with Cynthia R. Brown, his spouse.
- (17) Includes 5,000 Class A shares held as trustee of a qualified trust.
- (18) Includes 1,500 Class A shares held by Mr. Harris as trustee of a Profit Sharing Plan and Trust.
- (19) See footnotes (8) and (9) and footnotes (14) through (19).

## DIRECTORS, NOMINEES AND OFFICERS

As of the Record Date our officers, directors and nominees were as follows:

Name	Age	Position With the Company
James C. France	72	Chairman of the Board, Assistant Treasurer and Director
Lesa France Kennedy	55	Vice Chairwoman, Chief Executive Officer and Director
John R. Saunders	60	President
Joel S. Chitwood	47	Executive Vice President and Chief Operating Officer
W. Garrett Crotty	53	Executive Vice President, Chief Administration Officer, Chief Legal Officer & Secretary
Craig A. Neeb	56	Executive Vice President, Chief Development and Chief Digital Officer
Daryl Q. Wolfe	49	Executive Vice President, Chief Marketing Officer
Laura E. Jackson	51	Senior Vice President, Corporate Services and Chief Human Resources Officer
Brett M. Scharback	42	Senior Vice President, Legal, Chief Compliance Officer and Assistant Secretary
Gregory S. Motto	44	Vice President, Chief Financial Officer and Treasurer
Jeffrey T. Boerger	52	Vice President, Corporate Development
Derek Muldowney	51	Vice President
Larry Aiello, Jr.	66	Director
J. Hyatt Brown	79	Director
Brian Z. France	54	Director
William P. Graves	64	Director
Sonia M. Green	67	Director
Christy F. Harris	71	Director
Morteza Hosseini-Kargar	61	Director
Larree M. Renda	58	Director
Larry D. Woodard	57	Director

Our Board of Directors is divided into three classes, with regular three-year staggered terms. Messrs. *James C. France*, *Brian Z. France* and *Woodard* were elected to hold office until the annual meeting of shareholders to be held in 2017. Ms. *Renda* was elected by the Board of Directors to complete the unexpired term of former director Lloyd Reuss and is up for election at the annual meeting of shareholders to be held in 2017. Ms. *Kennedy*, Ms. *Green* and Messrs. *Aiello* and *Brown* were elected to hold office until the annual meeting of shareholders to be held in 2018. Messrs. *Graves*, *Harris* and *Hosseini* were elected to hold office until the annual meeting of shareholders to be held in 2019.

For the election of directors at the Annual Meeting of Shareholders in April 2017, the Board has accepted the recommendation of the Nominating and Corporate Governance Committee and approved the nomination of Messrs. *James C. France*, *Brian Z. France*, Mr. *Woodard*, and Ms. *Renda* as directors to serve three-year terms and hold office until the annual meeting of shareholders to be held in 2020.

*James C. France* is the uncle of *Lesa France Kennedy* and *Brian Z. France* who are siblings. There are no other family relationships among our executive officers and directors.

### Directors Holding Office Until 2017 Annual Meeting

Mr. *James C. France*, a director since 1970, has served as our Chairman since July 2007, and as our Assistant Treasurer since June 2009. Previously, he served as our Chairman and Chief Executive Officer from July 2007 until June 2009 and he served as Vice Chairman and Chief Executive Officer from April 2003 until July 2007. He also served as our President and Chief Operating Officer from 1987 until 2003. Mr. *France* is also Vice Chairman, Executive Vice President and Assistant Secretary of NASCAR. Mr. *France*'s extensive business and motorsports industry experience, knowledge of our Company and proven leadership ability are among the factors the Board considered with respect to his nomination for re-election to the Board.

Mr. *Brian Z. France*, a director since 1994, has served as NASCAR's Chairman and Chief Executive Officer since September 2003, Executive Vice President from February 2001 to September 2003 and Vice Chairman from January 2003 to September 2003. Previously, he served as NASCAR's Senior Vice President from 1999 to 2001. Mr. *France*'s extensive experience in and

knowledge of the motorsports industry, in particular NASCAR, are among the factors the Board considered with respect to his nomination for re-election to the Board.

Ms. *Larree M. Renda*, a director since 2015, currently serves as a member of the Board of Directors of Casey's General Stores, where she serves on the Audit, Risk and Compensation Committees. She also serves as a member of the Board of Regents of the University of Portland. Prior to joining the Board of Directors, Ms. *Renda* served as one of Safeway's top female executives for 15 years, most recently as Executive Vice President from 1999 - 2015. She managed retail strategies and held many administrative roles for Safeway, one of the largest food and drug retailers in North America. Her areas of influence included labor relations, public affairs, communications, government relations, health initiatives, human resources, corporate social responsibility and sustainability, philanthropy, industrial engineering, IT and real estate. Ms. *Renda's* leading experience in retail strategy, real estate, and financial planning are among the factors the Board considered with respect to her nomination for re-election to the Board. Ms. *Renda* was elected by the Board of Directors to complete the unexpired term of former director Lloyd Reuss and is up for election at the 2017 annual meeting of shareholders.

Mr. *Larry D. Woodard*, a director since April 2013, is President and CEO at Graham Stanley Advertising, a firm he founded in 2010, which integrates traditional and digital advertising. Prior to that, Mr. *Woodard* served as the President and CEO of Vigilante Advertising for over a decade. Mr. *Woodard's* 26 years of experience as a highly regarded and successful advertising industry executive, his experience in business, and being a weekly columnist and on air commentator regarding advertising and marketing issues, are among the factors the Board considered with respect to his nomination for re-election to the Board.

#### **Directors Holding Office Until 2018 Annual Meeting**

Ms. *Lesa France Kennedy*, a director since 1984, became Vice Chairwoman July 2007 and was named our Chief Executive Officer in June 2009. Previously, she served as our President from April 2003 until June 2009. Ms. *Kennedy* served as our Executive Vice President from January 1996 until April 2003, Secretary from 1987 until January 1996 and served as our Treasurer from 1989 until January 1996. Ms. *Kennedy* is also Vice Chairwoman, Executive Vice President and Assistant Treasurer of NASCAR. Ms. *Kennedy's* experience in the motorsports industry, her knowledge of our Company and proven leadership ability are among the factors the Board considered in concluding she is qualified to serve as a Board member.

Mr. *Larry Aiello, Jr.*, a director since 2003, served as the President and Chief Executive Officer of Corning Cable Systems, which is part of Corning, Inc. from 2002 until his retirement in 2008. Mr. *Aiello* joined Corning, Inc. in 1973. He was named Senior Vice President and Chief of Staff-Corning Optical Communications in 2000. Mr. *Aiello's* business background and experience enhance his ability to analyze and contribute valuable insight on matters such as financing and capital management. In addition, his contributions as a member and then Chairman of our Audit Committee are among the factors the Board considered in concluding he is qualified to serve as a Board member.

Mr. *J. Hyatt Brown*, a director since 1987, serves as the Chairman of Brown & Brown, Inc. and has been in the insurance business since 1959. Mr. *Brown* also currently serves as a director of NextEra Energy, Inc. and Verisk Analytics, Inc. Until January 2010, Mr. *Brown* served on the Board of Rock-Tenn Company, until April 2008, he served on the Board of SunTrust Banks, Inc. and until December 2006, he served on the Board of BellSouth Corporation, each a publicly held company. Mr. *Brown's* extensive business experience, service on boards of other publicly traded companies and proven leadership abilities are among the factors the Board considered in concluding he is qualified to serve as a Board member. Mr. *Brown* is our lead independent director.

Ms. *Sonia M. Green*, a director since April 2013, is President and CEO of SMG Marketing Group providing marketing, sales and communications expertise to organizations in both the for profit and non-profit sectors. She currently serves on the board of The Soup Kitchen of Boynton Beach and is a member of the 4Kids Business Development Council. From 2001 to 2008, Ms. *Green* served as Director of Diversity Marketing and Sales for General Motors Corporation. She also previously served on the board of the Greater Miami Chamber of Commerce, the Avon Products Foundation and National Hispanic Corporate Council for which she served as Chairperson. Ms. *Green's* nationally recognized leadership in marketing and brand communications for more than 20 years, with a specialty in multicultural/diversity marketing, as well as her experience as a trusted spokesperson on diversity and marketing issues for both Spanish and English media outlets, are among the factors the Board considered in concluding she is qualified to serve as a Board member.

## **Directors Holding Office Until 2019 Annual Meeting**

Mr. *William P. Graves*, a director since September 2003, served as President and Chief Executive Officer of the American Trucking Association from January 2003 until January 2017. Mr. *Graves* served as Governor of the State of Kansas from January 1995 until January 2003. Mr. *Graves*' experience as a governor, as well as his knowledge of governmental affairs, are among the factors the Board considered in concluding he is qualified to serve as a Board member.

Mr. *Christy F. Harris*, a director since 1984, has been engaged in the private practice of business and commercial law for more than 40 years and currently is Of Counsel with Kinsey, Vincent, Pyle, P.L. Mr. *Harris* served as a Managing Director of AMA Pro Racing until 2013. Mr. *Harris* also has served on the Board of ACCUS (Automobile Competition Committee for the United States) for over five years and as a judge of the FIM International Tribunal for Motorsports Controversies and Disputes. Mr. *Harris*' experience as an attorney and counselor to businesses and their management, along with his extensive knowledge of our business, are among the factors the Board considered in concluding he is qualified to serve as a Board member.

Mr. *Morteza Hosseini-Kargar*, a director since 2007, is the Chairman and Chief Executive Officer of Intervest Construction, Inc. and has served in that role for over five years. Mr. *Hosseini*'s experience in real estate development and successful ownership and operation of businesses are among the factors the Board considered in concluding he is qualified to serve as a Board member.

Ms. *Green*, Ms. *Renda*, and Messrs. *Aiello*, *Brown*, *Graves*, *Hosseini* and *Woodard* have been determined by the Board to be "independent" as that term is presently defined in Rule 4200(a)(15) of the NASDAQ listing standards.

## **Officers**

Mr. Jeffrey T. Boerger became Vice President, Corporate Development since April 2016. In this role, he oversees all ISC-owned and operated real estate, seeking its highest and best use. He served as President of Kansas Speedway Development Corp. from March 2010 until April 2016, managing our investment in the Hollywood Casino Kansas Speedway, a role in which he continues to serve. Prior to that, Mr. Boerger served as President of Kansas Speedway from May 2002 until March 2010.

Mr. Joel S. Chitwood became Executive Vice President and Chief Operating Officer since April 2016. Prior to that he had served as Executive Vice President since April 2015. He served as Vice President for us from August 2009 to April 2015, and in August 2010 was named President of Daytona International Speedway, one of our subsidiaries, a role in which he served until April 2016. Prior to that, he served as President and Chief Operating Officer of Indianapolis Motor Speedway from November 2004 through August 2009. He served as Senior Vice President, Business Affairs for Indianapolis Motor Speedway from October 2002 to November 2004. Mr. Chitwood also served as Vice President and General Manager of Raceway Associates, LLC, which oversaw construction of Chicagoland Speedway from 1999 to 2002.

Mr. W. Garrett Crotty became Executive Vice President, Chief Administration Officer, Chief Legal Officer & Secretary in April 2015. He served as a Senior Vice President from April 2004 to April 2015. Mr. Crotty was named a Vice President in July 1999 and since 1996 has served as Secretary and General Counsel. Mr. Crotty has also served as General Counsel of NASCAR since 1996 and as a member of NASCAR's Board of Directors since 2006.

Ms. Laura E. Jackson was named Senior Vice President, Corporate Services and Chief Human Resources Officer in April 2015. She was named Vice President, Corporate Services in February 2013, after serving as our Vice President, Human Resources from April 2010 through January 2013. Prior to that, she had served as our Managing Director, Human Resources from January 2009 through March 2010. Before joining the Company, Ms. Jackson served as Senior Vice President, Human Resources for Textron, Inc. from September 2003 through January 2009.

Mr. Gregory S. Motto was named Vice President, Chief Financial Officer and Treasurer in December 2016. Prior to that, he served as Vice President, Finance and Accounting, and Controller in April 2015. Mr. Motto joined us in 2000, and has served in positions as Financial Analyst, Assistant Controller and Director of Strategic Planning. Prior to joining ISC, Motto worked for GE Capital, serving as Financial Analyst responsible for financial planning and analysis and strategic planning. While at GE Capital, Mr. Motto completed the GE Financial Management Program with honors.

Mr. Derek J. Muldowney was named Vice President in April 2016. Prior to that, he served for more than ten years as Executive Vice President of ISC Design & Development, our design, construction and development subsidiary.

Mr. Craig A. Neeb was named Executive Vice President, Chief Development and Chief Digital Officer in April 2015. He had served as Senior Vice President, Business Development and Chief Digital Officer since April 2014. Mr. Neeb was named our Vice President, Business Development and Chief Digital Officer in February 2013, after serving as our Vice President — Multi Channel Marketing from June 2009 through January 2013. Mr. Neeb also served as our Chief Information Officer from November 2000 until February 2013. Mr. Neeb also served as our Managing Director of Marketing Services from 2008 to June 2009.

Mr. John R. Saunders was appointed our President in June 2009. Previously he served as Executive Vice President from April 2004 until June 2009 and from April 2003 until June 2009 served as our Chief Operating Officer. He had served as Senior Vice President-Operations from July 1999 until April 2003, at which time he was appointed Senior Vice President and Chief Operating Officer. He had served as a Vice President since 1997 and was President of Watkins Glen International, a subsidiary of the Company, from 1983 until 1997.

Mr. Brett M. Scharback was named Senior Vice President, Legal, Chief Compliance Officer and Assistant Secretary in April 2015. He had served as Vice President — Deputy General Counsel, Chief Compliance Officer and Assistant Secretary since April 2010. Prior to that, he served as Managing Director, Deputy General Counsel from May 2009 through March 2010 and served as our Associate General Counsel from October 2004 through April 2009. Prior to joining us, Mr. Scharback was an Associate in the Washington, D.C. office of Baker Botts L.L.P.

Mr. Daryl Q. Wolfe was named Executive Vice President, Chief Marketing Officer in April 2015. He had served as Senior Vice President, Chief Marketing Officer since April 2012. Prior to that, he served as Vice President, Chief Marketing Officer from April 2007 to April 2012. He had previously served as Vice President, Sales and Media from 2005 to 2007. Mr. Wolfe had served as Managing Director, Marketing Partnerships from 2003 to 2005, and as Senior Director, Marketing Partnerships from 2001 to 2003.

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

All of the racing events that take place during our 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, the Federation Internationale de L'Automobile, the Federation Internationale Motocycliste, International Motor Sports Association ("IMSA"), Historic Sportscar Racing, IndyCar Series, NASCAR, National Hot Rod Association, 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.

Under current agreements, NASCAR contracts directly with certain network providers for television rights to the entire NASCAR Cup, Xfinity and Camping World Truck series schedules. Under the terms of this arrangement, NASCAR retains 10.0 percent of the gross broadcast rights fees allocated to each NASCAR Cup, Xfinity and Camping World Truck series event as a component of its sanction fees. The promoter records 90.0 percent of the gross broadcast rights fees as revenue and then records 25.0 percent of the gross broadcast rights fees as part of its awards to the competitors. Ultimately, the promoter retains 65.0 percent of the net cash proceeds from the gross broadcast rights fees allocated to the event. Our television broadcast and ancillary rights fees received from NASCAR for the NASCAR Cup, Xfinity and Camping World Truck series events conducted at our wholly owned facilities were approximately \$325.1 million in fiscal year 2016.

NASCAR, which sanctions many of our principal racing events, is a member of the France Family Group which controls over 73.0 percent of the combined voting power of our outstanding stock and some members of which serve as directors and officers of our Company. Standard NASCAR sanction agreements require racetrack operators to pay NASCAR Event Management ("NEM") fees, which include 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. We recorded prize money of approximately \$89.6 million, in fiscal 2016, included in NEM fees, related to the aforementioned 25.0 percent of gross broadcast rights fees ultimately paid to competitors. We have outstanding receivables related to NASCAR and its affiliates of approximately \$23.1 million at November 30, 2016.

In addition, we share a variety of expenses with NASCAR in the ordinary course of business. NASCAR pays rent, as well as a related maintenance fee (allocated based on square footage), to us for office space in Daytona Beach, Florida. NASCAR pays us 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. We pay NASCAR for certain advertising, participation in NASCAR racing series banquets, the use of NASCAR trademarks and intellectual images and production space on trackside large screen video displays. We believe the amounts earned from, or charged by us, under each of the aforementioned transactions are commercially reasonable. Our payments to NASCAR for Motor Racing Network's broadcast rights to NASCAR Camping World Truck races represent an agreed-upon percentage of our advertising revenues attributable to such race broadcasts. NASCAR also reimburses us for 50.0 percent of the compensation paid to certain personnel working in our legal, risk management and transportation departments, as well as 50.0 percent of the compensation expense associated with certain receptionists. We reimburse NASCAR for 50.0 percent of the compensation paid to certain personnel working in NASCAR's legal department. NASCAR's reimbursement for use of our mailroom, janitorial services, security services, catering, graphic arts, photo and publishing services, telephone system and our 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 us for shared expenses, net of amounts paid by us for shared expenses, totaled approximately \$10.2 million during fiscal 2016.

IMSA, a wholly owned subsidiary of NASCAR, sanctions various events at certain of our facilities. Standard IMSA sanction agreements require racetrack operators to pay event management fees, which include prize and point fund monies for each sanctioned event conducted. The prize and point fund monies are distributed by IMSA to participants in the events. Event management fees paid by us to IMSA totaled approximately \$1.3 million for the year ended November 30, 2016.

AMA Pro Racing, an entity controlled by a member of the France Family Group, sanctions various events at certain of our facilities. Standard AMA Pro Racing sanction agreements require racetrack operators to pay event management fees, which include prize and point fund monies for each sanctioned event conducted. The prize and point fund monies are distributed by AMA Pro Racing to participants in the events. Event management fees paid by us to AMA Pro Racing totaled approximately \$0.1 million during fiscal 2016. The aggregate amount received from AMA Pro Racing by the Company for shared expenses, net of amounts paid by the Company for shared expenses, totaled approximately \$0.2 million.

We strive to ensure, and management believes that, the terms of our transactions with NASCAR, IMSA and AMA Pro Racing are no less favorable to us than could be obtained from an unrelated party.

#### *Other Related Party Transactions*

Certain members of the France Family Group paid us for the utilization of security services, event planning, event tickets, purchase of catering services, maintenance services, and certain equipment. 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 net amount received by us for these items totaled approximately \$0.3 million during fiscal 2016.

Crotty, Bartlett & Kelly, P.A. ("Crotty, Bartlett & Kelly"), is a law firm controlled by family members of W. Garrett Crotty, one of our executive officers. We engage Crotty, Bartlett & Kelly for certain legal and consulting services. The aggregate amount paid to Crotty, Bartlett & Kelly by us for legal and consulting services totaled approximately \$36,000 during fiscal 2016.

J. Hyatt Brown, one of our directors, serves as Chairman of Brown & Brown, Inc. ("Brown & Brown"). Brown & Brown has received commissions for serving as our insurance broker for several of our insurance policies, including our property and casualty policy and certain employee benefit programs. The aggregate commissions received by Brown & Brown in connection with these policies were approximately \$0.6 million during fiscal 2016.

One of our directors, Christy F. Harris, is Of Counsel to Kinsey, Vincent Pyle, P.L., a law firm that provided legal services to us during fiscal 2016. We paid approximately \$97,000 for these services in fiscal 2016, which were charged to us on the same basis as those provided other clients.

We believe the amounts earned from or charged by us under each of the aforementioned transactions are commercially reasonable.

#### **Approval of Related Party Transactions**

We have adopted written policies and procedures for review, approval and ratification of transactions with related persons. These policies are evidenced in the Code of Conduct. In addition, our employees are subject to similar policies concerning

conflicts of interest, business ethics and conduct, as contained in our Employee Handbook. The Audit Committee is charged in its Charter with the ultimate responsibility for the review and approval of all related party transactions meeting the thresholds that require disclosure pursuant to Item 404 of Regulation S-K. All proposed transactions (regardless of the amount involved) with any director or executive officer (or their affiliates) are required to be submitted to the Audit Committee for approval prior to the transaction taking place. As part of our disclosure controls, all related party transactions are reported monthly and reviewed by the Disclosure Committee quarterly, which includes the Chief Compliance Officer and the Director of Internal Audit. The Disclosure Committee is responsible for elevating matters for Audit Committee consideration. While the standard used to evaluate a transaction will vary depending upon the particular circumstances, the goal is to make sure that we are treated fairly and on the same basis as transactions with parties that are not related. There have been no instances during the last fiscal year where such policies and procedures were not followed, nor were there any transactions listed in “Certain Relationships and Related Transactions” that were not reviewed by the Audit Committee.

#### **DIRECTOR MEETINGS AND COMMITTEES**

Our Board of Directors met three times during fiscal 2016. Our Board of Directors has an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Growth & Development Committee and a Financing and Stock Repurchase Committee.

The functions of the Audit Committee (which presently consists of Ms. Renda and Messrs. Aiello (Chair), Brown and Graves) include (i) meeting with auditors to discuss the scope, fees, timing and results of the annual audit, (ii) reviewing our consolidated financial statements, and (iii) performing other duties deemed appropriate by the Board. The Board of Directors has adopted a written charter for the Audit Committee, which is available on our website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com). The Board of Directors has determined that Ms. Renda and Messrs. Aiello and Brown are qualified as audit committee financial experts (as defined by the SEC) and that all of the members of the Audit Committee are “independent” (as independence is presently defined in Rule 4200(a)(15) of the NASDAQ listing standards). The Audit Committee met six times during fiscal 2016.

The functions of the Compensation Committee (which presently consists of Ms. Renda (Chair) and Messrs. Graves and Woodard) include (i) reviewing existing compensation levels of executive officers, (ii) making compensation recommendations to management and the Board, and (iii) performing other duties deemed appropriate by the Board. The Board of Directors has adopted a written charter for the Compensation Committee, which is available on our website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com). The Board has determined that all the members of the Compensation Committee are “independent” (as independence is presently defined in Rule 4200(a)(15) of the NASDAQ listing standards). The Compensation Committee met three times during fiscal 2016.

The functions of the Nominating and Corporate Governance Committee (which presently consists of Messrs. Brown (Chair), Aiello and Graves) include (i) selecting and recommending to the Board director nominees for election at each annual meeting of shareholders, as well as director nominees to fill vacancies arising between annual meetings, (ii) reviewing and recommending to the Board changes to the compensation package for directors, (iii) reviewing and, if appropriate, making changes to the responsibilities of directors and the qualifications for new nominees, (iv) annually assessing the Board’s effectiveness as a whole as well as the effectiveness of the individual directors and the Board’s various committees, (v) reviewing and recommending to the Board changes to the corporate governance standards for the Board and its committees, and (vi) performing other duties deemed appropriate by the Board. The Nominating and Corporate Governance Committee met once during fiscal 2016.

The functions of the Growth and Development Committee (which presently consists of Ms. Green and Messrs. Aiello, Brown, Brian Z. France, Harris (Chair) and Hosseini) include (i) reviewing the actual and proposed internal growth and external development projects of the Company, (ii) making recommendations to management and the Board regarding matters that come before the Committee, and (iii) performing other duties deemed appropriate by the Board. The Growth and Development Committee met three times during fiscal 2016.

The functions of the Financing and Stock Repurchase Committee (which presently consists of Messrs. Aiello, Brown, James C. France (Chair) and Harris) include (i) reviewing, as needed, the actual and proposed mechanisms used by the Company to obtain financing for the Company, (ii) overseeing and monitoring the stock repurchase activities of the Company,

(iii) exercising authority delegated to it by the Board to approve changes to the Company's stock repurchase program within limits established by the Board, (iv) making recommendations to management and the Board regarding matters that come before the Committee, and (v) performing other duties deemed appropriate by the Board. The Financing and Stock Repurchase Committee met six times during fiscal 2016.

During fiscal 2016, all of the directors attended at least 75 percent of the aggregate of (1) the total number of meetings of the Board of Directors and (2) the total number of meetings held by all committees of the Board on which they served.

## **BOARD LEADERSHIP**

Our Board has the flexibility to determine whether the roles of Chairman of the Board and Chief Executive Officer should be separated or combined. The Board makes this decision based on its evaluation of the circumstances and the Company's specific needs. Effective June 2009, upon the retirement of James C. France from the position of Chief Executive Officer, the roles of Chairman and Chief Executive Officer were separated. James C. France continues to serve as Chairman of the Board, while Lesa France Kennedy serves as Vice Chairwoman and Chief Executive Officer. Prior to June 2009, the positions of Chairman and Chief Executive Officer were held jointly by James C. France.

We believe that this leadership structure is desirable under present circumstances because it allows Ms. Kennedy to focus her efforts on running our business and managing it in the best interests of our shareholders, while we are able to continue to benefit from Mr. James C. France's extensive business and motorsports industry experience, knowledge of our Company and proven leadership ability. We believe that having Mr. James C. France as Chairman benefits the Company in that it allows him to use his expertise in both industry relationships and sanctioning body partnerships, as well as his extensive Company knowledge, in setting the strategic agenda of the Board.

Our lead independent director, J. Hyatt Brown, coordinates providing feedback from other non-management members of the Board to the Chief Executive Officer and other management regarding business issues and risk. Mr. Brown, through his role as Chairman of the Nominating and Corporate Governance Committee, also manages the process of annual director self-assessment and evaluation of the Board as a whole.

## **RISK OVERSIGHT**

Our Board of Directors takes an active role in the oversight of risks impacting our Company. While management is responsible for managing the Company's risk on a daily basis and for bringing to the Board's attention areas of risk which are most material to our business, the Board and management work closely to ensure that integrity and accountability are integrated into our operations. The Board, including through certain of its committees, discussed in more detail below (which are comprised solely of independent directors), and through regular meetings of the independent directors without management present, regularly reviews areas of risk (both compliance and business risk) to us and advises and directs management on the scope and implementation of policies, strategy and other actions designed to mitigate such risks.

Many of the direct risk oversight functions are performed by the Audit Committee and our internal audit staff. Specific examples of risks primarily overseen by the Audit Committee include risks related to the preparation of our financial statements, disclosure controls and procedures, internal controls and procedures required by the Sarbanes-Oxley Act, accounting, financial and auditing risks, matters reported to the Audit Committee through our Internal Audit Department and through anonymous reporting procedures, cyber security, and regulations and risks associated with related party transactions. Through our regular compliance work related to the Sarbanes-Oxley Act, we have created entity level controls that are validated on a regular basis by our Internal Audit Department. These controls are designed to help prevent control failures as well as assist in the awareness of a control failure. Members of our management team also participate in an enterprise risk management committee, which regularly evaluates those risks deemed to be significant to us. The Audit Committee receives regular updates regarding those risks identified by the enterprise risk management committee.

The Nominating and Corporate Governance Committee regularly monitors our compliance with corporate governance standards and regulations. The Compensation Committee reviews and evaluates potential risks related to compensation programs for executive and certain non-executive employees of the Company, as further described below in the section entitled "Compensation Discussion and Analysis." The Growth and Development Committee reviews and evaluates risks related to any strategic ventures, transactions or capital expenditures.

In addition to the foregoing, the Board has adopted a Code of Ethics, which is applicable to all of our employees, including the directors, our principal executive officer, the principal financial officer and the principal accounting officer. The Code of Ethics is designed, among other things, to deter wrongdoing and promote ethical conduct, full and accurate reporting in all our filings with the SEC, and compliance with applicable laws. The Code of Ethics mandates the maintenance of a 24 hour hotline that any employee can use to report, anonymously if they so choose, any suspected fraud, financial impropriety or other alleged wrongdoing. All calls are handled by the Senior Vice President and Chief Compliance Officer, the Senior Vice President, Corporate Services and/or Director of Internal Audit, as appropriate, who regularly report to the Audit Committee on calls received. A copy of the current Code of Ethics is available on our website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com).

#### **DIRECTOR NOMINATION PROCESS**

A current copy of the Nominating and Corporate Governance Committee charter is available on our website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com). Each director on the Nominating and Corporate Governance Committee has been determined by the Board to be “independent” (as independence is presently defined by the NASDAQ listing standards).

As part of its process and procedures, the Nominating and Corporate Governance Committee considers director candidates recommended by shareholders. All recommendations of director candidates by shareholders following the proper procedures (as set forth below) will be furnished to the Nominating and Corporate Governance Committee and will be considered in the same manner and according to the same criteria as would all other director candidates.

There have been no material changes to the procedures by which shareholders may recommend nominees to our Board. Shareholders who wish to nominate directors for election at an annual meeting of shareholders are required to follow the procedures contained in Article VI of our Amended and Restated Articles of Incorporation, which are available on our website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com). Nominations must be in writing, addressed to the Secretary, and must be received in writing not less than 120 days nor more than 180 days prior to the first anniversary of the date of our notice of annual meeting of shareholders provided for the previous year’s annual meeting. The shareholder’s notice to the Secretary must set forth (i) certain information regarding the nominee, such as name, age and principal occupation, and (ii) certain information regarding the shareholder(s) such as the name and record address of the shareholder(s) and the number of shares of our capital stock such shareholder(s) own. No person nominated by shareholders will be eligible for election as a director unless nominated in accordance with these procedures. There were no shareholder nominations submitted for the 2017 annual meeting of shareholders. Nominations by shareholders for the 2017 annual meeting must be received by the Secretary between September 8, 2017 and November 7, 2017.

As stated in its charter, the Nominating and Corporate Governance Committee will annually assess the Board’s effectiveness, including the core competencies and qualifications of members of the Board. If the Nominating and Corporate Governance Committee deems it necessary, it may select and retain an executive search firm to identify qualified candidates for nomination to serve as members of the Board.

The Nominating and Corporate Governance Committee will consider all nominees to our Board of Directors, and make its recommendations to the full Board, which will then decide whether to nominate a Board candidate. The Nominating and Corporate Governance Committee will consider each nominee’s skill, experience, knowledge and judgment, and believes that members of and nominees to the Board should reflect expertise in one or more of the following areas important to us: accounting and finance, business of motorsports, mergers and acquisitions, leadership, business and management, strategic planning, government relations, investor relations, legal issues, executive leadership development and executive compensation. Further, the assessment of a nominee’s qualifications will include consideration of the nominee’s ability to use sound judgment; service on the boards of directors of other companies, public and private; integrity, honesty, fairness and independence; understanding of our business; and interest and willingness to serve on the Board and dedicate the requisite time and attention to service on the Board. All nominees to our Board will be considered by the Nominating and Corporate Governance Committee with these factors in mind.

As part of the Nominating and Corporate Governance Committee’s assessment of a prospective director nominee’s skill, experience, knowledge and judgment, the committee considers diversity of background and personal experience. Ideally, the Board should be composed of persons having a diversity of skills, background and experience that are useful to us and our present and future needs. However, the Nominating and Corporate Governance Committee does not have a formal policy

specifying how diversity of background and personal experience should be applied and assessed in identifying or evaluating director nominees. When considering potential nominees for the Board, the Nominating and Corporate Governance Committee considers the standards above and each potential nominee's individual qualifications in light of the needs of the Board at such time and its anticipated needs in the future.

It is our policy to hold the annual meeting of directors immediately following the annual meeting of shareholders. All Board members are invited to attend the annual meeting of shareholders and are expected to attend, but are not required to attend. In fiscal 2016, all members of the Board attended the annual meeting of shareholders.

#### **SHAREHOLDER COMMUNICATIONS TO THE BOARD**

Shareholders may contact an individual director, the Board as a group, or a specified Board committee or group, including the non-employee directors as a group, by mailing correspondence in the following manner:

International Speedway Corporation  
c/o Legal Department  
One Daytona Blvd.  
Daytona Beach, Florida 32114  
Attention: Board of Directors

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. Our Legal Department will initially receive and process communications before forwarding them to the addressee. All communications from shareholders will be promptly forwarded to the addressee(s).

#### **CODE OF ETHICS**

Our Audit Committee has adopted a code of ethics that applies to all of our employees, including our senior financial officers, our principal executive officer and our principal financial officer. A copy of that code of ethics is available on our website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com). We intend to satisfy our disclosure obligations regarding any amendment to, or waiver from, any provision of our code of ethics that applies to any of our senior financial officers by posting that information on our website, as well as making all public disclosures required by the SEC. At the present time there have been no amendments or waivers.

#### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based upon a review of Forms 3 and 4 and amendments thereto furnished to us during the fiscal year ended November 30, 2016, Forms 5 and amendments thereto furnished to us with respect to the fiscal year ended November 30, 2016, and written representations furnished to us, there is no person who, at any time during the fiscal year, was a director, officer, or beneficial owner of more than ten percent of any class of our securities that failed to file on a timely basis the reports required by Section 16(a) of the Exchange Act during the fiscal year ended November 30, 2016.

#### **REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP and its predecessors have served as our auditors since 1966. Representatives of Ernst & Young LLP will be present at the Annual Meeting of Shareholders with the opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions from shareholders.

The following table presents fees for all professional services provided by Ernst & Young LLP for the audit of our consolidated financial statements for the years ended November 30, 2016 and 2015, and fees billed for other services rendered by Ernst & Young LLP during those periods.

Fee Category	Fiscal Year	
	2016	2015
<b>Audit fees (1)</b>	\$ 816,142	\$ 833,284
<b>Audit-related fees (2)</b>	\$ 43,500	\$ —
<b>Tax fees (3)</b>	\$ —	\$ 8,150
<b>All other fees (4)</b>	\$ —	\$ —

- (1) Audit fees consisted principally of professional services rendered for the annual integrated audit of our consolidated financial statements and the effectiveness of our internal control over financial reporting, the review of our quarterly consolidated financial statements and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees consists of professional services rendered for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not included in Audit Fees above. There were no such services rendered during fiscal 2015.
- (3) Tax fees consisted principally of professional services rendered for tax compliance and tax advice. There were no such services rendered during fiscal 2016.
- (4) There were no other fees for products and services that are not disclosed in the previous categories.

#### **AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee, or one of its members who has been delegated pre-approval authority, considers and has approval authority over all engagements of the independent auditors. If a decision on an engagement is made by an individual member, the decision is presented at the next meeting of the Audit Committee. All of the engagements resulting in the fees disclosed above for fiscal 2016 and 2015 were approved by the Audit Committee prior to the engagement.

#### **ACTION: APPROVAL OF THE 2017 LONG TERM INCENTIVE PLAN**

This Information Statement contains a brief summary of the material aspects of the 2017 Long Term Incentive Plan to be approved by the Board of Directors and shareholders at the annual meeting.

#### **Purpose**

The purpose of the 2017 Long Term Incentive Plan is to provide key employees (including officers and directors), consultants and advisors of the Company with increased financial incentives to make significant and extraordinary contributions to the long-term performance and growth of the Company, to align the interests of such key employees, consultants and advisors with the interests of the shareholders, and to facilitate attracting and retaining key employees, consultants and advisors.

#### **Types of Awards & Eligibility**

The 2017 Long Term Incentive Plan authorizes the grant of stock options (incentive and non-qualified), stock appreciation rights (“SARs”), restricted and unrestricted stock, cash awards and Performance Units (as defined in the 2017 Long Term Incentive Plan) to employees, consultants and advisors of the Company capable of contributing to the Company’s performance. Incentive Stock Options may be granted only to employees eligible to receive them under the Internal Revenue Code of 1996, as amended.

#### **Number of Authorized Shares**

The Company has reserved an aggregate of 1,500,000 shares (subject to adjustment for stock splits and similar capital changes) of Class A Common Stock for grants under the 2017 Long Term Incentive Plan.

#### **Administration of the Plan**

The Board of Directors has appointed the Board’s Compensation Committee (the “Committee”) to administer the 2017 Long Term Incentive Plan. Awards under the 2017 Long Term Incentive Plan will contain such terms and conditions not inconsistent with the 2017 Long Term Incentive Plan as the Committee in its discretion approves. The Committee has discretion to administer the 2017 Long Term Incentive Plan in the manner which it determines, from time to time, is in the best interest of the Company. For example, the Committee will fix the terms of stock options, SARs, restricted and unrestricted stock grants

and determine whether, in the case of such options and SARs, they may be exercised immediately or at a later date or dates. Awards may also be granted subject to conditions relating to continued employment and restrictions on transfer. In addition, subject to applicable law and certain restrictions set forth in the 2017 Long Term Incentive Plan, the Committee may provide, at the time an award is made or at any time thereafter, for the acceleration of a participant's rights or cash settlement upon a change in control of the Company. The terms and conditions of awards need not be the same for each participant. The foregoing examples illustrate, but do not limit, the manner in which the Committee may exercise its authority in administering the 2017 Long Term Incentive Plan. In addition, all questions of interpretation of the 2017 Long Term Incentive Plan will be determined by the Committee.

### **Approval of the Plan**

The Committee approved the 2017 Long Term Incentive Plan on February 2, 2017 by unanimous consent. A copy of the 2017 Long Term Incentive Plan is attached to this Information Statement.

### **REPORT OF THE AUDIT COMMITTEE**

*The following is the report of the Audit Committee with respect to the Company's audited financial statements for the fiscal year ended November 30, 2016. The information contained in this report shall not be deemed "soliciting material" or otherwise considered "filed" with the SEC, and such information shall not be incorporated by reference into any future filing under the Securities Act or the Exchange Act except to the extent the Company specifically incorporates such information by reference of such filing.*

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements and the related schedules in the Annual Report with Company management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The Audit Committee is governed by a charter. A copy of the charter is available on the Company's website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com). The Audit Committee performs a review and reassessment of its charter annually. The charter was last amended effective November 9, 2016. The Audit Committee held six meetings during fiscal year 2016. The Audit Committee consists of four members: Ms. Renda and Messrs. Aiello, Brown and Graves. The Board of Directors has determined that Ms. Renda and Messrs. Aiello and Brown are qualified as audit committee financial experts (as defined by the SEC) and that all of the members of the Audit Committee are "independent" (as independence is presently defined in Rule 4200(a)(15) of the NASDAQ listing standards and Rule 10A-3 of the Securities Exchange Act of 1934).

The meetings of the Audit Committee are designed to facilitate and encourage communication among the Audit Committee, the Company, the Company's internal audit function and the Company's independent auditor. The Audit Committee discussed with the Company's internal auditors and independent auditor the overall scope and plans for their respective audits. The Audit Committee meets with the internal auditors and the independent auditor, with and without management present, to discuss the results of their examinations; their evaluations of the Company's internal control including internal control over financial reporting; and the overall quality of the Company's financial reporting.

The Audit Committee recognizes the importance of maintaining the independence of the Company's Independent Auditor, both in fact and appearance. Each year, the Audit Committee evaluates the qualifications, performance and independence of the Company's Independent Auditor and determines whether to re-engage the current Independent Auditor. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities and the auditors' technical expertise and knowledge of the Company's operations and industry. Based on this evaluation, the Audit Committee has retained Ernst & Young LLP ("EY") as the Company's Independent Auditor for fiscal year 2016. EY has been the Independent Auditor for the Company since 1966.

The Audit Committee reviewed with the independent auditor, which is responsible for expressing an opinion on the conformity of those audited consolidated financial statements and related schedules with US generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by the standards of the Public Company Accounting Oversight Board

(United States) (PCAOB), including PCAOB Auditing Standard No. 16, *Communications With Audit Committees*, the rules of the Securities and Exchange Commission, and other applicable regulations. In addition, the Audit Committee has discussed with the independent auditor the firm's independence from Company management and the Company, including the matters in the letter from the firm required by PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*, and considered the compatibility of non-audit services with the independent auditor's independence.

The Audit Committee also reviewed and discussed together with management and the independent auditor the Company's audited consolidated financial statements for the fiscal year ended November 30, 2016, and the results of management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent auditor's audit of internal control over financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited consolidated financial statements and related schedules and management's assessment of the effectiveness of the Company's internal control over financial reporting be included in the Annual Report on Form 10-K for the fiscal year ended November 30, 2016, filed by the Company with the Securities and Exchange Commission.

*Larry Aiello, Jr., Audit Committee Chair*  
*J. Hyatt Brown, Audit Committee Member*  
*William P. Graves, Audit Committee Member*  
*Larree M. Renda, Audit Committee Member*

## **EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Overview and Objectives of Compensation Program**

The goal of the compensation programs for our named executive officers is to retain and reward leaders who create long-term value for our shareholders. This goal affects the compensation elements we use and our compensation decisions.

We have designed and implemented our compensation programs for our named executives to:

- reward them for financial and operating performance;
- align their interests with those of our shareholders; and
- encourage them to remain with the Company.

Most of our compensation elements simultaneously fulfill one or more of our performance, alignment and retention objectives. These elements consist of:

- salary and annual discretionary bonus;
- non-equity (cash) incentive compensation based upon annually determined performance criteria;
- equity incentive compensation based upon annually determined performance criteria combined with a time based vesting schedule; and
- other benefits.

In deciding on the type and amount of compensation for each executive, we focus almost exclusively on each executive's current pay, rather than historic pay. We combine the compensation elements for each executive in a manner we believe optimizes the value for our shareholders and supports the goals of our compensation programs.

We provide a combination of pay elements with the goal of aligning executive incentives with shareholder value. The three major elements of our executive compensation — base salary, annual cash awards (which include bonuses and non-equity incentives) and long-term equity incentives — simultaneously fulfill one or more of our performance, alignment and retention objectives.

The following summarizes the compensation elements we use as tools to reward, retain and align the performance expectations of our named executives.



### **Base Salary, Non-Equity Incentives and Cash Bonuses**

Base salaries for our named executives are designed to provide competitive levels of compensation dependent on the scope of their responsibilities, their leadership skills and values, and their performance. For each named executive officer, we pay annual non-equity incentives each February for the prior year's performance based upon management's evaluation and the Compensation Committee's qualitative assessment of the executives' performance. This short term compensation element is in line with the stated goal of our compensation programs, namely retaining and rewarding leaders who create long-term value for our shareholders. The incentives were determined using the criteria approved by the Compensation Committee for performance against normalized corporate financial performance measures based on budget of revenue; operating margin based on budget, and capital allocation based on budget. For fiscal 2016, the corporate financial measurements for these non-equity incentives were weighted as follows: 1) revenue based on budget as 34 percent, 2) operating margin based on budget as 33 percent and 3) capital allocation based on budget as 33 percent.

In addition to amounts paid pursuant to our non-equity incentive plan, the Compensation Committee retains discretion to award cash bonuses where performance may warrant. We also award a small annual holiday cash bonus based on seniority.

### **Long —Term Compensation — 2006 Long Term Incentive Plan & 2017 Long Term Incentive Plan**

We emphasize long-term variable compensation at the senior executive levels because of our desire to reward effective long-term management decision making and our desire to retain executive officers who have the potential to impact both our short-term and long-term profitability. We believe that providing Restricted Stock Units (RSUs) is an effective means to focus our named executives on delivering long-term value to our shareholders. RSUs allow us to reward and retain the named executives by offering them the opportunity to receive shares of our stock on the date the restrictions lapse so long as they continue to be employed by the Company. Our 2006 Long Term Incentive Plan expired during 2016. Our 2017 Long Term Incentive Plan has been approved by the Committee and is subject to Board of Directors and shareholder approval at this annual meeting.

### **Other Compensation**

We provide our named executive officers with other benefits, reflected in the All Other Compensation column in the Summary Compensation Table, that we believe are reasonable, competitive and consistent with our overall compensation program and goals. The costs of these benefits constitute only a small percentage of each named executive officer's total compensation, and include premiums paid on life insurance policies and Company contributions to a 401(k) plan. The named executive officers also participate in the standard health insurance benefits offered to all employees. We also provide the use of a car provided by the Company and comprehensive physical examinations every other year. The named executive officers are encouraged to attend events at the motorsports entertainment facilities operated by the Company as part of their job function and permitted to bring a guest with them to these events at no charge to the executive.

### **Compensation Implementation**

#### **Determination of Compensation**

As part of our total overall compensation plan, the compensation for our named executive officers depends on the scope of their responsibilities, their leadership skills and values, and their individual performance, as well as the Company's performance. Decisions regarding salary increases are affected by the named executives' current salary and the amounts paid within and outside the Company. Base salary rates are reviewed on annual basis and adjusted when appropriate by the Compensation Committee based upon changes in market conditions and the Company's performance factors. When making decisions regarding compensation, we focus almost exclusively on each executive's current pay, rather than historic pay.

The Compensation Committee exercises its discretion in initially making compensation decisions, after reviewing the performance of the Company and evaluating an executive's prospects and performance during the year against established goals, operational performance, business responsibilities, and current compensation arrangements. The following is a summary of key considerations affecting the determination of compensation for the named executives:

*Emphasis on Consistent Performance.* Our compensation program provides a greater pay opportunity for executives who demonstrate superior performance for sustained periods of time. Each of our named officers has served us for many years,

during which she/he has held diverse positions of increasing responsibility. The amount of their pay reflects their consistent contribution with the expectation of continued contribution to our success. Our emphasis on performance affects our discretionary annual cash bonus, non-equity incentives and equity incentive compensation. We incorporate current year and expected performance into our compensation decisions and percentage increases or decreases in the amount of annual compensation. For fiscal 2016, the criteria to determine overall compensation remained consistent with prior years and our stated philosophy.

*Discretion and Judgment.* We generally adhere to our historic practices and formulas in determining the amount and mix of compensation elements. Because of our reliance on the formulaic achievement of annual Company financial goals in determining the amount of plan-based compensation, short term changes in business performance can have a significant impact on the compensation of the named executive officers. We consider competitive market compensation paid by other companies of similar size and market capitalization, but we do not attempt to maintain a certain target percentile within a peer group or otherwise rely on data of peer companies to determine executive compensation.

We do not have any specific apportionment goal with respect to the mix between equity incentive awards and cash payments. We generally attempt to assess an executive's total pay opportunities and whether we have provided the appropriate incentives to accomplish our compensation objectives. Our mix of compensation elements is designed to reward recent results and performance through a combination of non-equity (cash) and equity incentive awards. We also seek to balance compensation elements that are based on financial, operational and strategic metrics. We believe the most important indicator of whether our compensation objectives are being met is our ability to motivate our named executives to deliver superior performance and retain them.

*Significance of Company Results.* The Compensation Committee primarily evaluates the named executives' contributions to the Company's overall performance rather than focusing only on their individual function. The Compensation Committee believes that the named executives share the responsibility to support the goals and performance of the Company, as the executive members of the Company's leadership team. While this compensation philosophy influences all of the committee's compensation decisions, it has the biggest impact on annual non-equity incentive awards and, generally, discretionary bonuses.

*Consideration of Risk.* Our compensation programs are discretionary, balanced and focused on rewarding performance for both current year and long-term strategy. Under this structure, a greater amount of compensation can be achieved through consistent superior performance over sustained periods of time. Long-term incentive plan compensation in the form of restricted stock is restricted to multiple vesting years with 50 percent vesting in three years and the remainder vesting in five years. We believe this provides strong incentives for our named executive officers to manage the Company for the long term while avoiding excessive risk-taking in the short term. Goals and objectives reflect a balanced mix of quantitative and qualitative performance measures to avoid excessive weight on a single performance measure. The elements of compensation are mixed among current non-equity (cash) payments and equity awards. With limited exceptions, the Compensation Committee retains the ability to adjust compensation for quality of performance and adherence to our values. The Company does not believe that its compensation policies and practices are reasonably likely to have a material adverse effect on the Company.

*No Employment and Severance Agreements.* None of our named executive officers have employment or change-of-control agreements nor do they have pre-negotiated severance agreements in place. Our named executive officers serve at the will of the Board, which enables the Company to terminate their employment with discretion as to the terms of any severance arrangement. This is consistent with our performance-based employment and compensation philosophy. Of course, the fact that our Chairman of the Board and our Vice Chairwoman and Chief Executive Officer are members of the France Family Group, which has the ability to elect the entire Board, does impact such discretion in their case. In addition, the time vesting of our plan-based restricted stock awards help retain our executives by subjecting to forfeiture any unvested shares if they leave the Company prior to retirement. There are change-of-control provisions associated with each award of such plan-based restricted stock awards. Change of control is defined in the individual participant plans for all participants in the restricted stock incentive program. A copy of the 2006 Long Term Incentive Plan is on file with the SEC in connection with our Form S-8 registration statement, filed on February 11, 2010.

A copy of the 2017 Long Term Incentive Plan is attached to this Information Statement.

## **Roles of Compensation Committee and Named Executives**

Executive officer compensation is overseen by the Compensation Committee of the Board of Directors, which is composed entirely of independent directors, pursuant to its charter. A copy of the charter may be viewed on the Company's website at [www.internationalspeedwaycorporation.com](http://www.internationalspeedwaycorporation.com).

Prior to the beginning of each fiscal year the Compensation Committee establishes a total pool of dollars to be used for increases in annual salary compensation for all of our employees, including all of the named executive officers. In setting this total pool of dollars the members of the Compensation Committee consider a variety of factors, including, but not limited to, historic and projected earnings per share, anticipated revenue growth, established salary ranges and market conditions. The committee members then use their collective business judgment to establish the total pool of dollars for increases in annual salary compensation.

Under the direction of the CEO, the proposed salaries, individual performance goals and targeted bonuses for each of the named executive officers other than the CEO are presented to the Compensation Committee which reviews and approves them. The salary of the CEO is then separately considered and approved by the Compensation Committee. Although no particular weighting of the factors or formula is used, the Committee considers (1) Company and individual performance as measured against management goals approved by the Board of Directors, (2) personal performance in support of the Company's goals as measured by annual evaluation criteria, and (3) intangible factors and criteria such as payments by competitors for similar positions and market movement.

Each of the named executive officers is assigned a target non-equity incentive opportunity based on corporate and personal goals for the year. The actual non-equity incentive for each named executive officer will range from 0 percent to 150 percent of the target depending upon results of corporate performance and personal performance during the year. The 2016 fiscal year corporate financial measurements consist of three components which are weighted as follows: 1) revenue based on budget as 34 percent, 2) operating margin based on budget as 33 percent and 3) capital allocation based on budget as 33 percent. Both the targets and the actual performance are determined on a normalized basis and may vary from year to year as established by the Compensation Committee.

For fiscal 2016, our named executive officers are: Ms. Lesa France Kennedy, Chief Executive Officer; Mr. Daniel W. Houser, Executive Vice President and Chief Financial Officer; Mr. John R. Saunders, President; Mr. Joel S. Chitwood, Executive Vice President and Chief Operating Officer; and Mr. Daryl Q. Wolfe, Executive Vice President and Chief Marketing Officer.

The Compensation Committee reviews and approves the recommended corporate performance goals and objectives which are used in establishing plan-based incentive compensation for all of the named executive officers.

## **Compensation Consultants**

Neither the Company nor the Compensation Committee has any contractual arrangement with any compensation consultant who has a role in determining or recommending the amount or form of senior executive or director compensation. Our named executive officers have not participated in the selection of any particular compensation consultant. The Company obtains market intelligence on compensation trends from a variety of sources through our human resources personnel, with the oversight of the Committee. Each year we participate in compensation surveys conducted by well-known compensation consultants as a means of understanding external market practices. Except for the foregoing, we have not used the services of any other compensation consultant in matters affecting senior executive or director compensation. In the future, either the Company or the Compensation Committee may engage or seek the advice of compensation consultants.

## **Equity Grant Practices**

The only form of equity compensation currently provided to our named executive officers is awards of shares of restricted stock. If the 2017 Long Term Incentive Plan is approved by the shareholders, awards of restricted stock for 2017 based on 2016 performance will be made under the 2017 Long Term Incentive Plan in a similar fashion as those made in past years pursuant to the 2006 Long Term Incentive Plan. For each fiscal year the named executive officers are provided an opportunity to be awarded shares of restricted stock based upon the same normalized corporate financial performance measures established for non-equity incentive payments, as discussed above. The targeted number of shares is fixed by the Compensation Committee and represents a specified percentage of the named executive officer's annual base salary based upon the average price of our

publicly traded shares during the fiscal year prior to the establishment of the share target. This targeted share award amount is communicated to the named executive officers during the second quarter of our fiscal year. Upon completion of the fiscal year and the financial audit, our normalized performance against the financial performance measures is evaluated, a percentage of the targeted award to be actually awarded is determined, reviewed and approved by the Compensation Committee and the restricted shares are issued in the name of the named executive officers on May 1 following the completion of the fiscal year. The restricted shares then vest over time, with 50 percent vesting three years after issuance and the remaining 50 percent vesting five years after issuance. Prior to vesting the recipient may vote the shares and receive dividends on the restricted shares as granted. If employment ends prior to the expiration of the vesting period due to a change of control or for reasons acceptable to the Compensation Committee (death, disability, retirement, etc.) all or a portion of the unvested restricted shares may be allowed to vest. Termination of employment for any other reason will result in forfeiture of all unvested shares. The timing of calculations of opportunities, amounts, awards and vesting dates are made solely for administrative efficiency and without regard to earnings or other major announcements by the Company. There are change-of-control provisions associated with each award of restricted shares. Change of control is defined in the individual participant plans for all participants in the restricted stock incentive program. A copy of the 2017 Long Term Incentive Plan is attached to this Information Statement.

### **Share Ownership Guidelines**

The Company has no equity security ownership guidelines or requirements for the named executive officers. We have share ownership guidelines for our non-employee directors, as more fully described below in the “Compensation of Directors” section.

### **Tax Deductibility of Compensation**

Section 162(m) of the Internal Revenue Code of 1986, as amended, imposes a \$1.0 million limit on the amount that a public company may deduct for compensation paid to the company’s CEO or any of the Company’s four other most highly compensated executive officers who are employed as of the end of the year. The Committee considers tax implications in determining executive pay, and generally endeavors to provide compensation that is tax deductible under Internal Revenue Code Section 162(m). The Committee, however, reserves the right to forego any or all of the tax deduction if it believes it to be in the best interest of the Company and its shareholders.

The amounts shown in the Summary Compensation Table contain components which are not considered taxable income to the individuals under current Internal Revenue Code provisions.

### **Potential Impact on Compensation from Executive Misconduct**

If the Board should determine that an executive officer has engaged in fraudulent or intentional misconduct, the Board could take action to remedy the misconduct, prevent its recurrence, and impose such discipline on the wrongdoers as would be appropriate. Discipline would vary depending on the facts and circumstances, and may include, without limitation, (1) termination of employment, (2) initiating an action for breach of fiduciary duty, and (3) if the misconduct resulted in a restatement of the Company’s financial results, seeking reimbursement of any portion of performance-based or incentive compensation paid or awarded to the executive that is greater than would have been paid or awarded if calculated based on the restated financial results. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

## **Compensation for the Named Executive Officers in 2016**

### **Company Performance**

The specific compensation decisions made for each of the named executive officers for fiscal 2016 reflect the focus on the performance of the Company against specific financial and operational measurements.

A significant portion of each of the named executive officer’s plan-based incentive compensation is based upon the Company’s performance against the normalized corporate financial performance measures and weighting of 1) revenue based on budget (34 percent), 2) operating margin based on budget (33 percent), and 3) capital allocation based on budget (33 percent). Based on the evaluation of the Company’s performance against these measures in fiscal 2016, the payout of plan based non-equity

incentives was at 72.5 percent of the targeted opportunity defined above, except for Mr. Chitwood as described below. For fiscal 2016, the non-equity incentives further aligned earning opportunities in support of overall business cost containment measures, as well as the execution of long term strategic growth measures such as managing to budget our Daytona Rising project. Amounts described below regarding plan-based non-equity incentives are reflective of performance against this 100 percent earning opportunity. Potential awards of restricted stock made pursuant to our long-term incentive plan continued to be at 100 percent of earning potential for the named executive officers.

For the named executive officers eligible for plan-based non-equity incentives, 100 percent of the earning potential for fiscal 2016 was as follows: \$414,517 for Ms. Kennedy; \$162,287 for Mr. Houser; \$322,769 for Mr. Saunders; \$163,669 for Mr. Chitwood; and \$120,781 for Mr. Wolfe. A more detailed analysis of our financial and operational performance is contained in the Management's Discussion & Analysis section of our 2016 Annual Report on Form 10-K filed with the SEC.

### **CEO Compensation**

In determining Ms. Kennedy's base salary compensation for 2016, the Compensation Committee considered her performance as CEO and the performance of the Company in fiscal 2016. In addition, the Compensation Committee considered general trends of Company performance over the prior several years, outcomes related to growth and development activities and strategic initiatives, market conditions, as well as the responsibilities of the position and her strategic value to the Company. Ms. Kennedy and the Board continued to respond to the evolving economic conditions by focusing on the following performance framework (1) outperforming in a tough environment, (2) maintaining and maximizing financial flexibility, (3) optimizing sustainable cost containment and (4) protecting the Company's reputation and long-term strategy. The Committee determined that Ms. Kennedy performed at a high level resulting in a 3.0 percent increase in base salary for Ms. Kennedy from the previous year.

The Compensation Committee believes that Ms. Kennedy performed well in 2016 by executing on the established performance framework and in delivering a strong financial performance. The Compensation Committee believes that the Company's fiscal 2016 reflected leadership decisions that effectively mitigated revenue deterioration with sustainable cost containment, capital allocation discipline and execution against defined strategic initiatives, including meeting financial and schedule metrics for the completion of the reconstruction and the grand opening of Daytona International Speedway, the Company's flagship facility. In determining the bonus and incentive portions of her compensation for fiscal 2016, the Compensation Committee determined that Ms. Kennedy performed at a high level. In light of Ms. Kennedy's performance, she received a total plan-based non-equity incentive in the amount of \$300,138, which was 72.5 percent of her total target opportunity. This reflects a 72.5 percent payout of total target opportunity due to strong performance against the corporate financial performance measures, as well as an additional amount related to her performance against individual goals set by the Compensation Committee. Ms. Kennedy also received 10,468 shares of restricted stock (valued at \$350,573 as of the May 1, 2016 grant date) for her fiscal year 2015 leadership performance. This grant is pursuant to the 2006 Long Term Incentive Plan. The restricted stock is subject to a vesting schedule, with 50 percent vesting in three years and the remainder vesting in five years. The final value will be determined on the actual vesting date.

In addition, pursuant to the aforementioned fiscal year 2016 performance factors, the Compensation Committee determined that Ms. Kennedy is eligible for a restricted stock award of 10,621 shares, the value of which will be determined based upon the May 1, 2017 grant date. This grant, subject to shareholder approval of the 2017 Long Term Incentive Plan, is pursuant to the 2017 Long Term Incentive Plan and based on annual financial performance of the Company.

### **Other Named Officers**

In determining the base salary compensation of Mr. Houser, Mr. Saunders, Mr. Chitwood and Mr. Wolfe for fiscal 2016 the Compensation Committee considered the same criteria as for the CEO. The Compensation Committee also considered the recommendations based upon evaluation of individual functional area responsibilities and goals as submitted by the CEO.

The non-equity incentive plan compensation was determined with the criteria for effectively mitigating revenue deterioration with sustainable cost containment, capital allocation discipline and execution against defined financial measures.

**Daniel W. Houser**: Mr. Houser served as our Chief Financial Officer from 2009 until his retirement on November 30, 2016 and was also an Executive Vice President of the Company. Mr. Houser's financial objectives, as the leader of our finance

organization, focused on the overall performance of the Company. His strategic and operational goals focused on providing operational support in achieving financial goals, including serving as the process driver for maintaining the Company's cost containment deliverables, balance sheet management, delivering on financial commitments for the Company's completion and grand opening of the reconstruction of Daytona International Speedway, and leading the Company's relationship with rating agencies.

Mr. Houser's base salary increased 3.0 percent in fiscal 2016. The Compensation Committee assessment of Mr. Houser's performance in fiscal 2016 aligned to support a total plan-based non-equity incentive in the amount of \$117,577, which was 72.5 percent of his total target opportunity. This reflects a 72.5 percent payout due to performance against the corporate financial performance measures, as well as an additional amount related to his performance against individual goals set by the Compensation Committee. Mr. Houser also received 5,132 shares of restricted stock (valued at \$171,871 as of the May 1, 2016 grant date) for his performance in fiscal year 2015. This grant is pursuant to the 2006 Long Term Incentive Plan. The restricted stock is subject to a vesting schedule, with 50 percent vesting in three years and the remainder vesting in five years. The final value will be determined on the actual vesting date.

In addition, the Compensation Committee determined, based on Mr. Houser's fiscal year 2016 performance, that he is eligible for a restricted stock award, subject to shareholder approval of the 2017 Long Term Incentive Plan, of 5,206 shares, the value of which will be determined upon the May 1, 2017 grant date. This grant is pursuant to the 2017 Long Term Incentive Plan and based on annual financial performance of the Company.

**John R. Saunders:** Mr. Saunders, in his position as President, had financial objectives that focused on the overall performance of the Company and were the same as Ms. Kennedy's.

His strategic and operational goals included providing operational and leadership support for the Company's strategy development and execution against the Board approved strategic plan focusing on maintaining and growing the core business, leveraging the core business and driving a top performing organization. Mr. Saunders led the Company's core business growth activities which included revenue generation and improving performance and cost competitiveness, and driving the achievement of key financial and schedule deliverables for the completion and grand opening of the reconstruction of Daytona International Speedway. In fiscal 2016, Mr. Saunders led the Company in continuing to maintain cost containment initiatives.

Mr. Saunders' base salary increased 3.0 percent in fiscal 2016. The Compensation Committee assessment of Mr. Saunders' performance in 2016 aligned to support his receiving a plan-based non-equity incentive of \$233,846, which was 72.5 percent of his total target opportunity. This reflects a 72.5 percent payout due to performance against the corporate financial performance measures, as well as an additional amount related to his performance against individual goals set by the Compensation Committee. Mr. Saunders also received 7,361 shares of restricted stock (valued at \$246,520 as of the May 1, 2016 grant date) for his fiscal year 2015 leadership performance. This grant is pursuant to the 2006 Long Term Incentive Plan. The restricted stock is subject to a vesting schedule, with 50 percent vesting in three years and the remainder vesting in five years. The final value will be determined on the actual vesting date.

In addition, the Compensation Committee determined, based on Mr. Saunders' significant performance in fiscal year 2016 that he is eligible for a restricted stock award, subject to shareholder approval of the 2017 Long Term Incentive Plan, of 7,468 shares, the value of which will be determined upon the May 1, 2017 grant date. This grant is pursuant to the 2017 Long Term Incentive Plan and based on annual financial performance of the Company.

**Joel S. Chitwood:** Mr. Chitwood, in his position as Executive Vice President and Chief Operating Officer, had financial objectives that focused on the overall performance of the Company, as well as goals and objectives for his functional area of responsibility in leading the strategic and revenue generation performance of the Company's facility portfolio including the completion of the reconstruction and grand opening of Daytona International Speedway. His strategic goals included creating brand interest and demand for product, as well as focusing on elements of pricing strategies and margin rates to drive customer renewal and retention, and the overall guest experience.

Mr. Chitwood's base salary increased in accordance with his promotion to Chief Operating Officer in fiscal 2016. The Compensation Committee assessment of Mr. Chitwood's performance in 2016 aligned to support his receiving a plan-based non-equity incentive of \$120,459 which was 73.8 percent of his total target opportunity. This amount is reflective of his leadership in the completion of the Daytona Rising project, as well as his operational performance for the grand opening of

Daytona International Speedway. In addition, Mr. Chitwood received a \$50,000 cash bonus for significant leadership in driving the on time and on budget completion of the Daytona International Speedway reconstruction project and successful grand opening in February 2016. Mr. Chitwood also received 3,795 shares of restricted stock (valued at \$126,378 as of the May 1, 2016 grant date) for his performance in fiscal year 2015. This grant is pursuant to the 2006 Long Term Incentive Plan. The restricted stock is subject to a vesting schedule, with 50 percent vesting in three years and the remainder vesting in five years. The final value will be determined on the actual vesting date.

In addition, the Compensation Committee determined, based on Mr. Chitwood's fiscal year 2016 performance, that he is eligible for a restricted stock award, subject to shareholder approval of the 2017 Long Term Incentive Plan, of 5,206 shares, the value of which will be determined upon the May 1, 2017 grant date. This grant is pursuant to the 2017 Long Term Incentive Plan and based on annual financial performance of the Company.

**Daryl Q. Wolfe:** Mr. Wolfe, in his position as Executive Vice President, Chief Marketing Officer had financial objectives that focused on the overall performance of the Company, as well as goals and objectives for his functional area of responsibility. These included leading the strategic and revenue generation performance for ISC and establishing the founding partner injector sponsorships including securing the center injector multi-year sponsorship for the reconstructed Daytona International Speedway. His strategic goals included creating brand interest and demand for product, as well as focusing on elements of pricing strategies and margin rates to drive customer retention.

Mr. Wolfe's base salary increased 3.0 percent in fiscal 2016. The Compensation Committee assessment of Mr. Wolfe's performance in 2016 aligned to support his receiving a plan-based non-equity incentive of \$87,506 which was 72.5 percent of his total target opportunity. This reflects a 72.5 percent payout due to performance against the corporate financial performance measures, as well as an additional amount related to his performance against individual goals set by the Compensation Committee. In addition, Mr. Wolfe received a \$50,000 cash bonus for significant leadership in driving the on time and on budget completion of the Daytona International Speedway reconstruction project and successful grand opening in February 2016. Mr. Wolfe also received 4,129 shares of restricted stock (valued at \$138,280 as of the May 1, 2016 grant date) for his performance in fiscal year 2015. This grant is pursuant to the 2006 Long Term Incentive Plan. The restricted stock is subject to a vesting schedule, with 50 percent vesting in three years and the remainder vesting in five years. The final value will be determined on the actual vesting date.

In addition, the Compensation Committee determined, based on Mr. Wolfe's fiscal year 2016 performance, that he is eligible for a restricted stock award, subject to shareholder approval of the 2017 Long Term Incentive Plan, of 4,189 shares the value will be determined upon the May 1, 2017 grant date. This grant is pursuant to the 2017 Long Term Incentive Plan.

#### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (1) (\$)	Stock Awards (2) (\$)	Non-Equity Incentive Plan Compensation (3) (\$)	All Other Compensation (4) (\$)	Total (\$)
<b>Lesa France Kennedy</b> <b>Vice Chairwoman and</b> <b>CEO</b>	<b>2016</b>	\$ <b>690,862</b>	\$ <b>300</b>	\$ <b>350,573</b>	\$ <b>300,318</b>	\$ <b>24,889</b>	\$ <b>1,366,942</b>
	2015	\$ 671,513	\$ 300	\$ 384,216	\$ 402,444	\$ 32,181	\$ 1,490,654
	2014	\$ 648,630	\$ 300	\$ 328,422	\$ 281,711	\$ 19,077	\$ 1,278,140
<b>Daniel W. Houser</b> <b>EVP, CFO,</b> <b>Treasurer</b>	<b>2016</b>	\$ <b>329,730</b>	\$ —	\$ <b>171,871</b>	\$ <b>117,577</b>	\$ <b>38,304</b>	\$ <b>657,482</b>
	2015	\$ 342,917	\$ 250	\$ 188,345	\$ 157,560	\$ 36,344	\$ 725,416
	2014	\$ 331,134	\$ 250	\$ 161,004	\$ 110,292	\$ 40,291	\$ 642,971
<b>John R. Saunders</b> <b>President</b>	<b>2016</b>	\$ <b>586,854</b>	\$ <b>300</b>	\$ <b>246,520</b>	\$ <b>233,846</b>	\$ <b>43,148</b>	\$ <b>1,110,668</b>
	2015	\$ 570,418	\$ 300	\$ 270,155	\$ 313,368	\$ 45,040	\$ 1,199,281
	2014	\$ 550,934	\$ 300	\$ 230,927	\$ 219,358	\$ 43,158	\$ 1,044,677
<b>Joel S. Chitwood</b> <b>EVP, Chief Operating</b> <b>Officer</b>	<b>2016</b>	\$ <b>391,097</b>	\$ <b>50,100</b>	\$ <b>125,889</b>	\$ <b>120,459</b>	\$ <b>38,524</b>	\$ <b>726,069</b>
	2015	\$ 322,305	\$ 100	\$ 137,986	\$ 136,149	\$ 35,349	\$ 631,889
	2014	\$ 312,090	\$ 100	\$ 118,026	\$ 100,000	\$ 39,389	\$ 569,605
<b>Daryl Q. Wolfe</b> <b>EVP, Chief Marketing</b> <b>Officer</b>	<b>2016</b>	\$ <b>335,503</b>	\$ <b>50,250</b>	\$ <b>138,280</b>	\$ <b>87,506</b>	\$ <b>38,029</b>	\$ <b>649,568</b>
	2015	\$ 326,107	\$ 200	\$ 156,093	\$ 117,263	\$ 34,433	\$ 634,096

- (1) Amounts shown in this column represent amounts for a small holiday bonus based on seniority. In addition, Messrs. Chitwood and Wolfe each received a \$50,000 cash bonus for significant leadership in driving the on time and on budget completion of the Daytona International Speedway reconstruction project and successful grand opening in February 2016.
- (2) Amounts shown in this column represent stock awards made to each of the named executives pursuant to our 2006 Long-Term Incentive Plan as a result of the executives' prior fiscal year performance. All amounts reflected are as of the grant date. For further information on these awards, please see the discussion labeled "Compensation for the Named Executive Officers in 2016" beginning on page 16 herein. The amounts for Stock Awards reflect the aggregate grant date fair value of such awards, computed in accordance with Financial Accounting Standards Board ASC Topic 718. See Note 13 — Long-Term Stock Incentive Plan to the Consolidated Financial Statements in our fiscal 2016 Annual Report on Form 10-K for additional information concerning this plan and related Stock Awards and valuation assumptions.
- (3) For additional information on our annual incentive compensation plan for management, please see the discussion labeled "Compensation for the Named Executive Officers in 2016" beginning on page 16 herein.
- (4) Amounts shown under the "All Other Compensation" column represent amounts paid for basic employee benefits available to all employees (i.e. group life insurance, accidental death and dismemberment insurance, group health insurance, long term disability insurance, and short term disability coverage), the annual lease value of Company-provided vehicles, travel related costs of guests in connection with attending events at the motorsports entertainment facilities operated by the Company, a NASCAR banquet, other business related travel, as well as other personal travel, and 401(K) contributions. Although the coverage limits for Life Insurance and long term disability are different for officers, the cost incurred by the Company to provide the executive benefit is the same as the cost for basic employee benefits.

#### GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Author-ization Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock (#)	Grant Date Fair Value of Stock and Option Awards (4)(\$)
			Thres-hold (1)(\$)	Target (2)(\$)	Maximum (\$)	Thres-hold (1)(\$)	Target (3)(\$)	Maximum (\$)		
<b>Lesa France Kennedy</b>	11/30/16 05/01/16	11/08/16 01/25/16	\$ —	\$ 414,517	\$ 621,775	\$ —	\$ 360,160	\$ 540,240	—	\$ 351,934
<b>Daniel W. Houser</b>	11/30/16 05/01/16	11/08/16 01/25/16	\$ —	\$ 162,287	\$ 243,430	\$ —	\$ 176,550	\$ 264,825	—	\$ 172,538
<b>John R. Saunders</b>	11/30/16 05/01/16	11/08/16 01/25/16	\$ —	\$ 322,769	\$ 484,153	\$ —	\$ 253,237	\$ 379,855	—	\$ 247,477
<b>Joel S. Chitwood</b>	11/30/16 05/01/16	11/08/16 01/25/16	\$ —	\$ 163,669	\$ 245,503	\$ —	\$ 176,550	\$ 264,825	—	\$ 126,378
<b>Daryl Q. Wolfe</b>	11/30/16 05/01/16	11/08/16 01/25/16	\$ —	\$ 120,781	\$ 181,171	\$ —	\$ 142,052	\$ 213,078	—	\$ 138,817

- (1) No thresholds are provided for in the applicable plan. The final award is determined through a calculation based on the weighted measurements as described below, and using the same formula as the equity based cash payout along with a discretionary amount based on performance against individual goals and achievement.
- (2) For fiscal 2016, a significant portion of the named executive officer's plan-based non-equity incentive compensation is based upon the Company's actual performance against the budgeted normalized corporate financial performance measures approved by the Board. The approved measurements are weighted to calculate the total target, detailed as follows: (1) Revenue 34 percent, (2) Operating Margin 33 percent, and (3) Capital Allocation metrics 33 percent. Accordingly, and consistent with the Company's cost containment initiatives, the plan-based non-equity incentive was capped at 75 percent of the usual earning potential for named executive officers. The approved incremental earning opportunity completes the target opportunity at 100 percent for 2016. The calculated variance percentage of actual



performance compared to budgeted performance is then used to determine the percentage payout for each respective measure, as represented in Table 1. Based on the evaluation of the Company's performance against these measures for fiscal 2016, the portion of each named executive officer's plan-based incentive compensation was set at 72.5 percent of the targeted opportunity, with weighted performance for the revenue target, the operating margin target, the capital allocation target and the exceeding EBITDA target. A more detailed analysis of our financial and operational performance is contained in the Management's Discussion & Analysis section of our 2016 Annual Report on Form 10-K filed with the SEC.

**Table 1**

Percent Variance	Payout
> + 10%	Discretionary
≥ 0.0%	100%
≤ - 2.5%	90%
≤ - 5.0%	80%
≤ - 6.5%	70%
≤ - 8.5%	60%
≤ - 10.0%	50%
> 10.0%	0%

- (3) The targeted number of shares is fixed by the Compensation Committee and represents a specified earning opportunity for the named executive officer's annual base salary based upon the average price of our publicly traded shares during the fiscal year prior to the establishment of the share target. This targeted share award amount is communicated to the named executive officers during the second quarter of our fiscal year. Upon completion of the fiscal year and the financial audit, our normalized performance against the financial performance measures is evaluated, a percentage of the targeted award to be actually awarded is determined, reviewed and approved by the Compensation Committee and the restricted shares are issued in the name of the named executive officers on May 1 following the completion of the fiscal year. The maximum amount of the award is 1.5 times the target. In 2016, payout of the award was determined by actual performance against the budgeted normalized corporate financial performance measures approved by the Board. The approved measurements are weighted to calculate the total target, detailed as follows: (1) Revenue, (2) Operating Margin and (3) Capital Allocation.
- (4) The Grant Date Fair Value of Stock and Option Awards reflects the aggregate grant date fair value of the restricted stock granted pursuant to our 2006 Long Term Incentive Plan computed in accordance with Financial Accounting Standards Board ASC Topic 718. See Note 13 – Long-Term Stock Incentive Plan to the Consolidated Financial Statements in our fiscal 2016 Annual Report on Form 10-K for additional information concerning this plan and related Stock Awards and valuation assumptions.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Stock Awards	
	Number of Shares of Stock That Have Not Vested (1)(#)	Market Value of Shares of Stock That Have Not Vested (2)(\$)
<b>Lesa France Kennedy</b>	45,232	\$ 1,664,538
<b>Daniel W. Houser</b>	21,163	\$ 778,798
<b>John R. Saunders</b>	32,081	\$ 1,180,581
<b>Joel S. Chitwood</b>	15,902	\$ 585,194
<b>Daryl Q. Wolfe</b>	17,706	\$ 651,581

- (1) The table below shows the vesting dates for the number of shares of common stock underlying unvested restricted stock grants reflected in the Number of Shares of Stock That Have Not Vested column:

Vesting Date	Number of Restricted Shares Vesting				
	Les a France Kennedy	Daniel W. Houser	John R. Saunders	Joel S. Chitwood	Daryl Q. Wolfe
05/1/2017	14,257	5,979	10,302	4,776	5,246
05/1/2018	10,001	4,902	7,031	3,593	4,063
05/1/2019	10,457	5,126	7,353	3,757	4,187
05/1/2020	5,283	2,590	3,715	1,897	2,146
05/1/2021	5,234	2,566	3,680	1,879	2,064

- (2) Amounts are calculated by multiplying \$36.80, the closing price of our common stock on November 30, 2016, by the applicable number of shares.

#### OPTION EXERCISES AND STOCK VESTED

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (1) (\$)
Les a France Kennedy	7,775	\$ 260,385
Daniel W. Houser	3,554	\$ 119,023
John R. Saunders	5,478	\$ 183,458
Joel S. Chitwood	2,544	\$ 85,199
Daryl Q. Wolfe	3,158	\$ 105,761

- (1) Amounts are calculated by multiplying the number of shares vesting by the market value of our common stock on the dates of stock vesting, May 1, 2016, which was \$33.49.

#### POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The only potential payments for any of the named executive officers are related to the unvested shares of restricted stock as shown in the Outstanding Equity Awards at Fiscal Year End above. Upon the occurrence of a change of control as defined in the individual participant plans for all participants in the restricted stock incentive program all of the unvested shares would immediately vest for each participant. There are no other arrangements to be disclosed pursuant to this item.

Name	Number of Shares of Stock That Have Not Vested (#)	Payment upon a Change-in-Control (2)(\$)
Les a France Kennedy (1)	45,232	\$ 1,664,538
Daniel W. Houser (1)	21,163	\$ 778,798
John R. Saunders (1)	32,081	\$ 1,180,581
Joel S. Chitwood (1)	15,902	\$ 585,194
Daryl Q. Wolfe (1)	17,706	\$ 651,581

- (1) Change-in-Control is defined in the individual participant plans for all participants in the restricted stock incentive program. A copy of the plan is on file with the SEC in connection with our Form S-8 registration statement, filed on February 11, 2010.
- (2) Amounts are calculated by multiplying \$36.80, the closing price of our common stock on November 30, 2016, by the applicable number of shares.

## COMPENSATION OF DIRECTORS

We pay our non-employee directors:

- a \$20,000 annual cash fee;
- an annual grant of restricted Class A common stock in an amount equal to \$30,000 based on the stock price on the grant date of such restricted stock;
- a cash fee of \$750 for each meeting of the board of directors attended;
- a cash fee of \$500 for each meeting of each committee (other than the Audit Committee) of the board of directors attended;
- members of the Audit Committee are paid a cash fee of \$750 for each meeting of the Audit Committee attended; and
- the chairman of the Audit Committee is paid an additional \$5,000 annual cash fee.

The number of restricted shares granted to each non-employee director are determined by dividing a dollar amount by the per-share closing price of our Class A common stock on the date of grant (rounded to the nearest whole share). Through 2016, these stock awards were issued pursuant to the 2006 Long Term Incentive Plan and vest after one year. Starting in 2017, such stock awards will be issued pursuant to the 2017 Long Term Incentive Plan if approved by shareholders. All meeting fees are paid at the time of the meeting.

In addition, we also reimburse non-employee directors for all expenses incurred in the performance of their duties.

No non-employee director received perquisites and personal benefits with a total value of \$10,000 or more during the fiscal year ended November 30, 2016.

The Board has adopted share ownership guidelines applicable to non-employee directors providing that non-employee directors should, upon three years of becoming a director, own and hold a minimum of common stock of the Company with a market value of at least \$90,000. Each such non-employee director is required to maintain that level of stock ownership for so long as he or she serves on the Board. Restricted shares issued by the Company to a non-employee director are counted for purposes of determining a non-employee director's ownership.

### DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	Total (\$)
Larry Aiello, Jr.	\$ 36,500	\$ 30,055	\$ 66,555
J. Hyatt Brown	\$ 31,000	\$ 30,055	\$ 61,055
Brian Z. France	\$ 22,250	\$ 30,055	\$ 52,305
William P. Graves	\$ 29,250	\$ 30,055	\$ 59,305
Sonia Green	\$ 23,750	\$ 30,055	\$ 53,805
Christy F. Harris	\$ 27,250	\$ 30,055	\$ 57,305
Morteza Hosseini-Kargar	\$ 24,250	\$ 30,055	\$ 54,305
Larree M. Renda	\$ 28,750	\$ 30,055	\$ 58,805
Larry Woodard	\$ 24,250	\$ 30,055	\$ 54,305

- (1) Amounts shown in the "Fees Earned or Paid in Cash" column represent the sum of all annual fee and meeting fee cash payments made to the indicated non-employee directors during the fiscal year ended November 30, 2016. It does not include any expense reimbursement.
- (2) Stock Awards were granted pursuant to our 2006 Long Term Incentive Plan. The amounts for Stock Awards reflect the aggregate grant date fair value of such awards, computed in accordance with Financial Accounting Standards Board ASC Topic 718. See Note 13 — Long-Term Incentive Plan to the Consolidated Financial Statements in our fiscal 2016 Annual Report on Form 10-K for additional information concerning this plan and related Stock Awards and valuation assumptions.

As of November 30, 2016 the non-employee directors held the following shares of restricted stock and stock options to acquire shares of our Class A common stock:

Name	Aggregate Option Awards Outstanding at 11/30/2016 (1)(#)	Number of Shares of Stock That Have Not Vested (1)(#)
<b>Larry Aiello, Jr.</b>	3,119	897
<b>J. Hyatt Brown</b>	2,880	897
<b>Brian Z. France</b>	13,342	897
<b>William P. Graves</b>	8,005	897
<b>Sonia Green</b>	—	897
<b>Christy F. Harris</b>	9,447	897
<b>Morteza Hosseini-Kargar</b>	11,839	897
<b>Larree M. Renda</b>	—	897
<b>Larry Woodard</b>	—	897

- (1) Stock and Option Awards were granted pursuant to our 2006 Long-Term Incentive Plan. See also Note 13 — Long-Term Stock Incentive Plan to the Consolidated Financial Statements in our fiscal year 2016 Annual Report on Form 10-K for additional information concerning this plan and related Stock and Option Awards and valuation assumptions.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

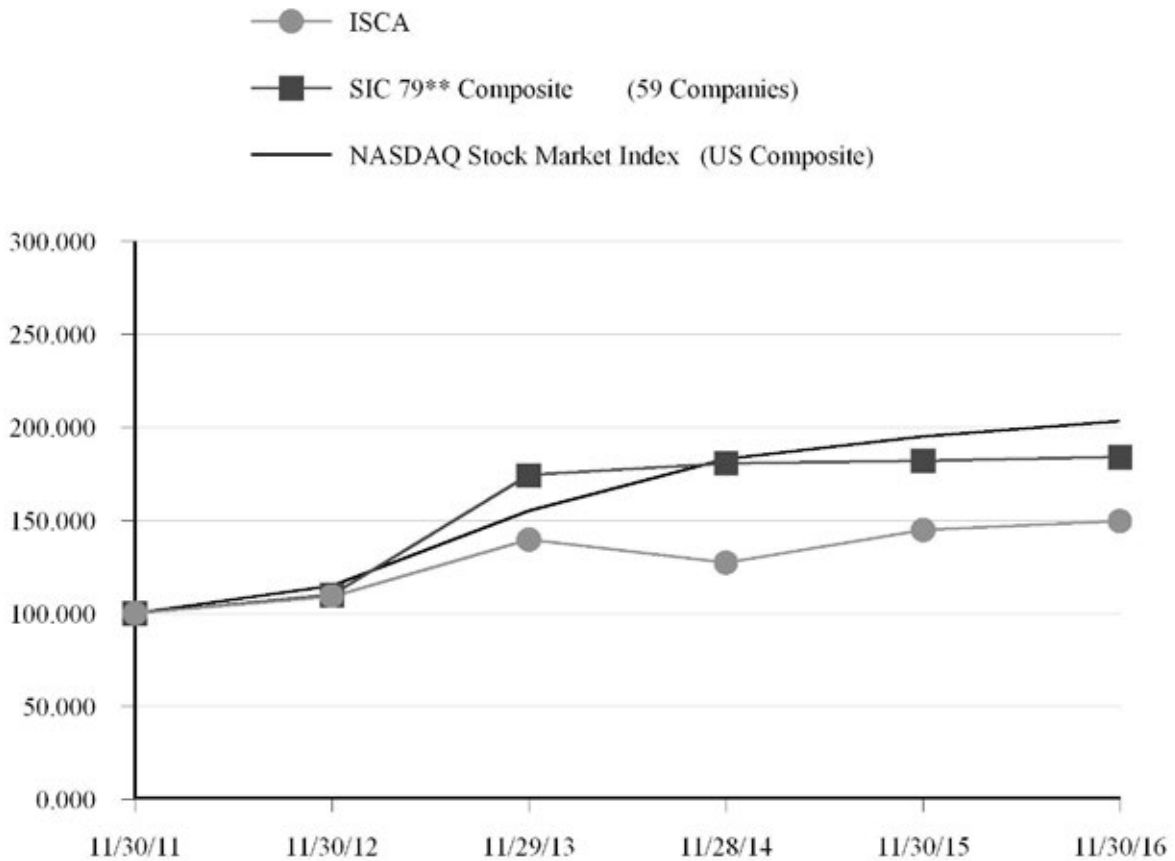
The Compensation Committee members whose names appear on the Compensation Committee Report below were committee members during all of fiscal year 2016. No member of the Compensation Committee is or has been a former or current executive officer of the Company or had any relationships requiring disclosure by the Company under the SEC's rules requiring disclosure of certain relationships and related party transactions. None of the Company's executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity that has or has had one or more executive officers who served as a director or member of the Compensation Committee during the fiscal year ended November 30, 2016.

#### COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and recommended to the board of directors that the Compensation Discussion and Analysis be included in this information statement and our annual report on Form 10-K.

*Larree M. Renda*  
*William P. Graves*  
*Larry D. Woodard*

**PERFORMANCE GRAPH**



\* Assumes \$100 investment in the common stock of International Speedway Corporation, Nasdaq Stocks SIC 7900-7999 (US Companies) and Nasdaq Stock Market Indices on November 30, 2011 (US Companies) with dividend reinvestment.

The rules of the SEC require us to provide a line graph covering at least the last five fiscal years and comparing the yearly percentage change in our total shareholder return on a class of our common stock with the cumulative total return of a broad equity index, assuming reinvestment of dividends, and the cumulative total return, assuming reinvestment of dividends, of a published industry or line-of-business index; peer issuers selected in good faith; or issuers with similar market capitalization. The graph above compares the cumulative total five year return of our class A common stock with that of the NASDAQ Stock Market Index (U.S. Companies) and with the 40 NASDAQ issuers (U.S. companies) listed in SIC codes 7900-7999, which encompasses service businesses in the amusement, sports and recreation industry, including indoor operations that are not subject to the impact of weather on operations, and pari-mutual and other wagering operations. We conduct large outdoor sporting and entertainment events that are subject to the impact of weather. The stock price shown has been estimated from the high and low prices for each quarter for which the close is not available. Because of the unique nature of our business and the fact that public information is available concerning only a limited number of companies involved in the same line of business, and no public information is available concerning other companies in our line of business, we do not believe that the information presented above is meaningful.

## VOTING PROCEDURE

With respect to the election of directors, the person receiving a plurality of the votes cast by shares entitled to vote for the position being filled shall be elected. We know of no other items to come before the meeting other than those stated above. On any other item that should come before the meeting, the matter shall be decided by a majority of the votes cast by shares entitled to vote at the meeting.

In advance of the meeting we may appoint one or more inspectors of election or judges of the vote, as the case may be, to act at the meeting or any adjournment thereof. In case any person who may be appointed as an inspector or judge fails to appear or act, the vacancy may be filled at the meeting by the person presiding. In case of dispute the inspectors or judges, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots and consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots and consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting, the inspector or inspectors or judge or judges, if any, shall make a report in writing of any challenge, question or matter determined by him or them, and execute a certificate of any fact found by him or them.

## DISSENTERS' RIGHT OF APPRAISAL

We do not anticipate that any matter will be acted upon at the meeting that would give rise to rights of appraisal or similar rights of dissenters.

## AVAILABLE INFORMATION

We file annual, quarterly and special reports, information statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC's web site at [www.sec.gov](http://www.sec.gov). You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, NE, Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, NE, Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. You can also obtain information about us at the offices of the Financial Industry Regulatory Authority, 1735 K St., N.W., Washington, D.C. 20006.

By Order of the Board of Directors



W. Garrett Crotty  
Senior Vice President, Secretary and General  
Counsel

March 7, 2017



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**INTERNATIONAL SPEEDWAY CORPORATION**

**2017 LONG TERM INCENTIVE PLAN**

**ARTICLE I**

**ESTABLISHMENT OF THE PLAN**

1.1 Plan Name. This Plan shall be known as the International Speedway Corporation 2017 Long Term Incentive Plan.

1.2 Effective Date and Expiration of Plan.

(a) The Plan shall be effective on the date the Board of Directors or the Committee adopts the Plan (the "Effective Date"), provided that the shareholders of the Corporation approve the Plan within twelve (12) months of its adoption by the Board of Directors or the Committee.

(b) The Plan may be suspended, abandoned or terminated at any time by the Board of Directors or the Committee. Unless sooner terminated, the Plan shall terminate on the date that is ten (10) years after shareholder approval of the Plan (the "Term"), and no Awards may be made thereafter. The termination of the Plan shall not affect the validity of any Award outstanding on the date of termination.

1.3 Amendment.

(a) Subject to applicable law, the Board of Directors or the Committee may amend the Plan or any portion thereof from time to time in such respects as the Board of Directors or the Committee may deem advisable in order that any Awards shall conform to any change in applicable laws or regulations or in any other respect the Board of Directors or the Committee may deem to be in the best interests of the Corporation; provided, however, that no such amendment shall, without approval of the shareholders of the Corporation: (i) except as expressly provided in the Plan, increase the number of shares of Common Stock which may be issued under the Plan; (ii) expand the types of awards available to Participants under the Plan; (iii) materially expand the class of persons eligible to participate in the Plan; (iv) materially change the method of determining the Option Price; (v) delete or limit the provision prohibiting the re-pricing of Options; or (vi) extend the Term of the Plan. No such amendment, suspension, or termination shall materially adversely alter or impair any outstanding Award without the consent of the Participant affected thereby.

(b) Notwithstanding Section 1.3(a), the Committee may amend or modify any outstanding Awards in any manner to the extent that the Committee would have had the authority under the provisions of the Plan as in effect at the time of the Award, initially to award such Awards as so modified or amended, including, without limitation, to change the date or dates as of which such Options or SARs may



be exercised, to remove the restrictions on shares of Restricted Stock, or to modify the manner in which Performance Units are determined and whether the Performance Units are paid in cash or Shares. The Committee shall not, however, extend the date an Option or SAR can be exercised beyond the date the Award expires by its original terms or the tenth anniversary of the Award's original date of grant, whichever is earlier.

1.4 Purpose. The purpose of the Plan is (i) to provide selected key employees (including officers and directors who are also key employees), the non-employee directors of the Corporation and selected consultants and advisors of the Corporation and its Subsidiaries with increased financial incentives to make significant and extraordinary contributions to the long-term performance and growth of the Corporation and its Subsidiaries; (ii) to align and join the interests of key employees, non-employee directors, consultants and advisors with the interests of the shareholders of the Corporation by focusing on long-term goals and creation of increases in shareholder value; and (iii) to facilitate attracting and retaining key employees, consultants and advisors of exceptional ability by providing incentive compensation opportunities competitive with those of other major corporations.

## **ARTICLE II**

### **DEFINITIONS**

Unless otherwise defined in the Plan, as used herein, the following definitions shall apply:

(a) "Administrator" means the Committee or the designated individual or individuals to whom the Committee delegates authority under and in accordance with the Plan.

(b) "Award" means, individually or collectively, any Option, SAR, Restricted Stock, Restricted Performance Stock, Unrestricted Stock, Cash Award or Performance Unit Award.

(c) "Award Statement" means a written confirmation of an Award under the Plan furnished to the Participant.

(d) "Board of Directors" shall mean the Board of Directors of the Corporation.

(e) "Cash Proceeds" means the cash actually received by the Corporation for the purchase price payable upon exercise of an Option plus the maximum tax benefit that could be realized by the Corporation as a result of the exercise of such Option, which tax benefit shall be determined by multiplying (i) the amount that is deductible as a result of any such Option exercise (currently equal to the amount upon which the Participant's tax withholding obligation is calculated), times (ii) the maximum federal corporate income tax rate for the year of exercise. To the extent a Participant pays the exercise price and/or withholding taxes with shares, Cash Proceeds shall not be calculated with respect to the amounts so paid.

(f) “Cause,” except for purposes of Article XI, with respect to any Participant, means (i) the definition of “Cause” as set forth in any individual employment agreement which may be applicable to such Participant, or (ii) in the case of a Participant who does not have an individual employment agreement that defines Cause, then “Cause” means the termination of a Participant’s employment by his or her employer by reason of his or her (1) engaging in gross misconduct that is injurious to his or her employer and/or the Corporation, monetarily or otherwise, (2) misappropriation of funds, (3) willful misrepresentation to the directors or officers of his or her employer and/or the Corporation, (4) gross negligence in the performance of the Participant’s duties having an adverse effect on the business, operations, assets, properties or financial condition of his or her employer and/or the Corporation, (5) conviction of a crime involving moral turpitude, or (6) entering into competition with his or her employer and/or the Corporation. The determination of whether a Participant’s employment was terminated for Cause shall be made by the Corporation in its sole discretion.

(g) “Change in Control” means any of the following events, unless the Board of Directors prior to such event determines by an affirmative vote of a least 85% of the Directors that such event should not be deemed a change in control:

(i) An acquisition (other than directly from the Corporation) of any voting securities of the Corporation by any person or group who previously was the beneficial owner of less than 10% of the combined voting power of the Corporation’s outstanding voting securities and who immediately after such acquisition is the beneficial owner of 20% or more of the combined voting power of the Corporation’s then outstanding voting securities; provided, however, that, in determining whether a change of control has occurred, voting securities which are acquired by (1) an employee benefit plan (or a trust forming a part thereof) maintained by the Corporation or any Subsidiary, (2) the Corporation or any Subsidiary, (3) any individual member of a group which immediately prior to the acquisition was the beneficial owner of 51% or more of the combined voting power of the Corporation’s outstanding voting securities, or (4) any person in connection with a Non-Control Transaction (as hereinafter defined), will not constitute an acquisition which results in a change of control;

(ii) Approval by stockholders of the Corporation of:

(1) a merger, consolidation, or reorganization involving the Corporation, unless:

(A) the shareholders of the Corporation immediately before such merger, consolidation, or reorganization will own, directly or indirectly, immediately following such merger, consolidation, or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation resulting from such merger, consolidation, or reorganization (the

“Surviving Corporation”) in substantially the same proportion as their ownership of the voting securities of the Corporation immediately before such merger, consolidation, or reorganization; and

(B) the individuals who were members of the Board of Directors immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute a majority of the members of the Board of Directors of the Surviving Corporation; and

(C) no person (other than the Corporation, any Subsidiary, any employee benefit plan, or any trust forming a part thereof) maintained by the Corporation, the Surviving Corporation, any subsidiary of the Surviving Corporation, or any person or group who, immediately prior to such merger, consolidation, or reorganization, was the beneficial owner of 20% or more of the then outstanding voting securities of the Corporation, is the beneficial owner of 10% or more of the combined voting power of the Surviving Corporation’s then outstanding voting securities;

(D) a transaction described in clauses (i) through (iii) above is referred to herein as a “Non-Control Transaction;”

(2) the complete liquidation or dissolution of the Corporation; or

(3) an agreement for sale or other disposition of all or substantially all of the assets of the Corporation to any person (other than a transfer to a Subsidiary).

(iii) Notwithstanding the foregoing, a change of control will not be deemed to occur solely because any person (a “Subject Person”) acquires beneficial ownership of more than the permitted amount of the outstanding voting securities of the Corporation as a result of the acquisition of voting securities by the Corporation which, by reducing the number of voting securities outstanding, increases the proportional number of shares beneficially owned by the Subject Person, provided that if a change of control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Corporation, and after such share acquisition by the Corporation, the Subject Person becomes the beneficial owner of any additional voting securities which increases the percentage of the then outstanding voting securities beneficially owned by the Subject Person, then a change of control will be deemed to have occurred.

For the purposes of the foregoing definitions, “group” shall have the same meaning as when used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Notwithstanding the provisions of this Section 2(g), for any Award that is subject to the requirements of Code Section 409A, (1) no event shall constitute a Change in Control unless the event qualifies under Treas. Reg. § 1.409A-3(i)(5), with respect to the recipient of the Award, as a change in ownership of the corporation, a change in effective control of the corporation, or a change in the ownership of a substantial

portion of the assets of the corporation; and (2) the Board of Directors' determination that the event is a Change in Control shall be strictly ministerial and will not involve any discretionary authority.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Committee" shall mean the Compensation Committee designated by the Board of Directors of the Corporation, or such other committee as shall be specified by the Board of Directors to perform the functions and duties of the Committee under the Plan; provided, however, that the Committee shall comply with the requirements of (i) Rule 16b-3 of the Rules and Regulations under the Exchange Act, and (ii) Section 162(m) of the Code and the regulations thereunder.

(j) "Common Stock" shall mean Class A Common Stock of the Corporation.

(k) "Corporation" shall mean International Speedway Corporation, a Florida corporation, or any successor thereof.

(l) "Date of Grant" shall mean the date on which an Award is granted pursuant to the terms of the Plan.

(m) "Director" shall mean a member of the Board of Directors.

(n) "Discretion" shall mean in the sole discretion of the Committee, with no requirement whatsoever that the Committee follow past practices, act in a manner consistent with past practices, or treat a key employee, director, consultant or advisor in a manner consistent with the treatment afforded other key employees, directors, consultants or advisors with respect to the Plan.

(o) "Dividend Equivalent" shall mean the right to receive an amount equal to the regular cash dividend paid on one share of Common Stock. Dividend Equivalents may only be granted in connection with the grant of an Award that is based on but does not consist of shares of Common Stock (whether or not restricted). The number of Dividend Equivalents so granted shall not exceed the number of related stock-based rights. (For example, the number of Dividend Equivalents granted in connection with a grant of Stock Appreciation Rights may equal the number of such Stock Appreciation Rights, even though the number of shares actually paid upon exercise of those Stock Appreciation Rights necessarily will be less than the number of Stock Appreciation Rights and Dividend Equivalents granted.) Dividend Equivalents shall be subject to such terms and conditions as may be established by the Committee, but they shall expire no later than the date on which their related stock-based rights are either exercised, expire or are forfeited (whichever occurs first). The amounts payable due to a grant of Dividend Equivalents may be paid in cash, either currently or, subject to Section 6.1, deferred, or converted into shares of Common Stock, as determined by the Committee.

(p) “Fair Market Value” shall mean (i) the closing price of a share of the Common Stock on the principal exchange on which shares of the Common Stock are then trading, if any, on such date, or, if shares were not traded on such date, then on the next preceding day during which a sale occurred; (ii) if such Common Stock is not traded on an exchange, but is quoted on NASDAQ or a successor quotation system, (1) the last sales price (if the Common Stock is then listed on the NASDAQ National Market) or (2) the mean between the closing representative bid and asked prices (in all other cases) for the Common Stock on such date as reported by NASDAQ or such successor quotation system; or (iii) if such Common Stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, a value determined by the reasonable application of a reasonable valuation method, in accordance with the requirements of Code Section 409A.

(q) “Incentive Option” shall mean an option to purchase Common Stock which meets the requirements set forth in the Plan and also meets the definition of an incentive option within the meaning of Section 422 of the Code; provided, however, that Incentive Options may only be granted to persons who are employees of the Corporation or of a Subsidiary in which the Corporation owns, directly or indirectly, 50% or more of the combined voting power of all classes of stock of the Subsidiary. The Option agreement for an Incentive Option shall state that the option is intended to be an Incentive Option.

(r) “Nonqualified Option” shall mean an option to purchase Common Stock of the Corporation which meets the requirements set forth in the Plan but does not meet the definition of an incentive option within the meaning of Section 422 of the Code. The Option agreement for a Nonqualified Option shall state that the Option is intended to be a Nonqualified Option.

(s) “Option” means either a Nonqualified Option or an Incentive Option to purchase Common Stock.

(t) “Option Price” means the price at which Common Stock may be purchased under an Option agreement, or in the case of a SAR, the Fair Market Value of Common Stock on the date the SAR is awarded.

(u) “Participant” shall mean (i) any individual designated by the Committee for participation in the Plan, or (ii) a Transferee.

(v) “Performance Award” shall mean an Award, the granting of which is subject to and as a result of the achievement of Performance Goals.

(w) “Performance Goals” means goals established by the Committee. A list of authorized performance criteria is attached hereto as Exhibit A.

(x) “Performance Period” means a period of time over which performance is measured.

(y) “Performance Unit” means the unit of measure by which is expressed the value of a Performance Unit Award.

(z) “Plan” shall mean this International Speedway Corporation 2017 Long-Term Incentive Plan.

(aa) “Plan Year” shall mean a fiscal year of the Corporation falling within the term of this Plan.

(bb) “Qualifying Performance Criteria” shall mean any one or more of the performance criteria listed on the attached Exhibit A, either individually, alternatively or in any combination, applied to any of the measurement units listed on Exhibit A, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparison group, in each case as specified by the Administrator or, with respect to Awards intended to satisfy Section 162(m) of the Code, exclusively by the Committee, in the Award. The Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occur during a performance period: (A) asset impairments or write-downs; (B) litigation judgments or claim settlements; (C) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; (D) accruals for reorganization and restructuring programs; (E) any extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management’s discussion and analysis of financial condition and results of operations appearing in the Corporation’s annual report to shareholders for the applicable year; and (F) any other adjustment consistent with the operation of the Plan. Notwithstanding the foregoing, Awards intended to comply with Section 162(m) of the Code shall be based exclusively on those criteria and other terms and conditions that so comply.

(cc) “Restricted Performance Stock” means Common Stock subject to Performance Goals.

(dd) “Restriction Period” means a period of time determined under Section 3.7(a) during which Restricted Stock is subject to the terms and conditions provided in Section 3.7.

(ee) “Restricted Stock” means Common Stock subject to the terms and conditions provided in Section 3.7 and including Restricted Performance Stock.

(ff) “Restricted Stock Award” means a grant of Common Stock of the Corporation which is subject to forfeiture, restrictions against transfer, and such other terms and conditions determined by the Committee, as provided in Section 3.7.

(gg) “Share” means a share of the Common Stock, as adjusted in accordance with the Plan.

(hh) “Specified Employee” shall mean any Participant who is determined to be a “key employee” (as defined under Code Section 416(i) without regard to paragraph (5) thereof) of a publicly traded company for the applicable period, as determined annually by the Committee in accordance with Treas. Reg. §1.409A-1(i). In determining whether a Participant is a Specified Employee, the following provisions shall apply:

(i) The Committee’s identification of the individuals who fall within the definition of “key employee” under Code Section 416(i) (without regard to paragraph (5) thereof) shall be based upon the 12-month period ending on each December 31st (referred to below as the “identification date”). In applying the applicable provisions of Code Section 416(i) to identify such individuals, “compensation” shall be determined in accordance with Treas. Reg. §1.415(c)-2(a) without regard to (i) any safe harbor provided in Treas. Reg. §1.415(c)-2(d), (ii) any of the special timing rules provided in Treas. Reg. §1.415(c)-2(e), and (iii) any of the special rules provided in Treas. Reg. §1.415(c)-2(g); and

(ii) Each Participant who is among the individuals identified as a “key employee” in accordance with clause (i) of this Section shall be treated as a Specified Employee for purposes of this Plan if such Participant experiences a Separation from Service during the 12-month period that begins on the April 1st following the applicable identification date.

(ii) “Stock Appreciation Right” or “SAR” shall mean a right to receive the appreciation in value, or a portion of the appreciation in value, of a specified number of shares of Common Stock, as provided in Section 3.3, including but not limited to, freestanding Stock Appreciation Rights and tandem Stock Appreciation Rights granted at such times, terms and conditions as are specified in the agreement of other documents evidencing such award (the “Stock Appreciation Right Agreement”).

(jj) “Subsidiary” shall mean any corporation, limited liability company, or similar entity in which the Corporation owns, directly or indirectly, stock or other equity interest (“Stock”) possessing more than 25% of the combined voting power of all classes of Stock; provided, however, that an Incentive Option may be granted to an employee of a Subsidiary only if the Subsidiary is a corporation and the Corporation owns, directly or indirectly, 50% or more of the total combined voting power of all classes of Stock of the Subsidiary; and provided further that an Option or a SAR may be granted to an employee of a Subsidiary only if the Subsidiary is an “eligible issuer of service recipient stock,” within the meaning of Treas. Reg. § 1.409A-1(b)(5)(iii)(E)(1), with respect to the Common Stock. To determine whether a Participant has had a Separation from Service for any Award that is subject to Code Section 409A, the ownership threshold of more than 25% provided above shall be replaced by more than 50%.

(kk) “Transferee” means a person to whom a Participant has transferred his or her rights to an Award under the Plan in accordance with Section 8.5 and procedures and guidelines adopted by the Corporation.

- (ll) “Unrestricted Stock” shall mean Common Stock awarded pursuant to Section 3.8.

**ARTICLE III**  
**AWARDS AND PARTICIPANTS**

3.1 Awards.

(a) Awards permitted under the Plan may consist of Incentive Options, Nonqualified Options, SARs, Restricted Stock, Restricted Performance Stock, Unrestricted Stock, Cash and/or Performance Unit Awards. All Awards shall be subject to the terms and conditions of the Plan and to such other terms and conditions consistent with the Plan as the Committee deems appropriate. Awards under a particular Section of the Plan need not be uniform and Awards under two or more Sections may be combined in one Award Statement. Any combination of Awards may be granted at one time and on more than one occasion to the same eligible person. Awards of Performance Units and Restricted Performance Stock shall be earned solely upon attainment of Performance Goals and the Committee shall have no discretion to increase such Awards.

(b) At any time and from time to time during the Plan Year, the Committee shall determine and designate, in its Discretion, those key employees, directors, consultants or advisors of the Corporation or any Subsidiary to receive Awards under the Plan, who, in the judgment of the Committee, are or will become responsible for the direction and financial success of the Corporation or any Subsidiary; provided, however, that Incentive Options may be granted only to persons who are key employees of the Corporation or a Subsidiary, and in the case of a Subsidiary only if (i) the Corporation owns, directly or indirectly, 50% or more of the total combined voting power of all classes of Stock of the Subsidiary and (ii) the Subsidiary is a corporation. For the purposes of the Plan, key employees shall include officers and directors who are also key employees of the Corporation or any Subsidiary. References in this Plan to “employment” and similar terms (except “employee”) shall include the providing of services in the capacity of a director, consultant or adviser. A person who has been engaged by the Corporation for employment shall be eligible for Awards other than Incentive Options, provided such person actually reports for and commences such employment within 90 days after the Date of Grant. Incentive Options may be granted only to individuals who are employees on the Date of Grant.

(c) Subject to the provisions of the Plan, the Committee is authorized in its Discretion to interpret the Plan, to make, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the Plan’s administration. Interpretation and construction of any provision of the Plan by the Committee shall, unless otherwise determined by the Board of Directors, be final and conclusive. A majority of the Committee shall constitute a quorum, and the acts approved by a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by a majority of the Committee, shall be the acts of the Committee.



### 3.2 Options.

(a) Subject to the terms of the Plan, the Committee, in its Discretion, may grant to Participants either Incentive Options or Nonqualified Options or any combination thereof. Each Option granted under the Plan shall designate the number of Shares covered thereby, if any, with respect to which the Option is an Incentive Option, and the number of Shares covered thereby, if any, with respect to which the Option is a Nonqualified Option.

(b) Subject to the rules set forth in this Section 3.2, at the time any Option is granted, the Committee, in its Discretion, shall establish the price per share for which the Shares covered by the Option may be purchased. With respect to any Option, such Option Price shall not be less than 100% of the Fair Market Value of the Common Stock on the date on which such Option is granted; provided, however, that with respect to an Incentive Option granted to an employee who at the time of the grant owns (after applying the attribution rules of Section 424(d) of the Code) more than 10% of the total combined voting stock of the Corporation or any Subsidiary, the Option Price shall not be less than 110% of the Fair Market Value of the Common Stock on the Date of Grant of such Option. The Option Price shall be subject to adjustment in accordance with the provisions of the Plan.

(c) To exercise in whole or in part any Option granted hereunder, payment of the Option Price in full in cash or, with the consent of the Committee, in Common Stock or by a promissory note payable to the order of the Corporation in a form acceptable to the Committee, shall be made by the Participant for all Shares so purchased. Such payment may, with the consent of the Committee, also consist of a cash down payment and delivery of such promissory note in the amount of the unpaid exercise price. In the Discretion of and subject to such conditions as may be established by the Committee, payment of the Option Price may also be made by the Corporation retaining from the Shares to be delivered upon exercise of the Option that number of Shares having a Fair Market Value on the date of exercise equal to the Option Price of the number of Shares with respect to which the Participant exercises the Option. Such payment may also be made in such other manner as the Committee determines is appropriate, in its Discretion. No Participant shall have any of the rights of a shareholder of the Corporation under any Option until the actual issuance of Shares to said Participant, and prior to such issuance no adjustment shall be made for dividends, distributions or other rights in respect of such Shares, except as may be otherwise provided in the Plan.

### 3.3 Stock Appreciation Rights.

(a) Subject to the terms of the Plan, the Committee may grant Stock Appreciation Rights to Participants either in conjunction with, or independently of, any Options granted under the Plan. A Stock Appreciation Right granted in conjunction with an Option may be an alternative right wherein the exercise of the Option terminates the Stock Appreciation Right to the extent of the number of Shares purchased upon exercise of the Option and, correspondingly, the exercise of the Stock Appreciation Right terminates the

Option to the extent of the number of Shares with respect to which the Stock Appreciation Right is exercised. Alternatively, a Stock Appreciation Right granted in conjunction with an Option may be an additional right wherein both the Stock Appreciation Right and the Option may be exercised. A Stock Appreciation Right may not be granted in conjunction with an Incentive Option under circumstances in which the exercise of the Stock Appreciation Right affects the right to exercise the Incentive Option or vice versa, unless the Stock Appreciation Right, by its terms, meets all of the following requirements:

- (i) the Stock Appreciation Right will expire no later than the Incentive Option;
- (ii) the Stock Appreciation Right may be for no more than the difference between the Option Price of the Incentive Option and the Fair Market Value of the Shares subject to the Incentive Option at the time the Stock Appreciation Right is exercised;
- (iii) the Stock Appreciation Right is transferable only when the Incentive Option is transferable, and under the same conditions;
- (iv) the Stock Appreciation Right may be exercised only when the Incentive Option is eligible to be exercised; and
- (v) the Stock Appreciation Right may be exercised only when the Fair Market Value of the Shares subject to the Incentive Option exceeds the Option Price of the Incentive Option.

(b) Upon exercise of a Stock Appreciation Right, a Participant shall be entitled to receive, without payment to the Corporation (except for applicable withholding taxes), an amount equal to the excess of or, in the Discretion of the Committee if provided in the Award Statement, a portion of the excess of (i) the then aggregate Fair Market Value of the number of Shares with respect to which the Participant exercises the Stock Appreciation Right, over (ii) the aggregate Fair Market Value of such number of Shares at the time the Stock Appreciation Right was granted. This amount shall be payable by the Corporation, in the Discretion of the Committee, in cash or in Common Stock or any combination thereof.

### 3.4 Granting and Exercising of Options and Stock Appreciation Rights.

(a) Subject to the provisions of this Section 3.4, each Option and Stock Appreciation Right granted hereunder shall be exercisable at any such time or times or in any such installments as may be determined by the Committee at the time of the grant; provided, however, no Option or Stock Appreciation Right may be exercisable prior to the expiration of six (6) months from the Date of Grant unless the Participant dies or becomes disabled prior thereto. Notwithstanding anything contained in the Plan to the contrary, Stock Appreciation Rights shall always be granted and exercised in such a manner as to conform to the provisions of rules adopted pursuant to the provisions of Section 16 of the Exchange Act. In addition, the aggregate Fair Market Value (determined at the time the Option is granted) of the Common

Stock with respect to which Incentive Options are exercisable for the first time by a Participant during any calendar year shall not exceed \$100,000.

(b) A Participant may exercise an Option or Stock Appreciation Right, if then exercisable, in whole or in part by delivery to the Corporation of written notice of the exercise, in such form as the Committee may prescribe, accompanied, in the case of an Option, by: (i) payment for the Shares with respect to which the Option is exercised in accordance with the Plan; or (ii) in the Discretion of the Committee, irrevocable instructions to a stock broker to promptly deliver to the Corporation full payment for the Shares with respect to which the Option is exercised from the proceeds of the stock broker's sale of or loan against the Shares. Except as provided in Section 6.1, Options and Stock Appreciation Rights granted to a Participant may be exercised only while the Participant is an employee of the Corporation or a Subsidiary.

(c) Successive Options and Stock Appreciation Rights may be granted to the same Participant, whether or not the Option(s) and Stock Appreciation Right(s) previously granted to such Participant remain unexercised. A Participant may exercise an Option or a Stock Appreciation Right, if then exercisable, notwithstanding that Options and Stock Appreciation Rights previously granted to such Participant remain unexercised.

(d) The Committee in its sole discretion may by giving written notice ("Cancellation Notice") cancel, effective upon the date of any corporate transaction described in Section 6.1 hereof, any Option or Stock Appreciation Right that remains unexercised on such date. The Cancellation Notice shall be given a reasonable period of time prior to the proposed date of cancellation and may be given either before or after shareholder approval of such corporate transaction.

3.5 Non-transferability of Options and Stock Appreciation Rights. No Option or Stock Appreciation Right granted under the Plan to a Participant shall be transferable by such Participant otherwise than by will or by the laws of descent and distribution, and Options and Stock Appreciation Rights shall be exercisable, during the lifetime of the Participant, only by the Participant.

3.6 Term of Options and Stock Appreciation Rights. If not sooner terminated, each Option and Stock Appreciation Right granted hereunder shall expire not more than ten (10) years from the Date of Grant thereof; provided, however, that with respect to an Incentive Option or a related Stock Appreciation Right granted to a Participant who, at the time of the grant, owns (after applying the attribution rules of Section 424(d) of the Code) more than 10% of the total combined voting stock of all classes of stock of the Corporation or of any parent or Subsidiary, such Option and Stock Appreciation Right shall expire not more than five (5) years after the Date of Grant thereof.

3.7 Restricted Stock. Subject to the terms of the Plan, the Committee may award shares of Restricted Stock to Participants. All shares of Restricted Stock granted to Participants under the Plan shall

be subject to the following terms and conditions (and to such other terms and conditions prescribed by the Committee):

(a) At the time an Award of Restricted Stock or Restricted Stock Units is made, the Committee shall establish the terms and conditions applicable to such Award, including the Restriction Period during which certain restrictions established by the Committee shall apply to the Award. The Restriction Period shall be not less six (6) months and no greater than five (5) years. Each such Award, and designated portions of the same Award, may have a different Restriction Period, at the discretion of the Committee. Except as permitted or pursuant to this Plan, the Restriction Period applicable to a particular Award shall not be changed.

(b) Shares of Restricted Stock awarded to Participants may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered during the Restriction Period applicable to such shares. Except for such restrictions on transfer, a Participant shall have all of the rights of a shareholder in respect of Restricted Stock awarded to him or her including, but not limited to, the right to receive any dividends on, and the right to vote, the shares except that:

(i) the Participant shall not be entitled to delivery of the stock certificate until the Restriction Period shall have expired;

(ii) the Corporation may either issue shares subject to such restrictive legends and/or stop-transfer instructions as it deems appropriate or provide for retention of custody of the Restricted Stock during the Restriction Period;

(iii) the Participant may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the Restricted Stock during the Restriction Period; and

(iv) a breach of the terms and conditions established by the Committee with respect to the Restricted Stock shall cause a forfeiture of the Restricted Stock.

(c) Subject to the terms of the Plan, in the event a Participant terminates employment during a Restriction Period for the Participant's Restricted Stock, such Restricted Stock will be forfeited and transferred back to the Corporation, without payment of any consideration by the Corporation; provided, however, that the Committee may provide for proration or full payout in the event of (i) a termination of employment because of normal or late retirement, (ii) with the consent of the Committee, early retirement or spin-off, (iii) death, (iv) total and permanent disability, as determined by the Committee, or (v) with the consent of the Committee, termination of employment after 15 years of employment with the Corporation or a Subsidiary or any combination thereof, all subject to any other conditions the Committee may determine. However, the Committee may, in its Discretion, release some or all of the Restricted Stock from the restrictions.

(d) Stock certificates shall be issued in respect of shares of Restricted Stock awarded hereunder and shall be registered in the name of the Participant. Such certificates shall be deposited with the Corporation or its designee, together with a stock power endorsed in blank, and, in the Discretion of the Committee, a legend shall be placed upon such certificates reflecting that the shares represented thereby are subject to restrictions against transfer and forfeiture.

(e) At the expiration of the Restriction Period applicable to the Restricted Stock, the Corporation shall deliver to the Participant or the legal representative of the Participant's estate the stock certificates deposited with it or its designee and as to which the Restriction Period has expired. If a legend has been placed on such certificates, the Corporation shall cause such certificates to be reissued without any legend which is no longer applicable.

(f) In the case of events such as stock dividends, stock splits, recapitalizations, mergers, consolidations or reorganizations of or by the Corporation, any stock, securities or other property which a Participant receives or is entitled to receive by reason of his or her ownership of Restricted Stock shall, unless otherwise determined by the Committee, be subject to the same restrictions applicable to the Restricted Stock and shall be deposited with the Corporation or its designee.

### 3.8 Unrestricted Stock.

(a) Subject to the terms and provisions of the Plan, a Participant shall have the opportunity to receive an award of Unrestricted Stock in such amounts and upon such terms and at such times as determined by the Committee in its Discretion.

(b) The Committee shall set performance objectives in its Discretion which, depending on the extent to which they are met, will determine the number of Shares and/or value of Performance Awards that will be paid to the Participant. The Committee shall establish the Performance Period for each Performance Award and shall impose such other conditions and/or restrictions on any Performance Awards as it may deem advisable including, without limitation, restrictions based upon the achievement of specific performance objectives (Corporation-wide, business unit, and/or individual), Qualifying Performance Criteria, time-based restrictions, and/or restrictions under applicable Federal or state securities laws.

(c) Subject to the terms of this Plan and Section 3.8, after the applicable Performance Period has ended, the Participant shall be entitled to receive a payment of the number of Shares and/or cash earned by the Participant over the applicable Performance Period. Notwithstanding the attainment of specific performance objectives, the Committee has the discretion to reduce or eliminate an Award that would otherwise be payable based on its evaluation of extraordinary events as described in Section 2.bb. of the Plan and other factors.

(d) Payment of Performance Awards shall be made as soon as practical following the close of the applicable Performance Period in a manner designated by the Committee, in its Discretion. Subject to the terms of this Plan, the Committee, in its Discretion, may pay Performance Awards in the form of Shares (or in a combination thereof) which have an aggregate Fair Market Value equal to the value of the Performance Awards at the close of the applicable Performance Period. Such Shares may be granted subject to any restrictions deemed appropriate by the Committee.

(e) Except as otherwise provided in this Plan and as specified in Section 8.1, a Participant must remain in the employment of the Corporation until the payment of a Performance Award in order to be entitled to payment; provided, however, that the Committee may, in its Discretion, provide for a partial or full payment in the event the Participant is not so employed.

(f) A Performance Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

### 3.9 Cash Awards.

(a) Subject to the terms and provisions of the Plan, a Participant shall have the opportunity to receive a cash award in such amounts and upon such terms and at such times as determined by the Committee in its Discretion (a “Cash Award”). A Cash Award may take the form of a payment of cash to the Participant or, in the Committee’s Discretion, may confer upon the Participant the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period of not less than one year (a “Performance Cash Award”).

(b) Each Performance Cash Award shall contain Performance Goals, which may, in the Committee’s Discretion, include the following: (i) the minimum, target and maximum amount payable to the Participant as a Performance Cash Award; (ii) the performance criteria and level of goal achievement versus these criteria which shall determine the amount of such payment; (iii) the period as to which performance shall be measured for establishing the amount of any payment; (iv) the timing of any payment earned by virtue of performance; (v) restrictions on the alienation or transfer of the Performance Cash Award prior to actual payment; (vi) forfeiture provisions; (vii) crediting, calculation and distribution of bank balances, if applicable; (viii) determination of performance leverage factors; (ix) qualification and characterization of distributions for other plans; and (x) such further terms and conditions, in each case not inconsistent with the Plan, as may be determined from time to time by the Committee. The maximum amount payable as a Cash Award that is settled for cash may be a multiple of the target amount payable, but the maximum amount payable pursuant to all Awards granted under this Plan for any fiscal year of the Corporation to any Participant that are intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code shall not exceed U.S. \$10,000,000.

(c) The Committee shall establish the Performance Goals and level of achievement versus such Performance Goals which shall determine the target and the minimum and maximum amount payable under a Performance Cash Award. The Committee may specify the percentage of the target Performance Cash Award that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the Performance Goals for any portion of a Performance Cash Award that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code shall be a measure established by the Committee based on one or more Qualifying Performance Criteria that satisfy the requirements of Section 162(m) of the Code selected by the Committee and specified in writing not later than 90 days after the commencement of the period of service (or, if shorter, 25 percent of such period of service) to which the Performance Goals relate, provided that the outcome is substantially uncertain at that time. The Performance Cash Award earned as a result of satisfying the completion of Qualifying Performance Criteria may be reduced, but may not be increased, by the Committee on the basis of such further considerations as the Committee in its Discretion shall determine. The Committee may adjust Qualifying Performance Criteria to reflect extraordinary events as described in Section 2.bb. of the Plan.

(d) The Committee shall determine the timing of payment of any Cash Award or Performance Cash Award. Subject to Section 6.1, the Committee may provide for or, subject to such terms and conditions as the Administrator may specify, may permit a Participant to elect for the payment of any Cash Award or Performance Cash Award to be deferred to a specified date or event. The Committee may specify the form of payment of Cash Awards or Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Cash Award or Performance Cash Award, or such portion thereof as the Committee may specify, to be paid in whole or in part in cash or other property.

(e) The Committee shall have the Discretion to determine the effect on any Performance Cash Award of a termination of employment due to (i) voluntary termination, (ii) disability, (iii) retirement, (iv) death, (v) participation in a voluntary severance program, (vi) participation in a workforce restructuring, or (vii) otherwise.

### 3.10 Performance Units.

(a) The Committee may award Performance Units to any Participant (a “Performance Unit Award”). Each Performance Unit shall represent the right of a Participant to receive an amount equal to the value of the Performance Unit, determined in the manner established by the Committee at the time of award. The value of a Performance Unit may be represented by Unrestricted Stock or cash.

(b) At the time of each Performance Unit Award, the Committee shall establish, with respect to each such Performance Unit Award, a Performance Period during which performance shall be

measured. There may be more than one Performance Unit Award in existence at any one time, and Performance Periods may differ.

(c) Performance Units shall be awarded to a Participant and earned contingent upon the attainment of applicable Performance Goals.

(d) Each Performance Unit shall have a maximum dollar value established by the Committee at the time of the Performance Unit Award. Performance Units earned will be determined by the Committee in respect of a Performance Period in relation to the degree of attainment of Performance Goals. The measure of a Performance Unit may, in the Discretion of the Committee, be equal to the Fair Market Value of one share of Common Stock.

(e) In determining the number of Performance Units to be granted to any Participant, the Committee shall take into account the Participant's responsibility level, performance, potential, cash compensation level, other Awards, and such other considerations as it deems appropriate.

(f) Following the end of a Performance Period, a Participant holding Performance Units will be entitled to receive payment of an amount, not exceeding the maximum value of the Performance Units, based on the achievement of the Performance Goals for such Performance Period, as determined by the Committee. Payment of Performance Units shall be made in cash except that Performance Units which are measured using Common Stock shall be paid in Common Stock. The Award Statement shall provide whether payment shall be made in a lump sum or in installments and whether payment shall be subject to such other terms and conditions as shall be determined by the Committee.

(g) Subject to Section 8.1, a Performance Unit Award shall terminate for all purposes if the Participant does not remain continuously in the employ of the Corporation at all times during the applicable Performance Period, except as may otherwise be determined by the Committee. In the event that a Participant holding a Performance Unit ceases to be an employee of the Corporation following the end of the applicable Performance Period but prior to full payment according to the terms of the Performance Unit Award, payment shall be made in accordance with terms established by the Committee for the payment of such Performance Unit.

(h) Each Performance Unit Award shall be evidenced by an Award Statement or agreement.

#### **ARTICLE IV**

#### **PERFORMANCE AWARDS**

4.1 Establishment of Performance Goals. Performance Goals applicable to a Performance Unit Award shall be established by the Committee in its Discretion on or before the Date of Grant and not more than a reasonable period of time after the beginning of the relevant Performance Period. Such Performance



Goals may include or be based upon any of the criteria on the list of Qualified Performance Criteria attached to this plan as Exhibit A. Performance Goals may be absolute in their terms or be measured against or in relationship to other companies comparably, similarly or otherwise situated. The Committee, in its Discretion, may modify the Performance Goals if it determines that circumstances have changed and modification is required to reflect the original intent of the Performance Goals; provided, however, that no such change or modification may be made to the extent it increases the amount of compensation payable to any Participant who is a “covered employee” within the meaning of Code Section 162(m). The Committee may in its Discretion classify Participants into as many groups as it determines, and as to any Participant relate his/her Performance Goals partially, or entirely, to the measured performance, either absolutely or relatively, of an identified Subsidiary, operating corporation or test strategy or new venture of the Corporation.

4.2 Levels of Performance Required to Earn Performance Awards. At or about the same time that Performance Goals are established for a specific Performance Period, the Committee shall in its Discretion establish the percentage of the Performance Unit Awards granted for such Performance Period which shall be earned by the Participant for various levels of performance measured in relation to achievement of Performance Goals for such Performance Period.

4.3 Other Restrictions. The Committee shall determine the terms and conditions applicable to any Performance Unit Award, which may include restrictions on the delivery of Common Stock payable in connection with the Performance Unit Award and restrictions that could result in the future forfeiture of all or part of any Common Stock earned. The Committee may provide that Common Stock issued in connection with a Performance Unit Award be held in escrow and/or legended.

4.4 Notification to Participants. Promptly after the Committee has established or modified the Performance Goals with respect to a Performance Unit Award, the Participant shall be provided with written notice of the Performance Goals so established or modified.

4.5 Measurement of Performance Against Performance Goals.

(a) The Committee shall, as soon as practicable after the close of a Performance Period, determine (i) the extent to which the Performance Goals for such Performance Period have been achieved, and (ii) the percentage of the Performance Units earned by each applicable Participant as a result.

(b) These determinations shall be absolute and final as to the facts and conclusions therein made and be binding on all parties. Promptly after the Committee has made the foregoing determination, each Participant who has earned Performance Unit Awards shall be notified in writing thereof. For all purposes of this Plan, notice shall be deemed to have been given the date action is taken by the Committee. Participants may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of all or any portion of their Performance Unit Awards during the Performance Period.

4.6 Treatment of Performance Awards Earned. Upon the Committee's determination that a percentage of any Performance Unit Awards have been earned for a Performance Period, Participants to whom such earned Performance Unit Awards have been granted and who have been (or were) in the employ of the Corporation or a Subsidiary continuously from the Date of Grant, subject to the exceptions set forth at Section 4.9 and Section 4.10 hereof, shall be entitled, subject to the other conditions of the Plan, to payment in accordance with the terms and conditions of their Performance Unit Awards. Such terms and conditions may permit or require that any applicable tax withholding be deducted from the amount payable. Performance Unit Awards shall under no circumstances become earned or have any value whatsoever for any Participant who is not in the employ of the Corporation or a Subsidiary continuously during the entire Performance Period for which such Performance Unit Award was granted, except as provided at Section 4.9 or Section 4.10 hereof.

4.7 Distribution. Distributions payable pursuant to Section 4.6 above shall be made as soon as practicable after the Committee determines the Performance Unit Awards have been earned unless the provisions of Section 4.8 hereof are applicable to a Participant.

4.8 Deferral of Receipt of Performance Award Distributions.

(a) With the consent of the Committee, and subject to Section 6.1, a Participant who has been granted a Performance Unit Award may by compliance with the then applicable procedures under the Plan, irrevocably elect in writing to defer receipt of all or any part of any distribution associated with that Performance Unit Award. The terms and conditions of any such deferral, including but not limited to, (i) the period of time for, and form of, election; (ii) the manner and method of payout; (iii) the plan and form in which the deferred amount shall be held; (iv) the interest equivalent or other payment that shall accrue pending its payout; and (v) the use and form of Dividend Equivalents in respect of stock-based units resulting from such deferral, shall be as determined by the Committee. Subject to Section 6.1, the Committee may, at any time and from time to time, but prospectively only except as hereinafter provided, amend, modify, change, suspend or cancel any and all of the rights, procedures, mechanics and timing parameters relating to such deferrals.

(b) The Committee may, in its Discretion, accelerate the payout of such deferrals (and any earnings thereon), or any portion thereof, either in a lump sum or in a series of payments, but under the following conditions only: (i) the Federal tax statutes, regulations or interpretations are amended, modified, or otherwise changed or affected in such a manner as to adversely alter or modify the tax effect of such deferrals; or (ii) the Participant suffers or incurs an event that would qualify for a "withdrawal" of contributions that have not been accumulated for two years without adverse consequences on the tax status of a qualified profit-sharing or stock bonus plan under the Federal tax laws applicable from time to time to such types of plans. No payout of any Award that is subject to Code Section 409A will be accelerated unless the acceleration is permissible under Code Section 409A.

4.9 Non-Disqualifying Termination of Employment. Except for Section 8.1 hereof, the only exceptions to the requirement of continuous employment during a Performance Period for Performance Unit Award distribution are termination of a Participant's employment by reason of death (in which event the Performance Unit Award may be paid to such Participant's beneficiary if permitted under the Award Statement), total and permanent disability, with the consent of the Committee, normal or late retirement or early retirement, with the consent of the Committee, or transfer of an executive in a spin-off, with the consent of the Committee, occurring during the Performance Period applicable to the subject Performance Unit Award. In such instance a distribution of the Performance Unit Award shall be made, as of the end of the Performance Period, and 100% of the total Performance Unit Award that would have been earned during the Performance Period shall be earned and paid out; provided, however, in a spin-off situation the Committee may set additional conditions, such as, without limiting the generality of the foregoing, continuous employment with the spin-off entity. If a Participant's termination of employment does not meet the criteria set forth above, but the Participant had at least 15 years of employment with the Corporation or a Subsidiary or any combination thereof, the Committee may, in its Discretion, allow distribution of up to 100% of the total Performance Unit Award for the Performance Period(s) in which the termination of employment occurred, subject to any conditions that the Committee shall determine.

4.10 Discretionary Adjustments Pursuant to Section 162(m). Notwithstanding satisfaction of any completion of any Qualifying Performance Criteria, to the extent specified at the time of grant of an Award to "covered employees" within the meaning of Section 162(m) of the Code, the number of Shares, Options or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Qualifying Performance Criteria may be reduced, but not increased, by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

4.11 Use of Shares for Cash Awards. To the extent permitted by applicable law, the Administrator may determine that Shares authorized under this Plan may be used in payment of Cash Awards, including additional shares in excess of the Cash Award as an inducement to hold shares.

## **ARTICLE V**

### **REDUCTION IN AWARDS**

5.1 When Applicable. Anything in this Plan to the contrary notwithstanding, the provisions of this Article IX shall apply to a Participant if an independent auditor selected by the Committee (the "Auditor") determines that each of (a) and (b) below are applicable.

(a) Payments or distributions hereunder, determined without application of this Article IX, either alone or together with other payments in the nature of compensation to the Participant which are contingent on a Change in Control of the Corporation, or in the ownership of a substantial portion

of the assets of the Corporation, or otherwise, would result in any portion of the payments hereunder being subject to an excise tax on excess parachute payments imposed under Section 4999 of the Code.

(b) The excise tax imposed on the Participant under Section 4999 of the Code on excess parachute payments, from whatever source, would result in a lesser net aggregate present value of payments and distributions to the Participant (after subtraction of the excise tax) than if payments and distributions to the Participant were reduced to the maximum amount that could be made without incurring the excise tax.

5.2 Reduced Amount. Under this Article IX the payments and distributions under this Plan shall be reduced (but not below zero) so that the present value of such payments and distributions shall equal the Reduced Amount. The “Reduced Amount” (which may be zero) shall be an amount expressed in present value which maximizes the aggregate present value of payments and distributions under this Plan which can be made without causing any such payment to be subject to the excise tax under Section 4999 of the Code.

5.3 Procedure. If the Auditor determines that this Article IX is applicable to a Participant, it shall so advise the Committee in writing. The Committee shall then promptly give the Participant notice to that effect together with a copy of the detailed calculation supporting such determination which shall include a statement of the Reduced Amount. The Participant may then elect, in his/her sole discretion, which and how much of the Awards otherwise awarded under this Plan shall be eliminated or reduced (as long as after such election the aggregate present value of the remaining Awards under this Plan equals the Reduced Amount), and shall advise the Committee in writing of his/her election within ten days of his/her receipt of notice. If no such election is made by the Participant within such ten-day period, the Committee may elect which and how much of the Awards shall be eliminated or reduced (as long as after such election their aggregate present value equals the Reduced Amount) and shall notify the Participant promptly of such election. For purposes of this Article IX, present value shall be determined in accordance with Section 280G of the Code. All the foregoing determinations made by the Auditor under this Article IX shall be made as promptly as practicable after it is determined that excess parachute payments (as defined in Section 280G of the Code) will be made to the Participant if an elimination or reduction is not made. As promptly as practicable following the election hereunder, the Corporation shall provide to or for the benefit of the Participant such amounts and shares as are then due to the Participant under this Plan and shall promptly provide to or for the benefit of the Participant in the future such amounts and shares as become due to the Participant under this Plan.

5.4 Corrections. As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Auditor hereunder, it is possible that payments or distributions under this Plan will have been made which should not have been made (“Overpayment”) or that additional payments or distributions which will have not been made could have been made (“Underpayment”), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Auditor, based upon the assertion of a deficiency by the Internal Revenue Service against the Corporation or the Participant

which the Auditor believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to the Participant which the Participant shall repay together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Participant if and to the extent such payment would not reduce the amount which is subject to the excise tax under Section 4999 of the Code. In the event that the Auditor, based upon controlling precedent, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid to or for the benefit of the Participant together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

5.5 Non-Cash Benefits. In making its determination under this Article IX, the value of any non-cash benefit shall be determined by the Auditor in accordance with the principles of Section 280G(d)(3) of the Code.

5.6 Determinations Binding. All determinations made by the Auditor under this Article IX shall be binding upon the Corporation, the Committee and the Participant.

## **ARTICLE VI**

### **CODE SECTION 409A**

6.1 Compliance with Section 409A. It is intended for the Plan and all Awards to comply with, or be excluded from, the applicable requirements of Code Section 409A. The Plan and all Awards shall be administered, operated, and interpreted consistent with that intent.

6.2 Taxes. The amount of all payments under the Plan will be net of any taxes, penalties, interest, additional taxes, or other amounts imposed on such payments by the federal government or any state, local, or foreign government. To the maximum extent permitted by law, in no event will the Corporation, any Subsidiary, any member of the Committee, or any officer, employee or agent of the foregoing be responsible for such taxes, penalties, interest, or other amounts.

6.3 Distributions to Specified Employees. Distributions of payments that are subject to Code Section 409A and that are paid due to a Specified Employee's separation from service, as defined in Code Section 409A, may not be made before the date that is six months after the Specified Employee's date of separation from service. Any such payments that would otherwise be due during such period shall be accumulated and paid on the first day of the seventh month following the date on which the Specified Employee experiences the separation from service.

## **ARTICLE VII**

### **SHARES OF STOCK SUBJECT TO THE PLAN; MAXIMUM AWARDS**

7.1 Maximum Number of Shares Subject to Plan.

(a) The maximum number of shares with respect to which Options or Stock Appreciation Rights may be granted or which may be awarded as Restricted Stock or Unrestricted Stock under the Plan shall be 1,500,000 shares in the aggregate of Common Stock. The number of Shares with respect to which a Stock Appreciation Right is granted, but not the number of Shares which the Corporation delivers or could deliver to a Participant upon exercise of a Stock Appreciation Right, shall be charged against the aggregate number of Shares remaining available under the Plan; provided, however, that in the case of a Stock Appreciation Right granted in conjunction with an Option under circumstances in which the exercise of the Stock Appreciation Right results in termination of the Option and vice versa, only the number of Shares subject to the Option shall be charged against the aggregate number of Shares remaining available under the Plan. If an Option or Stock Appreciation Right expires or terminates for any reason (other than termination as a result of the exercise of a related right) without having been fully exercised, or if shares of Restricted Stock are forfeited, the number of Shares with respect to which the Option or Stock Appreciation Right was not exercised at the time of its expiration or termination, and the number of forfeited shares of Restricted Stock, shall again become available for the grant of Options or Stock Appreciation Rights, or the award of Restricted Stock, under the Plan, unless the Plan shall have been terminated.

(b) Notwithstanding any other provision in this Plan, no employee, Director, consultant or advisor of the Corporation or a Subsidiary may receive Options, Stock Appreciation Rights, Restricted Stock, Unrestricted Stock, or any combination thereof for more than 100,000 shares of Common Stock during the Term. For purposes of this 100,000 Share per-person limitation, there shall be taken into account all Shares covered by Options and Stock Appreciation Rights granted, and all Restricted Stock and Unrestricted Stock awarded, to a Participant regardless of whether such Options or Stock Appreciation Rights expire or terminate without being fully exercised or whether such Restricted Stock is forfeited back to the Corporation.

(c) The number of shares subject to each outstanding Option, Stock Appreciation Right, Restricted Stock or Unrestricted Stock award, the Option Price with respect to outstanding Options, the grant value with respect to outstanding Stock Appreciation Rights, the aggregate number of Shares remaining available under the Plan and the 100,000 Share per-person limitation shall be subject to such adjustment as the Committee, in its Discretion, deems appropriate to reflect such events as stock dividends, stock splits, recapitalizations, mergers, consolidations or reorganizations of or by the Corporation; provided, however, that no fractional Shares shall be issued pursuant to the Plan, no rights may be granted under the Plan with respect to fractional Shares, and any fractional Shares resulting from such adjustments shall be eliminated from any outstanding Award.

**ARTICLE VIII**  
**GENERAL PROVISIONS**

8.1 Effect of Termination of Employment on Awards. All of the terms relating to the expiration, lapse, removal of restrictions or cancellation of an Award upon termination of employment or service with the Corporation or a Subsidiary of the holder of such Award, whether by reason of disability, retirement, death or any other reason, shall be determined by the Administrator at the time of grant or thereafter by amendment, in the Administrator's Discretion.

8.2 Continuation of Employment. The Committee may require, in its Discretion, that any Participant under the Plan to whom an Option or Stock Appreciation Right shall be granted shall agree in writing as a condition of the granting of such Option or Stock Appreciation Right to remain in the employ of the Corporation or a Subsidiary as an employee, consultant or advisor for a designated minimum period from the Date of Grant of such Option or Stock Appreciation Right as shall be fixed by the Committee.

8.3 No Rights to Continued Employment. Nothing contained in the Plan or in any Award granted or awarded pursuant to the Plan, nor any action taken by the Committee hereunder, shall confer upon any Participant any right with respect to continuation of employment as an employee, consultant or advisor of the Corporation or a Subsidiary nor interfere in any way with the right of the Corporation or a Subsidiary to terminate such person's employment at any time.

8.4 Investment Purpose. If the Committee in its Discretion determines that as a matter of law such procedure is or may be desirable, it may require a Participant, upon any acquisition of Common Stock hereunder (whether by reason of the exercise of Options or Stock Appreciation Rights or the award of Restricted Stock or Unrestricted Stock) and as a condition to the Corporation's obligation to issue or deliver certificates representing such shares, to execute and deliver to the Corporation a written statement, in form satisfactory to the Committee, representing and warranting that the Participant's acquisition of Common Stock shall be for such person's own account, for investment and not with a view to the resale or distribution thereof and that any subsequent offer for sale or sale of any such shares shall be made either pursuant to (i) a registration statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), which registration statement has become effective and is current with respect to the shares being offered and sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale or sale of such shares, obtain a favorable written opinion from counsel for or approved by the Corporation as to the availability of such exemption. The Corporation may endorse an appropriate legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to a Participant under the Plan.

8.5 Corporation's Right of First Refusal. A Participant cannot make a valid transfer (as hereinafter defined) of any Shares acquired pursuant to this Plan (whether by reason of the of the exercise of Options or Stock Appreciation Rights or the award of Restricted Stock) the other restrictions upon which have lapsed, or any interest in such shares, unless such transfer is made in compliance with the following provisions:

(a) Before there can be a valid transfer of any Shares or any interest therein, the record holder of the Shares to be transferred (the “Offered Shares”) shall give written notice (by registered or certified mail) to the Corporation of the desire to sell the Shares. The date such notice is mailed shall be hereinafter referred to as the “Notice Date” and the record holder of the Offered Shares shall be hereinafter referred to as the “Offeror.”

(b) For a period of ten (10) business days after the Notice Date, the Corporation shall have the option to purchase all (but not less than all) of the Offered Shares at their Fair Market Value in accordance with the terms set forth in this Section 8.5. This right shall be exercisable by the Corporation by mailing (by registered or certified mail) written notice of exercise to the Offeror prior to the end of such ten (10) business day period.

(c) As used in this Section, the term “transfer” means any sale, encumbrance, pledge, or other form of disposition or transfer of Common Stock or any legal or equitable interest therein; provided, however, that the term “transfer” does not include a transfer of such shares or interests by will or by the applicable laws of descent and distribution.

(d) Certificates of Common Stock evidencing shares of Common Stock shall bear an appropriate legend referring to the transfer restrictions imposed by this Section 8.5.

8.6 No Bar to Corporate Restructuring. The existence of this Plan or outstanding Awards under this Plan shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any and all adjustments, recapitalization, reorganizations or other changes in the Corporation’s capital structure or its business, or any merger or consolidation of the Corporation, or any issue of bonds, debentures, preferred or preference stocks ahead of or affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or part of its assets or business or any other corporate act or proceeding, whether of a similar character or otherwise.

8.7 Withholding Payments. If upon the exercise of a Nonqualified Option or Stock Appreciation Right, or upon the award of Restricted Stock or the expiration of restrictions applicable to Restricted Stock, or upon a disqualifying disposition (within the meaning of Section 422 of the Code) of Shares acquired upon exercise of an Incentive Option, there shall be payable by the Corporation or a Subsidiary any amount for income tax withholding, in the Committee’s Discretion, either the Corporation shall appropriately reduce the amount of Common Stock or cash to be delivered or paid to the Participant or the Participant shall pay such amount to the Corporation or Subsidiary to reimburse it for such income tax withholding. The Committee may, in its Discretion, permit Participants to satisfy such withholding obligations, in whole or in part, by electing to have the amount of Common Stock delivered or deliverable by the Corporation upon exercise of an Option or Stock Appreciation Right or upon award of Restricted Stock appropriately reduced, or by electing to tender Common Stock back to the Corporation subsequent to exercise of an Option or



Stock Appreciation Right or award of Restricted Stock, to reimburse the Corporation or a Subsidiary for such income tax withholding (any such election being irrevocable), subject to such rules and regulations as the Committee may adopt, including such rules as it determines appropriate with respect to Participants subject to the reporting requirements of Section 16(a) of the Exchange Act, to effect such tax withholding in compliance with the Rules established by the Securities and Exchange Commission (the "Commission") under Section 16 of the Exchange Act and the positions of the staff of the Commission thereunder expressed in no-action letters exempting such tax withholding from liability under Section 16(b) of the Exchange Act. The Committee may make such other arrangements with respect to income tax withholding as it shall determine.

8.8 Capital Readjustments/Share Allocation Modifications. The Shares included in Awards granted under this Plan are shares of Common Stock as constituted on the Effective Date of this Plan, but if, and whenever, after such Effective Date and prior to the earlier of the last day of the Term of this Plan or the delivery by the Corporation of all of the shares of Common Stock included in Awards, the Corporation shall effect: (i) a change in the par value of the Common Stock; (ii) a change in the number of shares of Common Stock having par value into the same or a different number of shares without par value; (iii) a subdivision or consolidation of shares of Common Stock; (iv) any other capital readjustment; (v) the payment of a Common Stock dividend; or (vi) any other increase or reduction of the number of shares of Common Stock outstanding; without, in the case of each of (i) -- (vi), the receipt of consideration by the Corporation, then:

(a) the Administrator shall make concomitant adjustments in the maximum outstanding Awards specified in Section 6.1 as appropriate; and

(b) in the event of no change in the number of shares of Common Stock outstanding in connection with a change in par value of the Common Stock or a change from par value to no par value, the shares of Common Stock resulting from any such change shall be deemed to be Common Stock under this Plan.

8.9 Mergers and Consolidations. In the event the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Corporation's assets, liquidation or recapitalization of the Common Stock) in which the previously outstanding Common Stock shall be changed into or exchanged for different securities of the Corporation (in a situation not covered under Section 3.7(f)) or common stock or other securities of another corporation or interests in a non-corporate entity or other property (including cash) or any combination of the foregoing (each such transaction being herein called a "Transaction," and the Corporation (in the case of the recapitalization of the Common Stock) or such other corporation or entity (in the case of a merger, consolidation or such sale) being herein called the "Acquiring Corporation"), then as a condition of the consummation of the Transaction, lawful and adequate provision shall be made so that each Participant shall be entitled to receive,

in lieu of the Shares which were awarded to such Participant and are still subject to the applicable restrictions contained in this Plan on or prior to the consummation of the Transaction, the securities or other property to which each such Participant would have been entitled upon consummation of the Transaction if such Participant had been able to tender or otherwise transfer his or her shares without restriction. Any such securities or other property received as contemplated by this Section 8.9 shall be held by the Corporation or its successor (or an agent designated by the Corporation or such successor) until the applicable restrictions as set forth in this Plan shall have lapsed.

8.10 Legal Impediments to Implementation. Anything in this Plan to the contrary notwithstanding, if at any time specified herein for the award or delivery of an Award to Participants, any law or regulations of any governmental authority having jurisdiction in the matter shall require either the Corporation or the Participant to take any action or refrain from action in connection therewith, then the award or delivery of such Award shall be deferred until such action shall have been taken or such restriction on action shall have been removed.

8.11 Non-Transferability/Designation of Beneficiary.

(a) Except as provided in subparagraph (b), a Participant may not either voluntarily or involuntarily assign, anticipate, alienate, commute, pledge or encumber an Award to which he or she is or may become entitled to under the Plan, nor may the same be subject to attachment or garnishment by any creditor of a Participant.

(b) Notwithstanding anything in subparagraph (a) to the contrary, a Participant must designate a person or persons to receive, in the event of his or her death, any right to which he or she would be entitled under the Plan. Such designation shall be made in writing, and filed with the Corporation. A beneficiary designation may be changed or revoked by a Participant at any time by filing a written statement of such change or revocation with the Corporation. If a Participant fails to designate a beneficiary, then his or her estate shall be deemed to be his or her beneficiary.

8.12 Awards Unfunded. The Awards provided pursuant to this Plan (if any) shall be provided solely from the general assets of the Corporation. No trust or other funding device providing for the identification or segregation of assets to fund Awards have been established, nor is it the Corporation's intention to do so. Each Participant shall be a general and unsecured creditor of the Corporation with respect to any interest he or she may have under this Plan, provided that Awards with respect to which certificates have been issued pursuant to this Plan shall be deemed the property of the Participant in whose name they are issued subject to the ownership and transfer restrictions described elsewhere in this Plan. With respect to such Awards the Corporation shall be deemed a custodian.

8.13 Taxation of Awards. Awards under this Plan will be compensation subject to federal and state taxes.

8.14 Retirement Plans and Welfare Benefit Plans. Except as otherwise specified in this Plan and the plan in question, awards will not be included as “compensation” for purposes of the Corporation’s retirement plans (both qualified and non-qualified) or welfare benefit plans.

8.15 Governing Law. The Plan shall be construed and its provisions enforced and administered in accordance with the laws of the State of Florida and, where applicable, federal law.

8.16 Severability. If any provision of this Plan should be held illegal or invalid for any reason, such determination shall not affect the provisions of this Plan, but instead the Plan shall be construed as if such provisions had never been included herein.

8.17 Headings. Headings contained in this Plan are for convenience only and shall in no event be construed as part of this Plan.

## **ARTICLE IX**

### **EFFECT OF CHANGE IN CONTROL**

In the event of a Change in Control:

(a) If the Corporation is the surviving entity and any adjustments necessary to preserve the value of the Participant’s outstanding Stock Options and Stock Appreciation Rights have been made, or the Corporation’s successor at the time of the Change in Control irrevocably assumes the Corporation’s obligations under this Plan or replaces the Participant’s outstanding Stock Options and Stock Appreciation Rights with stock options and Stock Appreciation Rights of equal or greater value and having terms and conditions no less favorable to the Participant than those applicable to the Participant’s Stock Options and Stock Appreciation Rights immediately prior to the Change in Control, then such Awards or their replacement awards shall become immediately exercisable in full only if within two years after the Change in Control the Participant’s employment:

(i) is terminated without “Cause,” which for purposes of this Article XI shall mean (x) willful and continued failure to substantially perform the Participant’s duties (other than failure resulting from incapacity due to physical or mental illness) after receipt of a written demand for such performance specifically identifying such failure, or (y) the willful engaging by the Participant in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Corporation or its successor;

(ii) terminates with “Good Reason,” which for purposes of this Article XI shall mean any material diminution of the Participant’s position, authority, duties or responsibilities (including the assignment of duties materially inconsistent with the Participant’s position or a material increase in the time Participant is required by the Corporation or its successor to travel), any reduction in salary or in the

Participant's aggregate bonus and incentive opportunities, any material reduction in the aggregate value of the Participant's employee benefits (including retirement, welfare and fringe benefits), or relocation to a principal work site that is more than 40 miles from the Participant's principal work site immediately prior to the Change in Control;

(iii) terminates under circumstances that entitle the Participant to income continuation benefits under any plan of the Corporation, a Subsidiary, or an entity that is a successor to the Corporation or a Subsidiary as a result of the Change in Control, or that would have entitled the Participant to such benefits if the Participant participated in such plan (for this purpose only, any such plan terminated in connection with the Change in Control shall be taken into account); or

(iv) terminates under circumstances that entitle the Participant to income continuation benefits under any employment agreement between the Participant and the Corporation, a Subsidiary, or any successor thereof.

(b) If subparagraph (a) does not apply, then without any action by the Committee or the Board of Directors, each outstanding Option and Stock Appreciation Right granted under the Plan that has not been previously exercised or otherwise lapsed and terminated shall become immediately exercisable in full; provided, however, that the Committee, in its Discretion, and without the consent of any Participant affected thereby, may determine that a cash payment shall be made promptly following the Change in Control in lieu of all or any portion of the outstanding Stock Options and Stock Appreciation Rights granted under this Plan. The amount payable with respect to each share of Common Stock subject to an affected Option and each affected Stock Appreciation Right shall equal the excess of the Fair Market Value of a share of Common Stock immediately prior to such Change in Control over the exercise price of such Option or Stock Appreciation Right. After such a determination by the Committee, each Option and Stock Appreciation Right, with respect to which a cash payment is to be made shall terminate, and the Participant shall have no further rights thereunder except the right to receive such cash payment.

**INTERNATIONAL SPEEDWAY CORPORATION**  
**AUTHORIZED PERFORMANCE CRITERIA FOR**  
**2017 LONG TERM INCENTIVE PLAN**

The following performance criteria are those which may be used by the Compensation Committee in the operation of the Plan:

- EPS (targets, growth rate; primary, diluted)
- Return on Equity (average, year-end)
- Return on Assets (average, year-end, net)
- Stock Price (targets, growth rate)
- Revenue (targets, growth rate)
- Motorsports revenue (targets, growth; as a % of total revenue; growth less TV, Radio and ancillary rights)
- Media Income (targets, growth, % of total revenue)
- Growth in marketing partnerships
- Recurring revenue (targets, growth, % of total revenue)
- Growth in admissions revenue
- Number of events staged per month during racing season\
- Revenues per seat
- Non-event revenue as a % of total revenue
- Revenue from NASCAR-sanctioned events (targets, growth, % of total revenue)
- Season ticket sales (targets, growth, % of total revenue)
- Event-based non-motorsports revenue per seat
- Average number of years underlying recurring revenues
- Geographic diversity of ISCA footprint

- Growth in sales, assets or market share
- Net Earnings (pre-tax, after-tax)
- Net Operating Profit
- Return on Invested Capital
- Return on Revenue
- Gross or Operating Margin
- Cash Flow (operating, free, net, Cash Flow ROE, Cash Flow ROI)
- Earning before (or after) one or more of taxes, interest, depreciation, and/or amortization)
- Total Shareholder Return
- Expense Targets
- Customer Satisfaction
- Operating Efficiency
- Working Capital Targets
- Profit vs. Budget
- Economic Value Added (EVA)
- Compound Annual Growth Rate in Stock Price
- Operating or other Expenses
- Shareholders' Equity (targets, growth)
- Cost Control Measures
- Satisfactory Internal or External Audits
- Debt rating, improvement in Financial Ratings
- Strategic Objectives based on meeting specified goals with respect to revenue, business mix, market penetration, geographic business expansion, cost, or acquisitions or divestitures

Performance goals with respect to these performance criteria may be based on the performance of the:

- Company

- Division
- Business Unit
- Subsidiary
- Department or other organizational unit
- Any combination of organizational units
- Individual participant (so long as any individual goals for Named Executive Officers can only be used to reduce and not increase awards otherwise payable under the plan)

Performance goals may be either absolute in their terms, or relative to past performance, budget/business plan or selected peer companies.

Performance goals may provide for the inclusion or exclusion of items such as the effect of unusual charges or income items or other events (including acquisitions or dispositions of businesses or assets, restructurings, reductions in force or changes in accounting principles or tax laws)

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# OUR **CORPORATE** OFFICERS.

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**JAMES C. FRANCE**

Chairman of the Board, Assistant Treasurer and Director

**LESA FRANCE KENNEDY**

Vice Chairwoman, Chief Executive Officer and Director

**JOHN R. SAUNDERS**

President

**JOEL S. CHITWOOD**

Executive Vice President, Chief Operating Officer

**W. GARRETT CROTTY**

Executive Vice President, Chief Administration Officer,  
Chief Legal Officer & Secretary

**CRAIG A. NEEB**

Executive Vice President, Chief Development  
and Digital Officer

**DARYL Q. WOLFE**

Executive Vice President, Chief Marketing Officer

**LAURA E. JACKSON**

Senior Vice President, Corporate Services  
and Chief Human Resources Officer

**BRETT M. SCHARBACK**

Senior Vice President, Legal, Chief Compliance Officer  
and Assistant Secretary

**GREGORY S. MOTTO**

Vice President, Chief Financial Officer and Treasurer

**JEFF BOERGER**

Vice President, Corporate Development  
and President, Kansas Speedway Corp.

**DEREK MULDOWNNEY**

Vice President  
and President, Design and Development

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Investor Inquiries and 10-K

For more information about International  
Speedway Corporation, contact:

Investor and Corporate Communications

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Corporate Address

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Transfer Agent and Registrar

Computershare  
P.O. Box 43078  
Providence, RI 02940-3078  
(800) 568-3476

Independent Auditors for 2016  
Ernst & Young LLP, Tampa, FL



# OUR **BOARD** OF DIRECTORS.

**JAMES C. FRANCE**  
Chairman of the Board  
International Speedway Corporation

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**LESA FRANCE KENNEDY**  
Vice Chair and Chief Executive Officer  
International Speedway Corporation

---

**LARRY AIELLO, JR.**<sup>1</sup>  
Retired as President and  
Chief Executive Officer  
Corning Cable Systems

---



**J. HYATT BROWN**<sup>1</sup>  
Chairman  
Brown & Brown, Inc.

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**BRIAN Z. FRANCE**  
Chairman and  
and Chief Executive Officer  
NASCAR, Inc.

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**WILLIAM P. GRAVES**<sup>1</sup>  
President and Chief Executive Officer  
American Trucking Associations

---

**SONIA MARIA GREEN**<sup>1</sup>  
Nationally recognized leader in  
marketing and brand communications.

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**CHRISTY F. HARRIS**  
Attorney in private practice of  
business and commercial law

---

**MORI HOSSEINI**<sup>1</sup>  
Chairman and Chief Executive Officer  
of Intervest Construction, Inc.

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**LARREE RENDA**<sup>1</sup>  
Retired as Executive Vice President  
Safeway, Inc.

---

**LARRY D. WOODARD**<sup>1</sup>  
President and CEO of  
Graham Stanley Advertising

---



<sup>1</sup> Independent Board Member



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