

CHAMPIONSHIP AUTO RACING TEAMS INC

Form 10-K/A

May 29, 2003

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

FORM 10-K/A

(Mark One)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002.

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER 1-13925

CHAMPIONSHIP AUTO RACING TEAMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

38-3389456

(State or other jurisdiction of
Incorporation or organization)

(IRS Employer Identification No.)

5350 Lakeview Parkway Drive South, Indianapolis, IN 46268

(Address of principal executive offices) (Zip Code)

(317) 715-4100

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, \$.01 par value	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 Form 10-K .

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [] No [X]

On March 24, 2003 the aggregate market value of the shares of voting stock of Registrant held by non-affiliates was approximately \$48,128,298 based on a closing sales price on the NYSE of \$3.27 per share.

At March 24, 2003, the Registrant had 14,718,134 shares of common stock outstanding.

1

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information regarding each of CART's current directors.

MARIO ANDRETTI
Director since August 2002
Age 63

Mr. Andretti ended a racing career in 1994, after compiling 52 Champ Car wins over his CART and USAC careers with four season championships. In 1978, he joined Phil Hill as the only American to claim the World Drivers Championship, winning six races en route to the Formula One title. He showed his versatility over his 36-year career by winning fabled endurance races at Sebring and Daytona as well as the Daytona and Indianapolis 500-mile races. His 407 Champ Car starts are the most in the history of the sport, as are his 67 pole positions. Mr. Andretti is currently self-employed as a consultant and spokesman for various organizations. Mr. Andretti is a director of AWG, Ltd., a family winery, and serves as an officer and/or a director of various family businesses which own and operate car dealerships, real estate, car wash operations, petroleum wholesale/retail marketing and entertainment facilities.

CARL A. HAAS
Director since December 1997
Age 73

Since 1960, Mr. Haas has served as Chief Executive Officer of Carl A. Haas Auto Imports, a company specializing in the distribution of race cars and parts. Since 1982, Mr. Haas has also served as the Managing Partner of Newman Haas Racing. Since 1992, he has served as President of Carl A. Haas Racing Teams, Ltd. and, since 1996, as the Managing Member of Texaco Grand Prix of Houston, LLC. Both Carl A. Haas Racing Teams, Ltd. and Texaco Grand Prix of Houston, LLC are race promotion organizations. In addition, Mr. Haas also holds positions with various companies, including, but not limited to, Carl A. Haas Enterprises, Inc., Team Haas USA Ltd., Road America, SCCA Pro Racing, Inc. and Milwaukee

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Mile, Inc., all of which are racing related businesses.

JAMES F. HARDYMON
Director since April 1998
Age 68

Mr. Hardymon retired as Chairman and Chief Executive Officer of Textron, Inc. in January 1999. Textron, Inc. is a public company, supplying aerospace, automotive and industrial components. He joined Textron in 1989 as President and Chief Operating Officer, became Chief Executive Officer in 1992, assumed the additional title of Chairman in 1993. Prior to joining Textron, Mr. Hardymon was President, Chief Operating Officer and a director of Emerson Electric Co., a global manufacturer of electrical and electronic products and systems. Mr. Hardymon is a director of Air Products and Chemicals, Inc., Schneider Electric SA, Lexmark International, Inc., Circuit City Stores, Inc. and American Standard Companies, Inc. Mr. Hardymon is also a member of the Advisory Boards of Investcorp International, Inc. and Proudfoot Consulting Company.

2

JAMES A. HENDERSON
Director since July 2000
Age 68

Mr. Henderson retired as Chairman of the Board and Chief Executive Officer of Cummins, Inc. in 1995 after serving as Chief Executive Officer since 1994 and its President since 1977. He received a Bachelor of Arts degree from Princeton University in 1956, served in the U.S. Navy and received an M.B.A. from Harvard in 1963. He joined Cummins, Inc. in 1964. Mr. Henderson serves as a director of SBC Communications, Inc., International Paper Company, Ryerson Tull, Inc., Rohm and Haas Company, and Nanophase Technologies Corporation.

U.E. PATRICK
Director since December 1997
Age 74

Mr. Patrick was a founding member of CART in November 1978 and served as its first President and Chief Executive Officer. Mr. Patrick has been involved in racing since 1967 and has been a car owner since 1970, with three Indianapolis 500 wins and the CART World Series Championship in 1989. Mr. Patrick currently serves as President of Patrick Racing, Inc. He holds the position of Chairman of the Board of Patrick Exploration, Inc., an oil and gas exploration company, and is an investor in several businesses.

CHRISTOPHER R. POOK
Director since January 2002
Age 62

Mr. Pook has served as President and CEO of the Company since December 2001. Prior to joining the Company, Mr. Pook served as President of the Grand Prix Association of Long Beach, Inc., a subsidiary of Dover Downs, Entertainment, Inc. In 1973, Mr. Pook

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conceived the idea of running a world-class automobile race through the city streets of Long Beach, and his dream became a reality when the initial event, a Formula 5000 event, was staged in September 1975. Thereafter, the Long Beach Grand Prix became a Formula One race and "The Toyota Grand Prix of Long Beach" evolved into an annual event on the World Championship Grand Prix circuit. Following the 1983 event, Mr. Pook made a decision to change the format of the Long Beach Grand Prix from Formula One to CART Champ Cars. In 1996, the Grand Prix Association of Long Beach, Inc., with Mr. Pook as President and Chief Executive Officer, completed an initial public offering of stock, and also acquired tracks in St. Louis and Memphis. In 1998, this company was purchased by Dover Downs Entertainment, Inc. (NYSE: DVD). Mr. Pook has served as a member of the Board of Directors of Dover Downs Entertainment, Inc. since 1998. Mr. Pook is a Member of the Board of Directors of the Los Angeles Organizing Committee for the 2012 Olympic Games; he is Co-Chair of the Local Organizing Committee for the 2005 FINA World Swimming Championships and is Chairman of the Board of the Long Beach Area Convention & Visitors Bureau.

RAFAEL A. SANCHEZ
Director since June 2002
Age 54

Mr. Sanchez has served as President and CEO of various ventures since 1998, including Sanchez Motorsports Group, Inc., Motorsports Americas, Inc., Douglas Road Partners, and RAS Development, Inc. From 1995 to 1998, Mr. Sanchez served as the President and CEO of Homestead-Miami Speedway. Mr. Sanchez was the founder of the Miami Grand Prix, the street race that ran through downtown Miami from 1983 through 1995. Mr. Sanchez developed the Homestead-Miami Speedway.

3

FREDERICK T. TUCKER
Director since May 2000
Age 62

Mr. Tucker served as Deputy to the Chief Executive Office of Motorola, Inc. from October 2000 until his retirement in February 2001. From January 2000 to October 2000, Mr. Tucker was President, Semiconductor Products Sector, and Deputy to the Chief Executive Officer of Motorola, Inc. After joining Motorola in 1965, Mr. Tucker served in a number of senior management positions, including President and General Manager of the Automotive, Component, Computer and Energy Sector. Prior to that, Mr. Tucker served as Executive Vice President and General Manager of the Automotive and Industrial Electronics Group and Corporate Vice President and General

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manager of Motorola's Bipolar Analog IC Division in Arizona, a manufacturer of semiconductor products. Mr. Tucker has served as a trustee of Rochester Institute of Technology since 1986.

DERRICK WALKER
 Director since December 1997
 Age 56

Mr. Walker is currently the President and owner of Walker Racing, LLC, which was formed in 1990. In 1988, he joined Al Holbert's Porsche Indy car project and assumed control of the program upon the death of Al Holbert. From 1980 to 1988, he was responsible for Penske Racing, Inc.'s Indy car program.

The following table provides information regarding each of CART's executive officers and certain key employees. Messrs. Pook and Lopes have entered into employment agreements pursuant to which they hold their current positions. All other officers are elected to serve one year terms.

NAME ----	AGE ---	POSITION -----
Christopher R. Pook (1)	62	President, Chief Executive Officer
David Clare	48	Chief Operating Officer
Thomas L. Carter	47	Chief Financial Officer/Vice President of Administration of CART, Inc.
Steve Fusek	40	Vice President of Marketing of CART, Inc.
John Lopes	41	Vice President of Racing Operations of CART, Inc.
Adam Saal	39	Vice President of Communications of CART, Inc.
J. Carlisle Peet	50	Vice President and Chief Legal Officer of CART, Inc.
Rena Shanaman	51	Vice President of Joint Venture Promoter Relations of CART, Inc.
Vicki O'Connor	57	President of Pro-Motion Agency, Ltd. (Toyota Atlantic Series)

(1) See Mr. Pook's biography above.

David Clare was elected Chief Operating Officer of the Company in January 2003. From April 2000 through December 2002, Mr. Clare was a director of Merit/Burson-Marsteller, a leading communications company. From April 1996 to March 2000, Mr. Clare was managing director of Event Promotion International Limited, an event and sports marketing company. Prior to assuming the position with Event Promotion International Limited, Mr. Clare served as

financial controller and various other positions in Formula 1 Constructors Association for a period of approximately ten years.

Thomas L. Carter was elected Chief Financial Officer in October 2000 and was first named Vice President of Finance and Administration of CART, Inc. in March 1998 after serving as Director of Finance since February 1997. From 1995 to 1996, Mr. Carter was employed by Rehman Robinson as a senior tax manager. From 1990 to 1995, Mr. Carter was employed by Deloitte & Touche as a senior tax consultant. From 1973 to 1989, Mr. Carter worked in various positions with the Michigan Department of Treasury. Mr. Carter is a certified public accountant.

Steve Fusek was named Vice President of Marketing of CART, Inc. in December 2001. From May 1996 through September 2001, Mr. Fusek served as Vice President of Business Operations for PacWest Racing Group, responsible for accounting, marketing, contracts, hospitality and graphics. Prior to assuming that position, Mr. Fusek served in various capacities with PacWest Racing Group from 1994, including Team Coordinator and Business Manager. During 1992 and 1993, Mr. Fusek was team coordinator and had team operations responsibilities with Walker Racing.

John Lopes was elected Vice President of Racing Operations in September 2001. Mr. Lopes graduated in 1985 from the U.S. Military Academy at WestPoint, New York with concentrations in both engineering and international security. He served over five years as an air/cavalry aviation officer and served as an aviation headquarters commander in the seventh infantry division and during Operation Just Cause in the Republic of Panama. Mr. Lopes began his career in motor sports in 1990 while attending Duke University School of law where he graduated with a juris-doctorate in 1993. While in law school, Mr. Lopes also worked full-time on public relations and marketing projects in NASCAR with all levels including Winston Cup. From 1993 to 1998, Mr. Lopes practiced law in Dallas, Texas with the law firm of Gardere and Wynne, extending his motor sports participation by representing drivers, teams and sponsors in the stockcar industry. He worked with large privately held businesses as well as professional athletes and the NBA's Dallas Mavericks. From 1998 to September 2001, Mr. Lopes served as General Manager of TeamXtreme Racing in the Indy Racing League.

Adam Saal joined CART as the Vice President of Communications in January 2002, as part of the management restructuring initiated by President and CEO Christopher R. Pook. The appointment marks the second time Mr. Saal has held the top communications and public relations position at CART, previously heading the department in 1995 through 1996. A career motorsports professional, Mr. Saal began with the Barber Saab Pro Series (now Barber Dodge Pro Series) in 1988 as a public relations account executive. Later that year, Mr. Saal joined the International Motor Sports Association (IMSA) as director of communications, his first management position. In 1991, Mr. Saal joined Mr. Pook at the Grand Prix Association of Long Beach as that company's vice president of communications. In that capacity, Saal ran all of the media, public relations and communications projects related to the annual Toyota Grand Prix of Long Beach and other company projects. In December 1994, Saal joined CART for the first time as Director of Public Relations and stayed with the organization through December 1996 before leaving to start his own communications and public relations company, Saal L.L.C., which served as the primary and exclusive public relations and communications agency for the former CART series, the Dayton Indy Lights Championship from January 1997 through November 2001.

J. Carlisle Peet became Vice President/Chief Legal Officer of CART, Inc. June 2002. Mr. Peet graduated from Syracuse University School of Law in

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1978. From 1981 through 2001, he served as Assistant General Counsel for three publicly traded companies, Rollins Truck Leasing Corp., Matlack Inc., and Rollins Environmental Services, Inc. Concurrently, from 1988 through 2001, Mr. Peet served as Vice President and General Counsel for Rollins Leasing Corp., the operating subsidiary of Rollins Truck Leasing Corp.

Rena Shanaman is serving in a new role beginning in January 2002, as Vice President of Joint Venture Promoter Relations, She was first named Vice President of Client Relations for CART, Inc. in July 1996 after serving as the General Manager of CART's inaugural U.S. 500 on a contractual basis. Ms. Shanaman has been involved in motorsports for more than 16 years, including the Detroit Grand Prix, Molson Indy Vancouver and the Arrivederci, Mario tour for racing legend Mario Andretti.

Vicki O'Connor is the founder, and has served as President, of Pro-Motion Agency, Ltd., which has administered the Atlantic Championship Series since 1985. From 1983 through 1984, Pro-Motion also organized the Pro Sports 2000 Series.

ITEM 11: EXECUTIVE COMPENSATION

The following table discloses compensation received by each person who served as CART's Chief Executive Officer during 2002 and its four other most highly paid executive officers for the fiscal year ending December 31, 2002, as well as their compensation for the fiscal years ending December 31, 2001 and 2000.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION		ANNUAL COMPENSATION			OTHER ANNUAL COMPENSATION (\$)	SECURITIES UNDERLYING OPTIONS AND SAR
		SALARY (\$)	BONUS (\$)			
Christopher R. Pook (1) President and CEO	2002	\$375,000	\$169,000	(2)	25	
	2001	14,423	120,000		45	
Thomas L. Carter Chief Financial Officer	2002	\$210,000	\$0	(2)	4	
	2001	200,000	20,000		5	
Vicki O'Connor President of Pro-Motion Agency, Ltd.	2002	\$195,700	\$0	(2)		
	2001	190,000	0			
	2000	185,000	0			

(1) Mr. Pook was elected as President and CEO in December 2001. He was not employed by CART prior to that time. He has entered into an employment agreement whereby he will be paid a base salary of \$375,000 per year.

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- (2) The aggregate amount of perquisite compensation to be reported herein is less than the lesser of \$50,000 or 10% of the total annual salary and bonus reported for the named executive officer. No other annual compensation was paid or payable to the named executive officers in the years indicated.
- (3) Includes the payment of term life insurance premiums on behalf of the named executive officer, as follows: Mr. Pook (\$2,580); Mr. Carter (\$2,580); Ms. O'Connor (\$2,535). Includes the contributions to defined benefit plans on behalf of the named executive officer, as follows: Mr. Pook (\$2,750); Mr. Carter (\$2,750); Ms. O'Connor (\$2,750). Also includes the payment of premiums for life and disability insurance on behalf of Mr. Pook in the amount of \$14,670.

6

OPTION GRANTS IN LAST FISCAL YEAR

The following table provides information on option grants in 2002 to each of the named executive officers.

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (1)	INDIVIDUAL GRANTS			EXPIRATION DATE (3)
		% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR (2)	EXERCISE PRICE (\$/SHARE)		
Christopher R. Pook	250,000	49%	\$4.90		8/27/2012
Thomas L. Carter	40,000	10%	4.90		8/27/2012
Vicki O'Connor	0	0	--		--

- (1) The options granted in 2002 are exercisable 33% after the first year, 66% after the second year and 100% after the third year.
- (2) CART granted options representing 513,250 shares to employees in 2002.
- (3) The options expire the earlier of the date set forth herein or within a period specified in the option agreement following termination of employment with CART.
- (4) CART used a Black-Scholes model of option valuation to determine grant date present value. CART does not advocate or necessarily agree that the Black-Scholes model can properly determine the value of an option. Calculations for the named officers are based on a ten-year option term. Other assumptions used for the valuations are: interest rate of 3%; annual dividend yield of 0%; and volatility of 32%.

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AGGREGATE OPTION EXERCISES IN LAST
FISCAL YEAR AND FISCAL YEAR-END OPTION
VALUES

The following table provides information on option exercises in 2002 by each of the named executive officers and the values of each of such officer's unexercised options at December 31, 2002.

NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END	
			EXERCISABLE	UNEXERCISABLE
Christopher R. Pook	0	0	90,000	610,000
Thomas L. Carter	0	0	33,334	81,666
Vicki O'Connor	0	0	20,834	11,666

(1) The value of unexercised options is based upon the difference between the exercise price and the average of the high and low market prices on December 31, 2002 of \$3.70.

EQUITY PLAN COMPENSATION INFORMATION

The following table sets forth information regarding outstanding options, warrants and rights and shares reserved for future issuance under our existing equity compensation plans as of December 31, 2002. Descriptions of the plans are included in footnote 13 of our audited financial statements. Each of these plans have been previously approved by the Company's stockholders.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS, RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS, RIGHTS (B)	NUMBER REMAINING FOR FUTURE ISSUANCE OF SECURITIES (C)
Equity compensation plans approved by security holders:			
(1) 1997 Employee and Director Stock Option Plans	175,270	\$18.88	
(2) 1997 Director Stock Option Plan	90,000	\$21.20	
(2) 2001 Long-Term Stock			

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Incentive Plan	1,136,050	\$11.49
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Equity compensation plans not approved by security holders

	none	not applicable
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Total	1,401,320	\$13.04
	=====	=====

* No further options will be granted under either the 1997 Stock Option Plan or the 1997 Director Stock Option Plan.

DIRECTOR COMPENSATION ARRANGEMENTS

The following information relates to CART's compensation and reimbursement practices during 2002 for directors who are not CART officers and who are not affiliated with teams participating in CART events (Messrs. Andretti, Hardyman, Henderson, Sanchez and Tucker). CART employees and those directors who are affiliated with teams participating in CART events do not receive any compensation for their Board activities.

In addition to the cash compensation discussed below, members of the Board of Directors who are not CART officers and who are not affiliated with teams participating in CART events (Messrs. Andretti, Hardyman, Henderson, Sanchez and Tucker) received options to purchase 10,000 shares of common stock when first elected and options to purchase 5,000 shares upon each re-election.

During 2002, members of the Board of Directors who were not CART officers and who were not affiliated with teams participating in CART events, were paid an annual retainer of \$25,000. All Board members were reimbursed for expenses attendant to Board membership.

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

The following table shows the amount of CART common stock beneficially owned by any person or group known to us that is the beneficial owner of more than 5% of CART's common stock as of April 11, 2003.

NAME AND ADDRESS	AGGREGATE NUMBER OF SHARES BENEFICIALLY OWNED	PERCENT OF SHARES OUTSTANDING
-----	-----	-----
Gerald R. Forsythe (1) Forsythe Racing, Inc. Indeck Energy Services, Inc. 1111 South Willis Avenue Wheeling, IL 60090	3,377,400	22.95%

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FMR Corp. (2) Edward C. Johnson, III Abigail P. Johnson 82 Devonshire Street Boston, MA 02109	1,471,600	9.99%
Jonathan P. Vannini (3) 828 Irwin Drive Hillsborough, CA 94010	1,255,000	8.53%
Fuller & Thaler Asset Management, Inc. (4) Russell J. Fuller 411 Borel Avenue, Suite 402 San Mateo, CA 94402	1,145,500	7.78%

-
- (1) We have received this information regarding share ownership from the Schedule 13D/A that was filed with the SEC on September 12, 2002, and subsequent Form 4 filed with the SEC in February 2003. Mr. Forsythe has agreed to vote and exchange all shares he or his affiliated entities has acquired in excess of 15% of the outstanding stock consistent with the recommendations of the Board of Directors of CART on all strategic matters for a period of three years.
 - (2) We have received this information regarding share ownership from the Schedule 13G that was filed with the SEC on February 13, 2003.
 - (3) We have received this information regarding share ownership from the Schedule 13D/A that was filed with the SEC on November 29, 2001.
 - (4) We have received this information regarding share ownership from the Schedule 13G that was filed with the SEC on February 13, 2003.

The following table shows the amount of common stock of CART beneficially owned (unless otherwise indicated) by CART's directors, the executive officers of CART named in the Summary Compensation Table below, nominees, and the directors and executive officers of CART as a group. Except as otherwise indicated, all information is as of April 11, 2003.

The number of shares beneficially owned by each director or executive officer is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares which the individual has the right to acquire as of December 31, 2002 through the exercise of stock options or other rights. Unless otherwise indicated, each person has sole investment and voting power (or shares such powers with his/her spouse) with respect to the shares set forth in the following table.

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NAME -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1) -----		PERCENTAGE OF OUTSTANDING -----
Christopher R. Pook.....	90,000	Vested Options	
Mario Andretti.....	10,000	Vested Options	
Carl A. Haas.....	300,500	Indirect (3)	2.
James F. Hardyman.....	80,000	Vested Options	
James A. Henderson.....	1,000	Direct	
	20,000	Vested Options	
U.E. Patrick.....	100	Direct	1.
	141,300	Indirect (4)	
	7,585	Vested Options	
Rafael A. Sanchez.....	10,000	Vested Options	
Frederick T. Tucker.....	20,000	Vested Options	
Derrick Walker.....	7,500	Indirect (5)	
Thomas L. Carter.....	3,000	Direct	
	33,334	Vested Options	
Vicki O'Connor.....	20,834	Vested Options	
All current directors and executive officers as a group (11) persons.....	4,100	Direct	4.
	449,300	Indirect	
	291,753	Vested Options	

* Represents less than 1% of the Company's outstanding common stock.

- (1) "Vested Options" are stock options which may be exercised as of December 31, 2002.
- (2) Percentages are based upon 14,718,134 shares of common stock outstanding on April 11, 2003.
- (3) The shares are held of record by Newman/Haas Racing, Carl Haas Enterprises, Inc. and Mr. Haas' spouse.
- (4) The shares are held of record by Patrick Racing, Inc.
- (5) The shares are held of record by Derrick Walker Racing, Inc.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and holders of more than 10% of our common stock to file with the Securities and Exchange Commission reports regarding their

ownership and changes in ownership of our stock. CART believes that during fiscal 2002, its officers and directors complied with all Section 16(a) filing requirements. In making this statement, CART has relied upon the written representations of its directors and officers. CART believes that Gerald R. Forsythe, a holder of more than 10% of our common stock, filed a Form 4 late, reporting the sale of 135,000 shares of common stock in December 2002.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have historically entered into transactions with related parties, because several of our directors and one of our significant shareholders are team owners. We believe that it is necessary and appropriate to have team owners involved as directors or significant shareholders of the Company because of their unique knowledge of our business. We believe that all the transactions which we have entered into with our directors or significant shareholders, are comparable to the terms that we have in the past or could in the future enter into with third parties with respect to each of these transactions. In order to avoid conflicts of interest, any of our directors who are affiliated with an entity that is entering into a transaction with us have not and will not vote on any matters related to such transactions and may, in certain circumstances, refrain from participating in any discussions related to such transactions.

The related party transactions under "Purse Distributions, Entry Support Program and Lease Arrangements" are all payments or transactions that are made on the identical basis to all race teams, whether they are affiliated with directors or significant shareholders or not affiliated. The payments payable to related parties under the caption "Team Assistance Program" relate to further assistance that the Company is providing to race teams to assure their participation in the 2003 race season. The amounts payable to each race team vary, depending upon the team's ability to raise third party sponsorship, the number of cars that the team will race in 2003, their budget and other factors. The Company has determined that these payments are necessary in order to assure a proper field for 2003 and believes that the amounts payable to each of the race teams affiliated with a director is consistent with arrangements that the Company could enter into with third parties. Both of these programs were developed to insure the necessary participation in the series. Without this additional funding, it is unlikely that there would have been 18 teams, which would result in defaults under certain of the Company's agreements with promoters and television and could have resulted in severe financial consequences to the Company.

PURSE DISTRIBUTIONS, ENTRY SUPPORT PROGRAM AND TEAM ASSISTANCE.

We have entered into, and we will continue to enter into, transactions with entities that are affiliated with our directors and/or 5% stockholders who are owners of our race teams. Race teams that participate in the Champ Car World Series receive purse distributions on a per race basis and from the year end point fund, which amounts have been paid based solely upon their performance in specific races. All of these payments are made to our race teams regardless of the affiliation with our directors or significant stockholders. During 2002, we also paid a participation payment to our race teams, including those affiliated with directors (or directors who have resigned during the year) and/or 5% stockholders. The following table provides information with respect to payments made during 2002 by us to race teams that are or were affiliated with directors and/or significant stockholders of CART:

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RACE TEAM/AFFILIATED PERSON -----	PURSE DISTRIBUTIONS -----	PARTICIPATI -----
Newman/Haas Racing/Carl A. Haas	\$ 2,677,500	\$ 380,
Team Green/Barry E. Green	2,013,500	570,
Chip Ganassi Racing Teams, Inc./Chip Ganassi	2,185,000	540,
Forsythe Racing, Inc./Gerald R. Forsythe	1,532,250	380,
Patrick Racing, Inc./U.E. Patrick	317,250	190,
Derrick Walker Racing, Inc./Derrick Walker	317,750	190,

In 2003, we will lease engines and provide financial assistance to every team that participates in the Champ Car World Series, including teams affiliated with our directors and/or 5% stockholders. The financial assistance payments relate to two programs instituted for the 2003 season, the Entry Support Program (ESP) and the Team Assistance Program. ESP will provide up to \$42,500 in cash payments to teams, per race, for each car entered into the series.

11

The Company has entered into a sponsorship agreement with Ford Motor Company, which provides in part, that Ford will lease to each of the teams Ford vehicles for their use in 2003. For ease of administration, Ford has leased these vehicles to the Company and the Company has subleased the vehicles to each team on a net net basis. There is no net cost or benefit to the Company related to this arrangement.

The Company purchased one hundred (100) race engines from Cosworth Racing, Inc. for a total purchase price of \$4.0 million and agreed to pay for track support in the amount of \$1.5 million. The Company in turn has leased these engines to each team on the basis of \$100,000 per entrant per year.

The following table lists the estimated amount of engine lease income we will receive and Entry Support Payments we will make to related parties for the 2003 race season.

RACE TEAM/AFFILIATED PERSON -----	ENGINE LEASE INCOME FROM TEAMS -----	ESP PA TO T -----
Newman/Haas Racing/Carl A. Haas	\$200,000	\$1,53
Forsythe Racing, Inc./Gerald R. Forsythe	200,000	1,53
Patrick Racing, Inc./U.E. Patrick	100,000	76
Derrick Walker Racing, Inc./Derrick Walker	200,000	1,53

TEAM ASSISTANCE PROGRAM. The Team Assistance Program will supply an additional \$30.0 million in team assistance spread over the 2003 race season as described above. The following table sets forth the Team Assistance Program payments to teams affiliated with directors and/or 5% stockholders.

RACE TEAM/AFFILIATED PERSON -----	TEAM ASSISTANCE PAYMENTS -----
Newman/Haas Racing/Carl A. Haas*	\$ 2,000,000

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Patrick Racing, Inc./U.E. Patrick*	1,400,000
Derrick Walker Racing, Inc./Derrick Walker	5,925,000

* These agreements would put the Company over the \$30.0 million in total team assistance the board of directors approved. The board has approved these contracts contingent on reducing the overall team assistance so as not to exceed \$30.0 million.

PROMOTER AGREEMENTS

Some of our directors or stockholders either control or are affiliated with others who control racing venues which stage CART and other racing events. We have entered into the following agreements with entities associated with directors or 5% stockholders:

Carl A. Haas, a director of the Company and a race team owner, is a principal owner of Carl Haas Racing Teams, Ltd. and Texaco Houston Grand Prix L.L.C. ("HGP"), each of which have entered into Promoter Agreements with respect to Champ Car World Series races at the Wisconsin State Park Speedway in Milwaukee, Wisconsin and at a temporary road course in Houston, Texas. In the second quarter of 2002 the Promoter Agreement for the Milwaukee race was renewed for the 2002 event with the promoter having the option to extend for the 2003 and 2004 years. The sanction fees payable to CART under this agreement is similar to those paid by independent race promoters. Pursuant to the Promoter Agreement, entities affiliated with Mr. Haas have paid sanction fees to CART of \$1.7 million. We are currently in negotiations regarding the option for the 2003 and 2004 events. In addition, we have incurred a total of \$100,000 in sales costs and \$100,000 in marketing expenses in relation to our race at Wisconsin State Park Speedway during 2002. The promoter agreement in regards to the Houston, Texas event provided for races to be held starting in 1998 through 2003. The Houston, Texas race was not held in 2002 and will not be held in 2003 due to construction on the temporary circuit in downtown Houston. Therefore, the promoter agreement has been terminated by mutual agreement. Carl Haas Racing Teams, Ltd. paid a \$500,000 termination fee to CART and CART has received an option to acquire certain assets of HGP, used in operating the Houston event, for \$750,000. This option was exercised and payment was made in January 2003.

12

Gerald R. Forsythe, a race team owner and 24.9% stockholder, is a principal owner of the entities which entered into Promoter Agreements with respect to Champ Car World Series races in Monterrey, Mexico and Mexico City, Mexico. These entities affiliated with Mr. Forsythe have paid sanction fees to CART in the aggregate amount of \$6.1 million for 2002. We are currently renegotiating the remaining years of the agreements.

In addition, we have paid a total of \$200,000 in sales costs and \$200,000 in marketing expenses to these entities during 2002.

In order to change the date of the Mexico City race as requested by Mr. Forsythe's affiliated entity, we have paid another promoter \$250,000. Mr. Forsythe's affiliated entity reimbursed us for \$125,000 of that expense.

Gerald R. Forsythe is also a principal owner of an entity which entered into a Promoter Agreement with respect to Champ Car World Series races in Rockingham, England. The agreement provided for a race to be held beginning in 2001 through 2006. Following the cancellation of the race scheduled to be run in Germany, officials at Rockingham expressed concern regarding the viability of running a single event in Europe. In order to assure that the Rockingham event could move forward in 2002, we negotiated an amendment to the Promoter Agreement

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which reduced the sanction fee to \$2.8 million and we assumed certain costs, including freight and transportation, in the amount of \$900,000. In addition, the terms of the future years of the agreement, 2003-2006, were subject to renegotiation. This renegotiation has subsequently resulted in the cancellation of the remaining years of the agreement. In addition, we have paid a total of \$100,000 in sales costs and \$400,000 in marketing expenses to this entity during 2002.

Floyd R. Ganassi Jr., a former director of the Company and a race team owner, is a principal owner of Chicago Motor Speedway, LLC and has entered into a Promoter Agreement with respect to a Champ Car World Series race at Chicago Motor Speedway in Cicero (Chicago), Illinois. Pursuant to the terms thereof, a Championship race was to be held through 2003. The Chicago Motor Speedway, LLC was to pay sanction fees to CART of \$2.0 million for 2002 and \$2.1 million for 2003. In 2002, the Chicago Motor Speedway, LLC announced the suspension of all race events at Chicago Motor Speedway. We then entered into an agreement with the Chicago Motor Speedway, LLC where we rented the track for \$850,000 in 2002 and promoted the race ourselves.

OTHER TRANSACTIONS

In addition to the above, we have entered into the following transactions with related parties:

Mr. Forsythe is also a principal owner of the entity that holds our Mexican television rights through 2004. In return for these rights, we received a minimum guarantee of \$300,000 in 2002 and will receive a minimum guarantee of \$325,000 and \$350,000 for each of the two years ending 2003 and 2004, respectively. In addition, we will receive 70% of the net profits, if any, until we reach \$500,000, \$550,000 and \$600,000 for each of the three years ending 2002, 2003 and 2004, respectively.

Mr. Ganassi is also principal owner of Target Chip Ganassi Racing, Inc., which entered into an agreement by which Target Chip Ganassi Racing Inc. ran a third car for a portion of the 2002 season. Pursuant to the terms thereof, we paid Target Chip Ganassi Racing, Inc. \$1.7 million for running the third car, and we received the right to sell certain sponsorship space on that car.

Ralph Sanchez, a director of the Company, is a principal owner of RAS Development, Inc. which has entered into a five year lease agreement with the Company for office space in Miami, Florida. Payments for this lease total \$80,292, \$97,957, \$99,081, \$100,045, \$101,008 and \$16,861 for 2003, 2004, 2005, 2006, 2007 and 2008, respectively.

PAYMENTS TO CART

In addition to the payments described above, CART receives revenues from its race teams, including those affiliated with CART directors and/or 5% stockholders, for entry fees, equipment leases and other payments based solely on participation in CART events and CART's self-promoted event. During 2002, race teams affiliated with CART directors and/or 5% stockholders made such payments to CART as follows:

Team Green/Barry E. Green

\$ 187,360

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Forsythe Racing, Inc./Gerald R. Forsythe	106,636
Chip Ganassi Racing Teams, Inc./Chip Ganassi	94,805
Newman/Haas Racing/Carl A. Haas	142,368
Patrick Racing, Inc./U.E. Patrick	71,500
Derrick Walker Racing, Inc./Derrick Walker	50,050

ITEM 14. CONTROLS AND PROCEDURES

(a) Within the 90 days prior to the date of filing of this report, we carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in our periodic SEC filings.

(b) There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out this evaluation.

14

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.

DATED: May 28, 2003

CHAMPIONSHIP AUTO RACING TEAMS, INC.

Registrant

By: /s/ Christopher R. Pook

Christopher R. Pook
Chief Executive Officer

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:

/s/ Christopher R. Pook ----- Christopher R. Pook	Chief Executive Officer and Director	May 28, 2003
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/s/ Thomas L. Carter ----- Thomas L. Carter	Chief Financial and Accounting Officer	May 28, 2003
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/s/ Mario Andretti -----	Director	May 28, 2003
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Mario Andretti

/s/ James F. Hardymon ----- James F. Hardymon	Director	May 28, 2003
/s/ James A. Henderson ----- James A. Henderson	Director	May 28, 2003
/s/ U.E. Patrick ----- U.E. Patrick	Director	May 28, 2003

15

CERTIFICATIONS

I, Christopher R. Pook, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K/A of Championship Auto Racing Teams, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the

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equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 28, 2003

/s/ Christopher R. Pook

Christopher R. Pook
Chief Executive Officer

16

CERTIFICATIONS

I, Thomas L. Carter, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K/A of Championship Auto Racing Teams, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

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b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 28, 2003

/s/ Thomas L. Carter

Thomas L. Carter
Chief Financial Officer