CHAMPIONSHIP AUTO RACING TEAMS INC
Form PRER14A
November 13, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]
Check the appropriate box:

[X] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[ ] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Section 240.14a-12

CHAMPIONSHIP AUTO RACING TEAMS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

[ ] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Stock, par value $0.01 per share.

(2) Aggregate number of securities to which transaction applies: 14,718,134 shares of common stock.

(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):

The filing fee was determined based upon the aggregate merger consideration of $8,242,156 to be paid to the Championship Auto Racing Teams, Inc. stockholders. In accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying $8,242,156 by 0.00008090.

(4) Proposed maximum aggregate value of transaction: $8,242,156.

(5) Total fee paid: $666.79.

[X] 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:

THIS PRELIMINARY PROXY STATEMENT AND THE INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT.

PRELIMINARY PROXY STATEMENT -- SUBJECT TO COMPLETION.

Championship Auto Racing Teams, Inc.
5350 Lakeview Parkway South Dr.
Indianapolis, Indiana 46268

November [ ], 2003

Dear Stockholder:

We cordially invite you to attend a special meeting of stockholders of Championship Auto Racing Teams, Inc. to be held on December [ ], 2003, at [ ], local time, at the [ ]. At the special meeting, we will ask you to vote on a proposal to adopt the Agreement and Plan of Merger we entered into on September 10, 2003 pursuant to which Open Wheel Racing Series LLC will acquire Championship. In the merger contemplated by the merger agreement, a subsidiary of Open Wheel Racing Series will merge with and into Championship and Championship will become a wholly owned subsidiary of Open Wheel Racing Series.

If we complete the merger, each share of our common stock you own will be converted into the right to receive the amount of cash, without interest and rounded down to the nearest cent, equal to: (1) $8,242,156, divided by (2) the total number of shares of our common stock outstanding immediately prior to completion of the merger. Based on 14,718,134 shares of our common stock outstanding on November [ ], 2003, you would be entitled to receive $0.56 for each share of our common stock. We are not subject to any existing obligation which would result in an increase of the number of shares of our common stock outstanding on November [ ], 2003, and our board of directors will not authorize any such increase while the merger is pending.

Our board of directors (including all of our independent directors) has determined that the merger agreement and merger are advisable and fair to and in the best interests of our unaffiliated stockholders. Our board of directors believes that, if the merger is not approved, Championship will not be able to continue as a viable business and that in any winding up of Championship, stockholders would receive little or no value for their shares. ACCORDINGLY, OUR

BOARD OF DIRECTORS HAS APPROVED THE MERGER AGREEMENT AND THE MERGER AND RECOMMENDS THAT YOU VOTE "FOR" ADOPTION OF THE MERGER AGREEMENT.

Your vote is important. Under Delaware law, we cannot complete the merger unless the merger agreement is adopted by the affirmative vote of holders of a majority of shares of our common stock outstanding and entitled to vote at the special meeting. In addition, the obligations of Championship and Open Wheel Racing Series to complete the merger are conditioned upon approval of the merger by the holders of a majority of shares of our common stock that are voted at the special meeting and are not held by Open Wheel Racing Series or its affiliates. WHETHER OR NOT YOU PLAN TO BE PRESENT AT THE SPECIAL MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD TO ENSURE YOUR SHARES ARE REPRESENTED AT THE SPECIAL MEETING. If you do not send in your proxy, do not vote in person or do not instruct your broker to vote your shares, or if you abstain from voting, it will have the same effect (for the purposes of the vote required under Delaware law) as a vote against the adoption of the merger agreement. Only holders of record of our common stock at the close of business on November 7, 2003 will be entitled to vote at the special meeting.

The enclosed proxy statement provides you with detailed information about the merger and related matters. We urge you to read the proxy statement carefully, including the annexes. If you have any questions about the merger, please call D.F. King & Co., Inc. at (800) 431-9643.

On behalf of the board of directors, I thank you for your support and appreciate your consideration of this matter.

Yours truly,

CHAMPIONSHIP AUTO RACING TEAMS, INC.

CHRISTOPHER R. POOK
President and Chief Executive Officer

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Proxy Statement is dated November [ ], 2003 and is first being mailed to stockholders on or about November [ ], 2003.

CHAMPIONSHIP AUTO RACING TEAMS, INC.
5350 LAKEVIEW PARKWAY SOUTH DR.
INDIANAPOLIS, IN 46268

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON DECEMBER [ ], 2003

To the Stockholders of Championship Auto Racing Teams, Inc.:

NOTICE IS HEREBY GIVEN that we will hold a special meeting of the stockholders of Championship Auto Racing Teams, Inc. on December [ ], 2003, at [ ], local time, at the [ ], for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of September 10, 2003, among Open Wheel Racing Series LLC, Open Wheel Acquisition Corporation, a wholly owned subsidiary of Open Wheel Racings Series, and Championship Auto Racing Teams, Inc., pursuant to

which, upon completion of the merger, Championship will be a wholly owned subsidiary of Open Wheel Racing Series and each share of our common stock, par value $0.01 per share (other than those held by Open Wheel Racing Series or Open Wheel Acquisition Corporation, or held by stockholders who perfect their appraisal rights under Delaware law), will be converted into the right to receive the amount of cash, without interest and rounded down to the nearest cent, equal to: (1) $8,242,156, divided by (2) the total number of shares of our common stock outstanding immediately prior to the completion of the merger. Based on 14,718,134 shares of our common stock outstanding on [ ], 2003, you would be entitled to receive $0.56 for each share of our common stock that you own. We are not subject to any existing obligation which would result in an increase of the number of shares of our common stock outstanding on November [ ], 2003, and our board of directors will not authorize any such increase while the merger is pending.

2. To transact any other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Under Delaware law, we cannot complete the merger unless the merger agreement is adopted by the affirmative vote of holders of a majority of shares of our common stock outstanding and entitled to vote at the special meeting. In addition, the obligations of Championship and Open Wheel Racing Series to complete the merger are conditioned upon approval of the merger by the holders of a majority of shares of our common stock that are voted at the special meeting and are not held by Open Wheel Racing Series LLC or its affiliates.

Only stockholders of record as of the close of business on November 7, 2003 are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the meeting. The number of outstanding shares of our common stock entitled to notice and to vote on November 7, 2003 was 14,718,134. Each stockholder is entitled to one vote for each share of our common stock held on the record date.

A form of proxy and a proxy statement containing more detailed information with respect to the matters to be considered at the special meeting, including a copy of the merger agreement, accompany and form a part of this notice. We urge you to read the proxy statement carefully, including the annexes. You should not send any certificates representing your Championship common stock with your proxy card.

This notice also constitutes notice of appraisal rights under Delaware law in connection with the merger. Stockholders who do not vote in favor of adoption of the merger agreement have the right under Delaware law to demand appraisal of their shares of our common stock and to receive payment in cash for the fair value of their shares as determined by the Delaware Chancery Court. A copy of the provision of Delaware law that grants appraisal rights and specifies the required procedures for demanding appraisal is attached to this proxy statement as Annex E.

Your vote is very important, regardless of the number of shares you own. Please vote as soon as possible to make sure that your shares are represented at the meeting. To vote your shares, you may complete, sign, date and return the enclosed proxy card. If you are a holder of record, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct them on how to vote your shares. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect (for the purposes of the vote required under Delaware law) as voting against the adoption of the merger agreement.

By order of the Board of Directors,

J. CARLISLE PEET III
Secretary

Indianapolis, Indiana
November [ ], 2003

TABLE OF CONTENTS

PAGE

SUMMARY TERM SHEET

This summary term sheet, together with the following question and answer section, highlights important information discussed in greater detail elsewhere in this proxy statement. This summary term sheet includes parenthetical references to pages in other portions of this proxy statement containing a more detailed description of the topics presented in this summary term sheet. This summary term sheet does not contain all of the information you should consider before voting on the merger agreement. To more fully understand the merger, you should read carefully this entire proxy statement and all of its annexes, including the merger agreement, which is attached as Annex A, before voting on whether to adopt the merger agreement.

THE PARTIES TO THE MERGER AGREEMENT

CHAMPIONSHIP AUTO RACING TEAMS, INC.

Championship Auto Racing Teams, Inc.
5350 Lakeview Parkway South Dr.
Indianapolis, Indiana 46268
(317) 715-4100

- Championship Auto Racing Teams, Inc., a Delaware corporation, owns all of the common stock of CART, Inc., which operates and markets the 2003 Bridgestone Presents The Champ Car World Series Powered by Ford. In this proxy statement, the 2003 Bridgestone Presents The Champ Car World Series Powered by Ford is referred to as the CART racing series. CART Champ Cars are thoroughbred racing machines that reach speeds in excess of 200 miles per hour, showcasing the technical expertise of manufacturers such as Ford Motor Company, Lola Cars and Bridgestone/Firestone North American Tire, LLC. Championship also owns and operates its top development series, the Toyota Atlantic Championship.

- In this proxy statement, Championship Auto Racing Teams, Inc. is referred to as "Championship."

- Our common stock is quoted on the OTC Bulletin Board under the symbol "CPNT.OB."

OPEN WHEEL RACING SERIES LLC

Open Wheel Racing Series LLC
275 Middlefield Road, Second Floor
Menlo Park, California 94025
(650) 329-7300

- Open Wheel Racing Series LLC, a Delaware limited liability company, is a specially formed entity whose principal business is to acquire all outstanding capital stock and attached rights of Championship. The

members of Open Wheel are 21st Century Racing Holdings LLC, Big Bang Racing LLC and Willis Capital, L.L.C. Kevin Kalkhoven is the sole member of 21st Century Racing Holdings. Paul Gentilozzi is the sole member of Big Bang Racing LLC. Gerald R. Forsythe, Forsythe Racing, Inc., Indeck Energy Services, Inc. and Indeck-Illion Cogeneration Corp are the members of Willis Capital, L.L.C. Mr. Forsythe is the Chairman and CEO of Forsythe Racing, Inc., Indeck Energy Services, Inc. and Indeck-Illion Cogeneration Corp. As of November [ ], 2003, Open Wheel Racing Series LLC beneficially owns 3,377,400 shares, or approximately 22.95%, of our common stock.

- In this proxy statement, Open Wheel Racing Series LLC is referred to as "Open Wheel."

OPEN WHEEL ACQUISITION CORPORATION

Open Wheel Acquisition Corporation
275 Middlefield Road, Second Floor
Menlo Park, California 94025
(650) 329-7300

- Open Wheel Acquisition Corporation, a Delaware corporation, is a wholly owned subsidiary of Open Wheel formed for the purpose of effecting a merger with Championship.

- In this proxy statement, Open Wheel Acquisition Corporation is referred to as "Acquisition Corp."

- In this proxy statement, Open Wheel and Acquisition Corp. are referred to together as the "Open Wheel Group."

THE MERGER

- The merger agreement you are asked to adopt would cause Acquisition Corp. to be merged with and into Championship. If the merger agreement is adopted, each share of our common stock will be exchanged for cash equal to (1) $8,242,156, divided by (2) the total number of shares of our common stock outstanding immediately prior to the merger. This amount will be without interest and rounded down to the nearest cent. Based on 14,718,134 shares of our common stock outstanding on November [ ], 2003, each share of our common stock would be exchanged for $0.56. We are not subject to any existing obligation which would result in an increase of the number of shares of our common stock outstanding on November [ ], 2003, and our board of directors will not authorize any such increase while the merger is pending. Shares of our common stock held by Open Wheel or Acquisition Corp. or by stockholders who perfect their appraisal rights under Delaware law will not be entitled to this per share merger consideration. See "Special Factors -- Appraisal Rights" (page 59).

- The per share merger consideration is based on merger consideration of $8,242,156 and 14,718,134 shares of our outstanding common stock.

THE SPECIAL MEETING

- Date, Time and Place (see page 15). The special meeting will take place on December [ ], 2003, at [ ], local time, at the [ ].

- Proposal to be considered (see page 15). At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger

agreement, a copy of which is attached to this proxy statement as Annex A. For additional information regarding the proposal to be considered at the special meeting, see "Introduction -- Proposal to be Considered at the Special Meeting."

- Record Date and Shares Entitled to Vote; Quorum (see page 15). The record date for determining the holders of shares of our common stock entitled to notice of, and to vote at, the special meeting is November 7, 2003. On the record date, 14,718,134 shares of our common stock were outstanding and entitled to vote on the proposal to adopt the merger agreement. The presence, in person or by proxy, of shares representing at least a majority of all the votes entitled to be cast on the adoption of the merger agreement is necessary to constitute a quorum for the transaction of business at the special meeting. See "Introduction -- Record Date; Voting Rights; Vote Required."

- Vote Required (see page 15). Under Delaware law, we cannot complete the merger unless the merger agreement is adopted by the affirmative vote of holders of a majority of shares of our common stock outstanding and entitled to vote at the special meeting. In addition, the obligations of Championship and Open Wheel to complete the merger are conditioned upon approval of the merger by the holders of a majority of shares of our common stock that are voted "for" or "against" approval of the merger at the special meeting and are not held by Open Wheel or its affiliates. This second vote is referred to in this proxy statement as the "unaffiliated stockholder approval." Although Championship and Open Wheel could agree to waive the need for the unaffiliated stockholder approval, Championship would not do so unless our board of directors concluded that the unaffiliated stockholder approval was not obtained due to a negative vote by stockholders who obtained or whose primary objective is to obtain value related to Championship stock or Championship's business that would not be available to all stockholders of Championship unaffiliated with Open Wheel on a pro rata basis. In the event that Championship and Open Wheel agree to waive the need for the unaffiliated stockholder approval under

such circumstances, Championship does not intend to solicit proxies. See "Introduction -- Record Date; Voting Rights; Vote Required."

As of November [ ], 2003, Open Wheel beneficially owns 3,377,400 shares, or approximately 22.95%, of our common stock. All of these shares will be voted in favor of adopting the merger agreement but none will count in determining whether the unaffiliated stockholder approval has been received. See "Special Factors -- Certain Relationships Between the Open Wheel Group and Championship -- Gerald R. Forsythe -- Forsythe Voting Agreements."

Our directors and executive officers as a group beneficially own 4,025 shares, or less than 1%, of our common stock. This number excludes shares issuable upon the exercise of options that will terminate immediately prior to the completion of the merger. See "Other Matters -- Beneficial Ownership of Championship Common Stock." Neither we nor Open Wheel have entered into any agreements with these directors and officers with respect to the voting of their shares in connection with the merger; however, these directors and officers have expressed their intent to vote their shares in favor of the merger.

- Procedures for Voting (see page 15). You may vote shares you hold of record in either of two ways:

  - by completing and returning the enclosed proxy card, or

- by voting in person at the special meeting.

If you hold shares of our common stock in "street name" through a broker or other financial institution, you must follow the instructions provided by the broker or other financial institution regarding how to instruct it to vote those shares. See "Introduction -- Record Date; Voting Rights; Vote Required."

- Voting of Proxies (see page 16). Shares of our common stock represented by properly executed proxies received at or prior to the special meeting that have not been revoked will be voted at the special meeting in accordance with the instructions indicated on the proxies. Shares of our common stock represented by properly executed proxies for which no instruction is given will be voted FOR adoption of the merger agreement. See "Introduction -- Voting and Revocation of Proxies."

- Revocability of Proxies (see page 16). Your proxy may be revoked at any time before it is voted. If you complete and return the enclosed proxy card but wish to revoke it, you must either (1) send a later-dated proxy card relating to the same shares to our Secretary at or before the special meeting, (2) file with our Secretary a written, later-dated notice of revocation or (3) attend the special meeting and vote in person. Please note that your attendance at the meeting will not, by itself, revoke your proxy. See "Introduction -- Voting and Revocation of Proxies."

- Failure to vote (see page 16). If you do not send in your proxy, do not instruct your broker to vote your shares or if you abstain from voting, it will have the same effect as a vote against adoption of the merger agreement.

PURPOSE OF THE MERGER

- The principal purpose of the merger is to enable you to receive cash for your shares. The merger also will enable Open Wheel to obtain control of Championship and give CART, Inc. the opportunity to continue the CART racing series 2004. If the merger is not completed, Championship expects that its cash resources will be depleted by the middle of December of 2003. Without sufficient financial resources, Championship will be required to cease operations and cancel the 2004 season. See "Special Factors -- Purpose and Structure of the Merger" (see page 51), "-- Background of the Merger" (see page 20) and "-- Effects on Championship if the Merger is not Completed" (see page 52).

EFFECTS OF THE MERGER

- Upon completion of the merger, Championship will be a direct, wholly owned, privately held subsidiary of Open Wheel. The registration of our common stock and our reporting obligations under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, will be terminated

upon application to the SEC. In addition, upon completion of the merger, our common stock will no longer be listed on any exchange or quotation system where our common stock may at such time be listed or quoted. See "Special Factors -- Effects of the Merger on Championship and Championship's Common Stock; Plans or Proposals After the Merger" (see page 51).

RECOMMENDATION OF THE CHAMPIONSHIP BOARD OF DIRECTORS

- Our board of directors, including all of our independent directors, has determined that the merger agreement and the merger are advisable and fair to and in the best interests of Championship's unaffiliated stockholders. Accordingly, our board of directors approved the merger agreement and the merger and recommends that you vote "FOR" the proposal to adopt the merger agreement. Carl Haas, one of our directors (who resigned as a director on September 22, 2003), abstained from the foregoing determination and approval due to a potential conflict of interest as a team owner, however none of our directors voted against approval of the merger agreement and the merger. For a discussion of the material factors considered by our board of directors in reaching its conclusions and the reasons why our board of directors determined that the merger agreement and the merger are advisable fair to and in the best interests of Championship's unaffiliated stockholders, see "Special Factors -- Reasons for the Recommendation of the Championship Board of Directors; Fairness of the Merger" (see page 31).

OPINION OF OUR FINANCIAL ADVISOR

- In connection with the proposed merger, our financial advisor, Bear, Stearns & Co. Inc., delivered to our board of directors an opinion to the effect that, subject to the conditions, assumptions and limitations contained in the opinion, from a financial point of view, the per share merger consideration is fair to unaffiliated holders of our common stock, other than Open Wheel or its affiliates, individuals who own or operate teams or entities that participate in the businesses owned or operated by Championship or any of its subsidiaries, or any stockholders who have entered into agreements with Open Wheel with respect to any matter related to their shares of our common stock. In this proxy statement, Bear, Stearns & Co. Inc. is referred to as "Bear Stearns."

- The full text of the written opinion of our financial advisor, dated September 10, 2003, is attached to this proxy statement as Annex C. We encourage you to read the opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on our financial advisor's review.

- THE OPINION OF OUR FINANCIAL ADVISOR IS ADDRESSED TO OUR BOARD OF DIRECTORS AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO ANY MATTER RELATING TO THE MERGER.

- See "Special Factors -- Opinion of our Financial Advisor" (see page 34).

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

- The receipt of cash for shares pursuant to the merger will be a taxable transaction for United States Federal income tax purposes. In general, a stockholder who receives cash in exchange for shares pursuant to the merger will recognize gain or loss for United States Federal income tax purposes equal to the difference, if any, between the amount of cash received and the stockholder's adjusted tax basis in the shares exchanged for cash pursuant to the merger. If the shares exchanged constitute capital assets in the hands of the stockholder, the gain or loss will be capital gain or loss and, generally speaking, will be long-term capital gain or loss if the shares have been held by the stockholder for more than one year. The deductibility of capital losses is subject to limitations.

- BECAUSE THE TAX CONSEQUENCES OF THE MERGER MAY VARY DEPENDING ON YOUR

PARTICULAR CIRCUMSTANCES, WE RECOMMEND THAT YOU CONSULT YOUR TAX ADVISOR CONCERNING THE FEDERAL (AND ANY STATE, LOCAL OR FOREIGN) TAX CONSEQUENCES TO YOU OF THE MERGER.

THE OPEN WHEEL GROUP'S POSITION AS TO THE FAIRNESS OF THE MERGER

- Because members of the Open Wheel Group beneficially own 3,377,400 shares, or 22.95%, of our common stock contributed to Open Wheel by Mr. Forsythe, the merger may constitute, if completed, a "going-private transaction" subject to Rule 13e-3 under the Exchange Act, in which case the members of the Open Wheel Group would be required to express their belief as to the fairness of the merger to stockholders of Championship who are not affiliated with Championship. The members of the Open Wheel Group believe that the merger is fair to such stockholders of Championship. This belief, however, should not be construed as a recommendation to stockholders of Championship to vote to adopt the merger agreement. For a discussion of the factors considered by the members of the Open Wheel Group in reaching this belief, see "Special Factors -- The Open Wheel Group's Position as to the Fairness of the Merger" (see page 42).

OPINION OF OPEN WHEEL'S FINANCIAL ADVISOR

- In connection with the proposed merger, Open Wheel retained its own financial advisor, Ernst & Young Corporate Finance LLC, who delivered a written opinion to Open Wheel, dated September 10, 2003, to the effect that, as of that date, the per share merger consideration to be received by the unaffiliated common stockholders of Championship was fair, from a financial point of view, to such holders. In this proxy statement, Ernst & Young Corporate Finance LLC is referred to as "EYCF."

- The full text of the written opinion of EYCF dated September 10, 2003 is attached to this proxy statement as Annex D. We encourage you to read the opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on EYCF's review.

- THE EYCF OPINION IS ADDRESSED TO OPEN WHEEL AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO ANY MATTER RELATING TO THE MERGER.

- See "Special Factors -- Opinion of Open Wheel's Financial Advisor" (see page 45).

INTERESTS OF CERTAIN PERSONS IN THE MERGER

- When considering the recommendation of our board of directors, you should be aware that some of our directors and executive officers have interests that are different from, or in addition to, yours, including as follows:

  - one of our directors, Carl Haas (who resigned as a director on September 22, 2003), owns a racing team that participates in the CART racing series. If the merger is not completed, the CART racing series will not continue in 2004 in the absence of another strategic transaction. Due to his potential conflict of interest as a team owner, Mr. Haas abstained from our board of directors' vote approving the merger and the merger agreement;

  - each of Christopher R. Pook, our President and Chief Executive Officer,

David J. Clare, our Chief Operating Officer, and John J. Lopes, CART, Inc.'s Vice President of Racing Operations, are parties to prior employment agreements with Championship pursuant to which they would have been entitled to enhanced severance benefits (including cash payments of up to three or 2.99 times the executive's base salary and up to seven years of continued employee benefits) in the event of involuntary termination, as defined under their respective prior employment agreements, within two years following the completion of the merger. In connection with the merger, Mr. Pook's prior employment agreement has been amended and each of Mr. Clare's and Mr. Lopes' prior employment agreements have been superseded by new employment agreements. This amendment and these new employment agreements, as the case may be, eliminate the foregoing severance benefits. In the event the merger agreement is terminated, the amendment to Mr. Pook's employment agreement and Messrs. Clare's and Lopes's new employment agreements would be void and each of their prior employment agreements, including the severance benefits, would be automatically reinstated;

- in connection with the merger, Championship and CART, Inc. have entered into a new consulting agreement with Mr. Pook, which becomes effective upon completion of the merger, and a new employment agreement with Thomas L. Carter, our Chief Financial Officer. In the event the merger agreement is terminated, Mr. Pook's new consulting agreement and Mr. Carter's new employment agreement would be void and their prior employment agreements would be automatically reinstated; and

- our directors and executive officers (1) will be indemnified against certain liabilities both before and after the merger and (2) will have, for a certain period of time after completion of the merger, the benefit of directors' and officers' liability insurance for acts and omissions occurring before the merger.

- None of our current officers and directors will hold positions with Open Wheel after completion of the merger. Following the completion of the merger, Christopher Pook will be a consultant to Championship and David Clare, John Lopes and Thomas Carter will retain their positions as Championship's Chief Operating Officer, Vice President of Operations and Chief Financial Officer, respectively.

- See "Special Factors -- Interests of Directors and Executive Officers in the Merger" (see page 53) for a more detailed discussion of the foregoing and other interests.

APPRAISAL RIGHTS

- If the merger is completed, stockholders who object to the merger may elect to exercise their statutory appraisal rights to receive the judicially determined "fair value" of their shares. The fair value, which could be more or less than the merger consideration to which stockholders would be entitled under the merger agreement, would be exclusive of any value arising from the completion or expectation of the merger (including as a result of any new capital that may become available to Championship as a result of the merger). The determination of fair value would be made after completion of the merger.

- In order to exercise these rights, you must (1) not vote to adopt the merger agreement, (2) make a written demand for appraisal prior to the taking of the vote on the merger agreement at the special meeting and (3) otherwise comply with the procedures under Delaware law for exercising appraisal rights. For a summary of these Delaware law procedures, see

"Special Factors -- Appraisal Rights" (see page 59). An executed proxy that is not marked "AGAINST" or "ABSTAIN" will be voted for adoption of the merger agreement and will disqualify the stockholder submitting that proxy from demanding appraisal rights.

- Under the merger agreement, if holders of more than 16% of the outstanding shares of our common stock validly demand appraisal of their shares in accordance with Delaware law and do not withdraw their demand or otherwise forfeit their appraisal rights, one of the conditions to Open Wheel's and Acquisition Corp.'s obligations to complete the merger will not be satisfied.

- Appraisal rights will not apply if the merger is abandoned for any reason.

THE MERGER AGREEMENT

CONDITIONS TO THE MERGER

The obligations of Open Wheel and Acquisition Corp. to effect the merger are subject to the satisfaction or waiver of, among others, the following conditions:

- as required under Delaware law, the merger agreement must be adopted by the affirmative vote of holders of a majority of shares of our common stock outstanding and entitled to vote at the special meeting;

- the merger must be approved by the holders of a majority of shares of our common stock that are voted "for" or "against" approval at the special meeting and are not held by Open Wheel and its affiliates;

- no law, injunction or order preventing the completion of the merger or preventing Open Wheel from either owning our common stock or operating any material part of Championship's business may be in effect;

- the representations and warranties of Championship in the merger agreement must be true and correct in all material respects and Championship must have complied in all material respects with its covenants and other agreements in the merger agreement;

- no more than 16% of Championship's shares of common stock outstanding immediately prior to the completion of the merger shall be shares held by persons who validly demand appraisal of their shares in accordance with Delaware law and do not withdraw their demand or otherwise forfeit their appraisal rights;

- subject to certain exceptions, the absence of pending or threatened suits, actions or proceedings advancing non-frivolous claims against Open Wheel, Acquisition Corp., Championship or any subsidiary of Championship, which Open Wheel reasonably believes would not be covered by Championship's existing insurance policies or which seek equitable relief preventing Open Wheel from either owning Championship common stock or operating any material part of Championship's business;

- the absence of pending suits, actions or proceedings advancing non-frivolous claims against Open Wheel, Acquisition Corp., Championship or any subsidiary of Championship that seek equitable relief preventing the completion of the merger;

- each holder of an option to purchase our common stock must have agreed to surrender that option prior to the completion of the merger (this condition has already been satisfied);

- Championship must be able to pay its debts as and when they become due and no bankruptcy petition shall have been filed or be pending, subject to limited exceptions; and

- a material adverse effect on Championship, as defined in the merger agreement and under "The Merger Agreement -- Conditions to the Merger -- Conditions to Obligations of Open Wheel and Acquisition Corp. to Complete the Merger," must not have occurred.

RIGHT TO ACCEPT A SUPERIOR PROPOSAL

- The merger agreement provides that we will not enter into any agreement with respect to any proposal for an alternative merger or other business combination or other acquisition of over 20% of our stock or assets except as described below. However, the merger agreement also provides that, prior to obtaining the required stockholder approvals, we may, pursuant to a confidentiality agreement, provide to any person or entity information with respect to an alternative acquisition proposal. If, prior to obtaining the required stockholder approvals, we receive a proposal for an alternative merger or other acquisition of over 50% of our stock or all or substantially all of our assets that our board of directors determines in good faith is more favorable to our stockholders than the transactions contemplated by the merger agreement, then, having first complied with certain notification requirements and taken into account any revised proposal from Open Wheel, we may approve such superior takeover proposal, cause the merger agreement to be terminated and enter into a definitive agreement with respect to such superior takeover proposal. If we terminate the merger agreement and enter into a definitive agreement with respect to a superior takeover proposal, we will be required to pay a termination fee of $350,000 to Open Wheel.

TERMINATION OF THE MERGER AGREEMENT

The merger agreement may be terminated at any time prior to the completion of the merger:

- by mutual written consent of Open Wheel and Championship;

- by either Open Wheel or Championship if either of the required stockholder approvals is not obtained at a Championship stockholder meeting called for that purpose;

- by either Open Wheel or Championship if the merger is not completed on or before February 15, 2004, except that this date may be extended for up to 61 days under the limited circumstances related to the filing of any involuntary bankruptcy petition described under "The Merger Agreement -- Termination of the Merger Agreement"; or

- by either Open Wheel or Championship if a final and nonappealable order or injunction issued by a governmental entity prohibits the merger.

The merger agreement may also be terminated by Open Wheel if:

- Championship breaches any of its representations, warranties or covenants in a manner which would result in the failure of a condition to Open

Wheel's obligation to complete the merger;

- prior to obtaining the requisite stockholder approvals, Championship's board of directors withdraws or adversely modifies (or refuses, after request from Open Wheel, to affirm) its recommendation of the merger agreement, or proposes publicly to do so;

- prior to obtaining the requisite stockholder approvals, Championship's board of directors, without obtaining the prior written approval of Open Wheel, amends the Championship stockholder rights agreement to permit another person or entity to acquire 15% or more of Championship's common stock; or

- prior to obtaining the requisite stockholder approvals, Championship enters into any definitive agreement to implement a proposal for an alternative merger or other business combination or other acquisition of over 20% of our stock or assets (any such proposal referred to in this proxy statement as an alternative acquisition proposal).

TERMINATION FEE

Championship must pay to Open Wheel a termination fee of $350,000 if:

- Championship terminates the merger agreement because our board of directors received and accepted a superior takeover proposal as described under "The Merger Agreement -- Right to Accept a Superior Proposal";

- Open Wheel terminates the merger agreement because

  - our board of directors withdraws or adversely modifies (or refuses, after request from Open Wheel, to affirm) its recommendation of the merger agreement to our stockholders, or proposes publicly to do so,

  - without the approval of Open Wheel, our board of directors amends our stockholder rights agreement, redeems the rights issued under our rights agreement or takes any action with respect to, or makes any determination under, our rights agreement to comply with its fiduciary duties and, as a result of such amendment, redemption, action or determination, any person other than Open Wheel and its affiliates is permitted to hold more than 15% of our outstanding common stock or

  - Championship enters into any definitive agreement to implement an alternative acquisition proposal; or

- after the date of the merger agreement, any person or entity makes an alternative acquisition proposal, the merger agreement is terminated by either Open Wheel or Championship because the merger has not occurred on or before February 15, 2004 and Championship then completes an alternative merger or business combination or acquisition of over 40% of our stock or assets within 12 months after the termination of the merger agreement.

One purpose of the termination fee is to compensate Open Wheel, in the event that the merger is abandoned by Championship to pursue an alternate proposal, for the financial and other resources Open Wheel has expended in connection with entering into the merger agreement and seeking to complete the merger. One effect of the termination fee provision is to make it more expensive for any other potential acquiror of Championship to acquire control of Championship. For additional information regarding the termination fee provision and the

circumstances under which this amount is payable, see "The Merger Agreement -- Fees and Expenses" (see page 70).

FINANCING OF THE MERGER

- The total amount of funds required to complete the merger and pay the related fees and expenses is estimated to be approximately $[ ]. The Contribution Agreement dated September 10, 2003, between Kevin Kalkhoven, Paul Gentilozzi and Gerald R. Forsythe, on the one hand, and Championship, on the other hand, a copy of which is attached to this proxy statement as Annex B, provides that, subject to the satisfaction or waiver of the conditions to Open Wheel's and Acquisition Corp.'s obligations to complete the merger, each of Messrs. Kalkhoven, Gentilozzi and Forsythe will make or cause to be made to Open Wheel, prior to the completion of the merger, capital contributions in an aggregate amount sufficient to enable Open Wheel to pay the aggregate merger consideration. Mr. Forsythe partially satisfied his contribution obligation by contributing all of his shares, and causing his affiliates to contribute all of their shares, of our common stock to Open Wheel on September 26, 2003, as was required under the Contribution Agreement. Messrs. Kalkhoven, Gentilozzi and Forsythe will use available personal funds to make or cause to be made the required contributions to Open Wheel. The source of these personal funds will be from cash-on-hand and will not be borrowed funds.

PROVISIONS FOR UNAFFILIATED STOCKHOLDERS

- Gerald R. Forsythe is one of the indirect owners of Open Wheel. Prior to contributing all of his shares of our common stock to Open Wheel on September 26, 2003, Mr. Forsythe and his affiliates directly owned 3,377,400 shares of our common stock, representing approximately 22.95% of our outstanding common stock as of November [ ], 2003. Due to this ownership, the members of the Open Wheel Group might be deemed to be affiliated stockholders of Championship. Notwithstanding Mr. Forsythe's substantial share ownership, Mr. Forsythe has not been a member of our board of directors since December 18, 2001, and our board of directors believes he was not in a position to influence, and did not influence, our board's consideration of and decision to pursue the transaction with Open Wheel. Therefore, we concluded that despite the possibility that the members of the Open Wheel Group might be deemed our affiliates, it was not necessary to ensure the fairness of the merger for Championship to make any provisions in connection with the merger to grant unaffiliated stockholders access to Championship's, Open Wheel's or Acquisition Corp.'s non-publicly disclosed information, or to obtain counsel or appraisal services solely for unaffiliated stockholders at Championship's expense or the expense of Open Wheel or Acquisition Corp. We did, however, agree with Open Wheel that the merger should be conditioned upon receipt of the unaffiliated stockholder approval. See "-- The Special Meeting."

ADDITIONAL INFORMATION

- If you have questions about the merger or this proxy statement, or if you would like additional copies of this proxy statement or the proxy card, you should call D.F. King & Co., Inc. at (800) 431-9643.

RECENT DEVELOPMENTS

A Championship sanctioned event known as the King Taco 500 was scheduled to take place on November 1 and November 2, 2003 in Fontana, California. This event was canceled by the promoter, 88 Corp., due to its belief that the southern California wild fires caused a "force majeure." 88 Corp. has filed a complaint

in the United States District Court for the Central District of California seeking a declaratory

judgment that a "force majeure" occurred so that it may proceed to seek the return of a rights fee in the amount of $2,500,000 less expenses incurred by Championship in preparation for the race.

On November 11, 2003, in response to a request by management that Deloitte & Touche LLP ("D&T"), Championship's independent auditor, reissue its report on Championship's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2002, in connection with the filing by Championship of this proxy statement, D&T informed management that D&T's report on Championship's financial statements as of December 31, 2002 (which report is included in Annex G to hereto) would include an explanatory paragraph indicating that developments during the nine-month period ended September 30, 2003 raise substantial doubt about Championship's ability to continue as a going concern.

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Below are brief answers to frequently asked questions concerning the proposed merger and the special meeting. These questions and answers do not, and are not intended to, address all the information that may be important to you. You should read the summary and the remainder of this proxy statement, including all annexes, carefully.

1. Q: WHAT IS THE PROPOSED MERGER?

   A: In the proposed merger, Acquisition Corp., a wholly owned subsidiary of Open Wheel, will merge with and into Championship. Championship will survive the merger as a wholly owned subsidiary of Open Wheel, and our shares will cease to be publicly traded. The merger agreement is attached to this proxy statement as Annex A. We encourage you to read it carefully.

2. Q: WHAT WILL I RECEIVE IN THE MERGER?

   A: Upon completion of the merger, in exchange for each share of Championship common stock that you own, you will be entitled to receive the amount of cash, without interest and rounded down to the nearest cent, equal to: (1) $8,242,156, divided by (2) the total number of shares of our common stock outstanding immediately prior to the completion of the merger and less any applicable withholding taxes. In this proxy statement, we refer to this cash payment as the "per share merger consideration." Based on 14,718,134 shares of our common stock outstanding on November [ ], 2003, you would be entitled to receive $0.56 for each share of our common stock you own. We are not subject to any existing obligation which would result in an increase of the number of shares of our common stock outstanding on November [ ], 2003, and our board of directors will not authorize any such increase while the merger is pending.

3. Q: WHAT ARE THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER?

   A: The receipt of cash for shares pursuant to the merger will be a taxable transaction for United States Federal income tax purposes. In general, a stockholder who receives cash in exchange for shares pursuant to the merger will recognize gain or loss for United States Federal income tax purposes

equal to the difference, if any, between the amount of cash received and the stockholder's adjusted tax basis in the shares exchanged for cash pursuant to the merger. Because the tax consequences of the merger are complex and may vary depending on your particular circumstances, we recommend that you consult your tax advisor concerning the Federal (and any state, local or foreign) tax consequences to you of the merger. To review a summary of the material tax considerations of the merger, see "Special Factors -- Material U.S. Federal Income Tax Consequences of the Merger to Championship's Stockholders."

4. Q: WHAT IS THE VOTE REQUIRED TO ADOPT THE MERGER AGREEMENT?

A: Under Delaware law, we cannot complete the merger unless the merger agreement is adopted by the affirmative vote of holders of a majority of shares of our common stock outstanding and entitled to vote at the special meeting. In addition, the obligations of Championship and Open Wheel to complete the merger are conditioned upon approval of the merger by the holders of a majority of shares of our common stock that are voted "for" or "against" the merger at the special meeting and are not held by Open Wheel or its affiliates. See "Introduction -- Record Date; Voting Rights; Vote Required."

5. Q: IS CHAMPIONSHIP'S BOARD OF DIRECTORS RECOMMENDING THAT I VOTE FOR THE MERGER AGREEMENT?

A: Yes. After considering a number of factors, our board of directors, including all of our independent directors, determined that the terms of the merger agreement and the merger are advisable and fair to and in the best interests of Championship's unaffiliated stockholders. One of our directors abstained from this determination due to a potential conflict of interest. Our board of directors recommends that you vote FOR adoption of the merger agreement. To review the background of and reasons for the merger, see "Special Factors -- Background of the Merger" and "-- Reasons for the Recommendation of the

Championship Board of Directors; Fairness of the Merger." In considering the recommendation of Championship's board of directors, you should be aware that certain of Championship's directors and executive officers have interests in the merger that are different from, or in addition to, yours. See "Special Factors -- Interests of Directors and Executive Officers in the Merger."

6. Q: WHEN DO YOU EXPECT TO COMPLETE THE MERGER?

A: We expect to complete the merger late in the fourth quarter of 2003, as quickly as possible after the special meeting and after all the conditions to the merger are satisfied or waived. See "The Merger Agreement -- Conditions to the Merger."

7. Q: WHAT DO I NEED TO DO NOW?

A: We urge you to read this proxy statement carefully, including its annexes, consider how the merger would affect you as a stockholder and then vote. After you read this proxy statement, you should complete, sign and date your proxy card and mail it in the enclosed return envelope as soon as possible, even if you plan to attend the special meeting in person, so that your shares may be represented at the special meeting. If you sign, date and send in your proxy card without indicating how you want to vote, all of your shares will be voted FOR adoption of the merger agreement. See

"Introduction -- Voting and Revocation of Proxies."

8. Q: IF MY BROKER HOLDS MY SHARES IN "STREET NAME", WILL MY BROKER VOTE MY SHARES FOR ME?

A: Your broker will only be permitted to vote your shares if you provide instructions to your broker on how to vote. You should follow the procedures provided by your broker regarding the voting of your shares and be sure to provide your broker with instructions on how to vote your shares. See "Introduction -- Record Date; Voting Rights; Vote Required."

9. Q: WHAT IF I WANT TO CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: You can change your vote by sending a later-dated, signed proxy card or a written revocation to the Secretary of Championship at Championship Auto Racing Teams, Inc., 5350 Lakeview Parkway South Dr., Indianapolis, IN 46268, who must receive it before your proxy has been voted at the special meeting, or by attending the special meeting in person and voting. Your attendance at the special meeting will not, by itself, revoke your proxy. It will only be revoked if you actually vote at the special meeting. If you have instructed your broker to vote your shares, you must follow the directions received from your broker to change those voting instructions. See "Introduction -- Voting and Revocation of Proxies."

10. Q: WHAT HAPPENS IF I DO NOT SEND IN MY PROXY, IF I DO NOT INSTRUCT MY BROKER TO VOTE MY SHARES OR IF I ABSTAIN FROM VOTING?

A: If you do not send in your proxy, do not instruct your broker to vote your shares or if you abstain from voting, it will have the same effect (for the purposes of the vote required under Delaware law) as a vote against adoption of the merger agreement.

11. Q: SHOULD I SEND MY CHAMPIONSHIP COMMON STOCK CERTIFICATES NOW?

A: No. Do not send your Championship common stock certificates now. If we complete the merger, you will receive written instructions for exchanging your Championship common stock certificates for your merger consideration. You should follow the procedures described in "The Merger Agreement -- Merger Consideration."

12. Q: WHAT IF I OPPOSE THE MERGER? DO I HAVE APPRAISAL RIGHTS?

A: If you are a stockholder who objects to the merger, and if you comply with the procedures required under Delaware law, you may elect to pursue your statutory appraisal rights to receive the judicially determined "fair value" of your shares, which could be more or less than the per share merger consideration. If you validly demand appraisal of your shares in accordance with Delaware law and do

not withdraw your demand or otherwise forfeit your appraisal rights, you will not receive the merger consideration. Instead, after completion of the merger, a court will determine the fair value of your shares exclusive of any value arising from the completion or expectation of the merger (including as a result of any new capital that may become available to Championship as a result of the merger). The fair value of your shares could be more or less than the merger consideration to which you would be entitled under the merger agreement.

In order to qualify for these rights, you must (1) not vote in favor of

adoption of the merger agreement, (2) make a written demand for appraisal prior to the taking of the vote on the merger agreement at the special meeting and (3) otherwise comply with the Delaware law procedures for exercising appraisal rights. For a summary of these Delaware law procedures, see "Special Factors -- Appraisal Rights." An executed proxy that is not marked "AGAINST" or "ABSTAIN" will be voted for adoption of the merger agreement and will disqualify you from demanding appraisal rights.

Under the merger agreement, if holders of more than 16% of the outstanding shares of our common stock validly demand appraisal of their shares in accordance with Delaware law and do not withdraw their demand or otherwise forfeit their appraisal rights, one of the conditions to Open Wheel's and Acquisition Corp.'s obligations to complete the merger will not be satisfied. Appraisal rights will not apply if the merger is abandoned for any reason.

13. Q: WHAT WILL HAPPEN IF THE MERGER IS ABANDONED?

A: Our board of directors believes that, if the merger is abandoned, Championship will not be able to continue as a viable business and that in any winding up of Championship, holders of our common stock would receive little or no value for their shares.

14. Q: WHERE CAN I FIND MORE INFORMATION ABOUT CHAMPIONSHIP?

A: Championship files periodic reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy this information at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available on the Internet site maintained by the SEC at http://www.sec.gov. For a more detailed description of the information available about Championship, see "Other Matters -- Where You Can Find More Information."

15. Q: WHOM SHOULD I CALL IF I HAVE QUESTIONS OR WANT ADDITIONAL COPIES OF DOCUMENTS?

A: If you have any questions about the merger or this proxy statement, or if you would like additional copies of this proxy statement or the proxy card, you should contact D.F. King & Co., Inc. at (800) 431-9643.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains statements that constitute "forward-looking statements". These forward-looking statements are based on various underlying assumptions and expectations of management and are subject to risks and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, general economic conditions; the timing and occurrence (or non-occurrence) of transactions; and events which may be subject to circumstances beyond our control or the control of our subsidiaries.

Other factors and assumptions not identified above could also cause actual results to differ materially from those set forth in the forward-looking statements. Although our management believes these assumptions are reasonable, we cannot assure you that they will prove correct. Further, we undertake no obligation to update forward-looking statements after the date they are made or to conform the statements to actual results or changes in our expectations.

The forward-looking statements should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (excluding financial statements and exhibits (except exhibits 99.1 and 99.2)), our financial statements as of December 31, 2002 and 2001, and the related consolidated financial statements for each of the three years in the period ended December 31, 2002 and our subsequent Quarterly Reports on Form 10-Q. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (excluding financial statements and exhibits (except exhibits 99.1 and 99.2)), our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2002 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 are attached hereto as Annexes F, H and I, respectively. In addition, our financial statements as of December 31, 2002 and 2001, and the related consolidated financial statements for each of the three years in the period ended December 31, 2002 is attached hereto as Annex G, including the related report of Deloitte & Touche LLP.

All information contained in this proxy statement with respect to Open Wheel and Acquisition Corp. has been supplied or confirmed by Open Wheel.

INTRODUCTION

We are furnishing this proxy statement to holders of our common stock in connection with the solicitation of proxies by our board of directors for use at the special meeting to be held on December [ ], 2003, at [ ], local time, at the [ ], and at any adjournments or postponements of the special meeting. This proxy statement, the attached notice of special meeting and the accompanying proxy card are first being sent or given to our stockholders on or about November [ ], 2003.

PROPOSAL TO BE CONSIDERED AT THE SPECIAL MEETING

At the special meeting, holders of record of our common stock as of the close of business on November 7, 2003 will consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of September 10, 2003, among Open Wheel Racing Series LLC, Open Wheel Acquisition Corporation, a wholly owned subsidiary of Open Wheel, and Championship Auto Racing Teams, Inc., pursuant to which, upon completion of the merger, each share of our common stock, par value $0.01 per share, other than the shares held by Open Wheel or Acquisition Corp., or held by stockholders who perfect their appraisal rights under Delaware law, will be converted into the right to receive the amount of cash, without interest and rounded down to the nearest cent, equal to: (1) $8,242,156, divided by (2) the total number of shares of our common stock outstanding immediately prior to the completion of the merger. Based on 14,718,134 shares of our common stock outstanding on November [ ], 2003, each share of our common stock, other than those held by Open Wheel and Acquisition Corp., or held by stockholders who perfect their appraisal rights under Delaware law, would be entitled to receive $0.56. We are not subject to any existing obligation which would result in an increase of the number of shares of our common stock outstanding on November [ ], 2003, and our board of directors will not authorize any such increase while the merger is pending.

At the special meeting, we will also transact any other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

If the merger is completed, stockholders who perfect their appraisal rights under Delaware law will be entitled to receive from the surviving corporation a cash payment in the amount of the "fair value" of their shares. The fair value, which could be more or less than the merger consideration to which stockholders

would be entitled under the merger agreement, would be exclusive of any value arising from the completion or expectation of the merger (including as a result of any new capital that may become available to Championship as a result of the merger). After the merger, these shares will not represent any interest in the surviving corporation other than the right to receive this cash payment. Stockholders who perfect their appraisal rights in accordance with Delaware law will not receive the merger consideration. See "Special Factors -- Appraisal Rights."

Our board of directors (including all of our independent directors) has determined that the merger agreement and merger are advisable and fair to and in the best interests of our unaffiliated stockholders. ACCORDINGLY, OUR BOARD OF DIRECTORS HAS APPROVED THE MERGER AGREEMENT AND THE MERGER AND RECOMMENDS THAT YOU VOTE "FOR" ADOPTION OF THE MERGER AGREEMENT.

RECORD DATE; VOTING RIGHTS; VOTE REQUIRED

Only stockholders of record at the close of business on November 7, 2003, referred to as the "record date," are entitled to notice of and to vote at the special meeting. On that date, there were approximately [ ] holders of record of our common stock and 14,718,134 shares of our common stock outstanding, of which 11,340,734 shares were held by stockholders other than Open Wheel and its affiliates. Each share of our common stock entitles the holder to cast one vote at the special meeting.

Any stockholder entitled to vote may vote either in person or by properly executed proxy. The presence, in person or by proxy, of the holders of a majority in voting power of the shares of our common stock outstanding on the record date is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes are counted for the purpose of establishing a quorum at the special meeting.

Under Delaware law, we cannot complete the merger unless the merger agreement is adopted by the affirmative vote of holders of a majority of shares of our common stock outstanding and entitled to vote at the special meeting. In addition, the obligations of Championship and Open Wheel to complete the merger are conditioned upon approval of the merger by the holders of a majority of shares of our common stock that are voted "for" or "against" the merger at the special meeting and are not held by Open Wheel or its affiliates. Abstentions and broker non-votes will have the effect of a vote "AGAINST" adoption of the merger agreement for purposes of the vote required by Delaware law. Although Championship and Open Wheel could agree to waive the need for the unaffiliated stockholder approval, Championship would not do so unless our board of directors concluded that the unaffiliated stockholder approval was not obtained due to a negative vote by stockholders who obtained or whose primary objective is to obtain value related to Championship stock or Championship business that would not be available to all stockholders of Championship unaffiliated with Open Wheel on a pro rata basis. In the event that Championship and Open Wheel agree to waive the need for the unaffiliated stockholder approval under such circumstances, it does not intend to resolicit proxies.

Championship has entered into two identical voting agreements with Gerald R. Forsythe, one of Open Wheel's indirect owners. On September 26, 2003, Mr. Forsythe and his affiliates contributed all of their shares of our common stock to Open Wheel. In connection with the merger, since Open Wheel is an affiliate of Mr. Forsythe and is therefore subject to the terms of the Forsythe voting agreements, Open Wheel is required to vote the shares of our common stock it holds in excess of 14.9% of our outstanding common stock in accordance with the recommendation of our board of directors. As of November [ ], 2003,

Open Wheel owned 3,377,400 shares, or approximately 22.95%, of our common stock.

Our directors and executive officers as a group beneficially own 4,025 shares, or less than 1%, of our common stock. This number excludes shares issuable upon the exercise of options that will terminate immediately prior to the completion of the merger. See "Other Matters -- Beneficial Ownership of Championship Common Stock." Neither we nor Open Wheel have entered into any agreements with these directors and officers with respect to the voting of their shares in connection with the merger; however, these directors and officers have expressed their intent to vote their shares in favor of the merger.

VOTING AND REVOCATION OF PROXIES

All shares of our common stock represented by properly executed proxies received prior to or at the special meeting and not revoked will be voted in accordance with the instructions indicated in those proxies. If no instructions are indicated, the proxies will be voted "FOR" the proposal to adopt the merger agreement.

A stockholder giving the proxy may revoke it by:

- delivering to Championship's corporate secretary at Championship's corporate offices at 5350 Lakeview Parkway South Dr., Indianapolis, IN 46268, on or before the business day prior to the special meeting, a later-dated, signed proxy card or a written revocation of the proxy;

- delivering a later-dated, signed proxy card or a written revocation to Championship at the special meeting prior to the taking of the vote on the merger agreement;

- attending the special meeting and voting in person; or

- if a stockholder has instructed a broker to vote their shares, following the directions received from such broker to change those instructions.

Revocation of the proxy will not affect any vote previously taken. Attendance at the special meeting will not in itself constitute the revocation of a proxy; stockholders must vote in person at the special meeting in order to revoke their proxy.

SOLICITATION OF PROXIES; EXPENSES OF SOLICITATION

This solicitation is being made by the board of directors of Championship and the expenses thereof will be borne by Championship. The principal solicitation is being made by mail; however, additional solicitations may be made by telephone, telegraph, or personal interview by officers of Championship or employees of D.F.

King & Co., Inc. Championship expects to reimburse brokerage houses, banks and other fiduciaries for reasonable expenses of forwarding proxy materials to beneficial owners. The fee of D.F. King & Co., Inc. is estimated to be approximately $15,000 plus customary additional payments for telephone solicitations and reimbursement of certain out-of-pocket expenses.

Any written revocation or subsequent proxy card should be delivered to 5350 Lakeview Parkway South Dr., Indianapolis, IN 46268, Attention: Secretary, or hand delivered to our Secretary or his representative before the taking of the vote at the special meeting.

COMPARATIVE MARKET PRICE DATA

Our common stock was formerly traded on the NYSE under the symbol "MPH." On October 6, 2003, however, the NYSE announced that our common stock would be suspended from trading prior to the opening of trading on October 13, 2003, or such earlier date as our common stock commenced trading in another securities marketplace or there was a material adverse development. On October 10, 2003, the NYSE announced that in order to allow for additional time to effectuate an orderly transition to an alternate market, trading in our common stock would be suspended prior to the opening of trading on October 15, 2003. On October 16, 2003, we announced that, effective October 15, 2003, our common stock would be quoted on the OTC Bulletin Board under the symbol "CPNT.OB." The table below sets forth by quarter, since the beginning of our fiscal year 2001, the high and low closing prices for our common stock on the NYSE and, from October 15, 2003, the OTC Bulletin Board.

	MARKET PRICES	
	HIGH	LOW
Fiscal Year 2001		
First Quarter	$21.94	$14.31
Second Quarter	$18.93	$14.40
Third Quarter	$17.83	$13.50
Fourth Quarter	$17.20	$12.15
Fiscal Year 2002		
First Quarter	$17.00	$13.52
Second Quarter	$14.87	$ 8.00
Third Quarter	$ 9.85	$ 3.30
Fourth Quarter	$ 5.28	$ 3.40
Fiscal Year 2003		
First Quarter	$ 4.31	$ 2.58
Second Quarter	$ 4.13	$ 2.22
Third Quarter	$ 2.57	$ 0.58
Fourth Quarter through November 11, 2003	$ 0.62	$ 0.46

On September 9, 2003, the last full trading day prior to the public announcement of the signing of the merger agreement, the closing price for our common stock on the NYSE was $0.87 per share. On November [11], 2003, the most recent practicable date prior to the printing of this proxy statement, the closing price of our common stock as quoted on the OTC Bulletin Board was $0.52 per share.

The market price for our common stock is subject to fluctuation and stockholders are urged to obtain current market quotations. We cannot give you any assurances as to the future price of or market for our common stock.

DIVIDENDS

Championship has not declared or paid a dividend in any of the last two fiscal years. Under the merger agreement, Championship has agreed not to declare or pay any dividends on Championship common stock prior to the closing of the merger or the earlier termination of the merger agreement.

CHAMPIONSHIP'S SELECTED CONSOLIDATED FINANCIAL INFORMATION

The table below shows selected consolidated financial information about Championship. The financial information for the fiscal years 1998 to 2002 was taken from, and should be read along with the audited financial statements contained in, Championship's most recent Annual Report on Form 10-K (excluding financial statements and exhibits (except exhibits 99.1 and 99.2)), attached hereto as Annex F, and Championship's financial statements as of December 31, 2002 and 2001, and the related consolidated financial statements for each of the three years in the period ended December 31, 2002, attached hereto as Annex G. The financial information for the nine months ended September 30, 2002 and September 30, 2003, excluding book value per share, was taken from financial statements of Championship that have not been audited but that, we believe, fairly present Championship's financial position and results of operations for the periods, and should be read along with Championship's most recently filed Quarterly Report on Form 10-Q, attached hereto as Annex I.

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEM		
	2003	2002	2002	2001	2000
			(IN THOUSANDS, EXCEPT PER SHARE AMOU		
STATEMENT OF OPERATIONS:					
Revenue:					
Sanction fees	$ 16,131	$ 27,082	$ 36,607	$ 47,226	$ 38,902
Sponsorship revenue	6,591	8,039	10,150	12,314	21,063
Television revenue	1,734	4,230	4,538	5,228	5,501
Race promotion revenue	10,628	1,417	1,417	--	--
Engine leases, rebuilds and wheel sales	1,425	--	--	1,286	2,122
Other revenue	2,233	2,665	4,533	4,209	7,460
Total revenues	38,742	43,433	57,245	70,263	75,048
Expenses:					
Race distributions(1)	49,728	15,778	19,797	18,599	15,370
Race expenses	6,530	8,432	10,823	10,618	9,869
Race promotion expense	20,784	8,935	9,687	--	--
Costs of engine rebuilds and wheel sales	--	--	--	348	652
Television expense	13,910	9,604	10,975	--	--
Administrative and indirect expenses(2)	16,334	20,762	27,756	35,605	25,275
Bad debt-sponsorship partner(3)	--	--	--	--	6,320
Litigation expenses(4)	2,660	--	--	3,547	--
Merger and strategic charges	1,355	--	--	--	--
Relocation Expense	--	1,305	1,422	--	--
Asset impairment and strategic charges(5)	3,299	--	--	8,548	--
Depreciation and amortization	2,842	1,045	1,436	1,493	1,352
Total expenses	117,442	65,861	81,896	78,758	58,838
Operating income (loss)	(78,700)	(22,428)	(24,651)	(8,495)	16,210
Realized gain (loss) on sale of investments	332	2	26	--	--
Interest income (net)	1,121	3,083	3,762	7,033	7,463
Income (loss) before income taxes	(77,247)	(19,343)	(20,863)	(1,462)	23,673
Income tax expense (benefit)	660	(6,769)	(7,302)	512	8,520

Net income (loss) before effect of accounting change	$(77,907)	$(12,574)	$(13,561)	$ (950)	$ 15,153
Cumulative effect of accounting change	--	$ (956)	$ (956)	--	--
Net income (loss) after effect of accounting change	$(77,907)	$(13,530)	$(14,517)	$ (950)	$ 15,153

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEM		
	2003	2002	2002	2001	2000
	(IN THOUSANDS, EXCEPT PER SHARE AMOU				
Earnings (loss) per share before cumulative effect of accounting change:					
Basic	$ (5.29)	$ (0.85)	$ (0.92)	$ (0.06)	$ 0.97
Diluted	$ (5.29)	$ (0.85)	$ (0.92)	$ (0.06)	$ 0.97
Net earnings (loss) per share:					
Basic	$ (5.29)	$ (0.92)	$ (0.99)	$ (0.06)	$ 0.97
Diluted	$ (5.29)	$ (0.92)	$ (0.99)	$ (0.06)	$ 0.97
Weighted average shares outstanding:					
Basic	14,718	14,718	14,718	15,289	15,624
Diluted	14,718	14,718	14,718	15,289	15,657
BALANCE SHEET DATA (at period end):					
Cash and cash equivalents	$ 2,099	$ 15,174	$ 6,773	$ 27,765	$ 19,504
Short-term investments	17,551	87,776	79,489	87,621	98,206
Working capital (deficit)	11,394	97,816	92,288	111,604	119,953
Total assets	43,653	130,598	114,451	132,941	144,101
Long-term debt (including current portion)	2,523	--	--	--	--
Total stockholders' equity	$ 24,680	$104,345	$103,018	$117,936	$133,894
Book value per share (Basic)	$ 1.68	$ 7.09	$ 7.00	$ 7.71	$ 8.57
Book value per share (Diluted)	$ 1.68	$ 7.09	$ 6.99	$ 7.71	$ 8.55

---

(1) Distributions for the years ended December 31, 2001 and 2002 include reimbursement of overseas travel expenses to race teams.

(2) Administrative and indirect expenses for the years ended December 31, 2001 and 2000 include severance payments to former employees of $4,329 and $2,758, respectively.

(3) Bad debt expense relates to a charge associated with our sponsorship agreement with ISL Marketing AG. You should read "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained in our Annual Report on Form 10-K and Form 10-K/A for the year ended December

31, 2002, which are attached to this proxy statement as Annexes F and H, respectively, for a discussion of this bad debt expense.

(4) Litigation expense for the year ended December 31, 2001 relates to the settlement with Texas Motor Speedway for the postponement of a race at Texas Motor Speedway during 2001. Litigation expense for the nine months ended September 30, 2003 was attributable to an arbitration settlement of a breach of contract case with Engine Developments Ltd., settlement of a breach of contract lawsuit filed by two former team owners, DellaPenna Motorsports and Precision Preparation, Inc., settlement of contract disputes with ESPN television over the cancelled Texas Motor Speedway race, an arbitration award to Action Performance Companies, Inc. in a breach of contract case, settlement of a breach of contract case with Joseph F. Heitzler, a former director and former chairman, chief executive officer and president of Championship, and settlement of a breach of contract case with International Motorsports Association, Inc. with regard to CART, Inc.'s early termination of a sanction agreement.

(5) Asset impairment and strategic charges for the year ended December 31, 2001 relates to the discontinuance of operations of the Dayton Indy Lights Championship effective at the conclusion of the 2001 race season. Asset impairment and strategic charges for the nine months ended September 30, 2003 relates to asset impairment associated with the reduction of carrying value of property and equipment and the write-off of intangible assets with respect to Raceworks, LLC.

SPECIAL FACTORS

BACKGROUND OF THE MERGER

In the past two years, our financial condition has deteriorated significantly. CART, Inc., our wholly owned subsidiary that operates the CART racing series, has experienced a significant reduction in revenue from all of its previous revenue sources, including fees charged to race promoters for the right to hold a CART racing series event (such fees referred to in this proxy statement as sanction fees), television programming and sponsorship fees. At the same time, race promoters, who are critical partners in the CART racing series, also experienced a deterioration in their financial condition. This deterioration was primarily attributable to a decrease in promotional and advertising expenditure by corporations due to the general downturn in the economy, decreased attendance at some race venues as a result of the split with the Indy Racing League (which was formed as a rival open wheel racing series in 1995 due to differences of opinion over the future direction of open wheel racing in the United States) and competition from NASCAR, which has experienced rapid growth during this period. In addition, during this period, two of the three engine manufacturers which supplied engines for the CART racing series left the series to participate in the Indy Racing League. Our teams, which were supported to a significant degree by engine manufacturers and their suppliers, were being encouraged to follow those manufacturers to the Indy Racing League. The teams that elected to participate in the CART racing series experienced a dramatic loss of sponsorship revenue related to the departed engine manufacturers as well as the adverse economic conditions that caused companies to cut back promotion and advertising of their brands. In addition, the teams experienced increased costs because they were required to pay for the lease of engines as compared to receiving free engine leases in the past. These conditions required CART, Inc. to expend significant amounts of capital on entry support programs and team participation payments to encourage teams to remain in the CART racing series.

Beginning in 2001, CART, Inc. lost several important race venues. Three of CART, Inc.'s more profitable international races were lost due to, in the case of Brazil, an adverse political climate, in the case of Germany, bankruptcy of the promoter and, in the case of Japan, the decision by the race venue, which was owned by Honda Motor Company, not to renew with CART, Inc. but rather to run an Indy Racing League event in which participating teams were using Honda engines. CART, Inc. was also forced to cancel another race due to safety concerns. Promoters of CART, Inc.'s other events were also experiencing weakening revenue streams and therefore began demanding lower sanction fees or sanction fees that were based either in whole or in part on a revenue or net income sharing model. CART, Inc. lost some promoters altogether. In order to preserve important markets, CART, Inc. began self-promoting some of its series races rather than utilizing third party promoters. In 2002, CART, Inc. promoted two of its races and in 2003 it promoted six of its races. Unfortunately, due to unfavorable trends in consumer and corporate spending, the overall economic conditions affecting advertising in open-wheel motorsports and the entertainment industry in general and the declining popularity of open-wheel motorsports in the United States, the expenses of self-promoted races were significantly greater than the revenues generated.

During 2001, CART, Inc. began negotiations for a new television agreement to replace its existing fixed fee television agreement that was due to expire at the end of the 2001 season. The existing agreement guaranteed that at least half of the CART racing series races would be shown on network television (ABC) and the balance of the races would be shown on the ESPN cable network. The existing agreement provided a guaranteed amount of income with no offsetting expenses. Unfortunately, CART, Inc. was unable to negotiate an acceptable fixed fee television agreement to replace the existing agreement. The proposed fixed fee agreement was not entered into by CART, Inc. because at the time it believed that a more favorable agreement could be negotiated with another network. After negotiations with other networks failed to result in an agreement, the proposed fixed fee agreement originally offered to CART, Inc. had been withdrawn. Therefore, beginning in 2002, CART, Inc. began buying the air-time and bearing the production costs for its television broadcasts in order to provide its race sponsors, race promoters and team sponsors with adequate television coverage of its races. CART, Inc.'s television revenue thus became dependent solely upon advertising and international rights sales. In addition, the new television agreements provided for fewer network broadcasts and a significant number of races broadcast on a cable network with less exposure than

ESPN. Due to the adverse economic and industry developments described in the previous paragraph and CART, Inc.'s limited experience with selling television advertising, the revenue generated from sales of television advertising was significantly less than the costs to produce and air the television broadcasts.

Also in 2001 and 2002, difficult economic conditions and other factors adversely affected CART, Inc.'s sponsorship revenues. Beginning in 1999, CART, Inc. had outsourced its sponsorship sales function pursuant to a long-term contract which guaranteed CART, Inc. a minimum amount of annual sponsorship revenue plus escalations on an annual basis. At the beginning of 2001, however, CART, Inc.'s sponsorship sales partner defaulted on its contract, ceased operations and filed for bankruptcy protection. As a result, CART, Inc. was required to build an internal sponsorship sales force. This sales force had to operate under adverse economic conditions that caused corporate sponsors to reduce their expenditures for both teams and the CART racing series. The decline in sponsorship revenue was also attributable to our weakened television package, as sponsors value a sponsorship opportunity largely on the amount of exposure they receive on television. In some cases, corporate sponsors left the CART racing series to align themselves with a rival series. In other cases, corporate

sponsors left motorsports altogether. Our title sponsor for the previous four years decided not to renew its title sponsorship and withdrew from the CART racing series after the 2002 season.

Other factors also contributed to our declining financial condition during this time period. During 2001, CART, Inc. was in negotiations to change the engine specifications for the CART racing series beginning with the 2003 race season. Engine specifications are changed on a periodic basis in an effort to take advantage of technological advances. The CART racing series used a turbocharged engine, while the Indy Racing League used a normally aspirated engine. Certain engine manufacturers wanted to supply engines to both leagues to spread their costs over a larger base and therefore wanted the CART racing series to use the same engine as the one used by the Indy Racing League. At the time, American Honda Motor Company, Toyota Motor Sales, U.S.A., Inc. and Ford Motor Company supplied engines for the CART racing series. In some cases, these car manufacturers supplied free engines and provided other financial support to certain teams. In addition, the manufacturers were major sponsors for race promoters and also purchased large quantities of television advertising. At the end of the 2002 season, however, Honda and Toyota left the CART racing series to participate in the Indy Racing League. Several of the teams participating in the CART racing series followed Honda and Toyota to the rival series. Although CART, Inc. was able to enter into a contract with a subsidiary of Ford to purchase and service engines for the CART racing series for the 2003 and 2004 seasons, the loss of Honda and Toyota had an adverse effect on CART, Inc. and the CART racing series promoters and teams.

As a result of the foregoing, by the middle of 2002 it had become apparent to CART, Inc. that it would need to find a way to retain its remaining teams and attract new teams in order to have 18 to 20 race cars in the field for the 2003 season. Failure to field 18 to 20 race cars would, depending on the agreements, have resulted in defaults under certain promoter and television agreements. In light of the circumstances, CART, Inc. believed that the only way to retain existing teams and attract new teams would be to provide participating teams with additional financial support. CART, Inc. believed that this support would result in increased team participation in 2003 and would give it the opportunity to market its television and sponsorship rights on a profitable basis. Therefore, in August 2002, CART, Inc. announced its entry support program and increased its existing team participation payments in order to ensure adequate team participation in the 2003 CART racing series. The entry support program and the team participation payments provide a total of $42,500 in cash payments to teams, per race, for each car entered in the 2003 CART racing series. Management estimates that these payments will amount to a total of $15,342,500 for the 2003 CART racing series. These payments are in addition to prize money and other nonmonetary benefits that accrue to participating teams. In October 2002, recognizing the difficulties the teams were having in securing sponsorship, CART, Inc. announced its commitment to spend an aggregate amount of $30 million in team assistance payments, which would be in addition to the entry support program and team participation payments. In exchange for the entry support, team participation and team assistance payments, the teams agreed to participate in the CART racing series for the entire 2003 season and granted CART, Inc. the right to sell certain advertising space on the teams' racecars. CART, Inc. planned to package this advertising opportunity with its advertising inventory from television and self-promoted races. CART, Inc. believed this would provide an integrated marketing

opportunity to sponsors whereby they could participate at the team, race event and series levels. However, CART, Inc. was unsuccessful in selling the integrated advertising packages.

On October 29, 2002, Championship retained Bear Stearns to act as its financial advisor in its consideration of potential strategic alternatives to increase stockholder value.

At this time, management, at the direction of the board of directors, began developing a four-year business plan incorporating the changing business model discussed above, including financial forecasts for the four fiscal years ending December 31, 2006. From October 2002 to April 2003, Championship's management worked with an outside consultant to develop the business plan.

In light of the financial and business challenges encountered by CART, Inc. discussed above, on December 18, 2002, Championship announced that it had hired David J. Clare to fill the newly created position of Chief Operating Officer with effect from January 6, 2003. Mr. Clare's responsibilities include overseeing Championship's promoter relations, marketing and sales, racing operations and communications departments.

Following the development of the business plan, Bear Stearns, together with management and the board of directors, prepared a confidential information memorandum and Bear Stearns began contacting potential strategic acquirors, equity investors and financing sources concerning strategic alternatives. We encouraged Bear Stearns to pursue a wide range of possibilities for Championship, including finding a strategic partner to acquire a significant interest in Championship or finding a strategic or financial buyer for Championship or a portion of Championship's assets. We did not place any limitations on the types of investors, buyers or partners Bear Stearns could contact or on the structure or type of transaction Bear Stearns could pursue. From May through September 2003, Bear Stearns contacted or was contacted by 45 potential strategic and financial investors, including Mr. Kalkhoven, Mr. Forsythe and Mr. Gentilozzi as well as logical strategic investors within the motorsports industry. Before releasing a confidential information memorandum or other confidential information to entities or individuals who requested initial evaluation materials, we entered into confidentiality agreements with such entities or individuals. As of September 10, 2003, the date we announced the transaction with Open Wheel, 25 prospective investors had executed confidentiality agreements with us. Since that date, we have not entered into any additional confidentiality agreements with entities or individuals that requested initial evaluation materials.

Championship's board of directors, management and advisors from time to time considered matters relating to strategic alternatives, including finding a buyer for Championship or its assets, liquidation and seeking additional sources of financing. From January 2003 through the announcement of the proposed merger with Open Wheel on September 10, 2003, members of the board held 26 meetings and other organized discussions with respect to these matters.

In May 2003, Bear Stearns contacted Mr. Kalkhoven to discuss the possibility of a transaction involving Championship. Bear Stearns and Cravath, Swaine & Moore LLP, or Cravath, special counsel to Championship, coordinated the execution of a confidentiality agreement by Mr. Kalkhoven on May 14, 2003. Bear Stearns and Championship management thereafter had several meetings and other discussions with Mr. Kalkhoven to determine his interest in pursuing a transaction involving Championship.

On June 16, 2003, as our efforts with Bear Stearns to seek strategic alternatives continued, we publicly announced that, in light of the near term financial challenges facing Championship, we had retained Bear Stearns to assist us in exploring strategic alternatives that may be available to us, including a possible sale of Championship.

During this time, the overall economic, financial and operating conditions affecting Championship's business continued to deteriorate. These developments

were reflected in a series of deteriorating financial forecasts provided to the board of directors and publicly disclosed on June 16, 2003, July 22, 2003 and August 11, 2003. Consequently, the expectations of management and the board as to Championship's future performance diminished and it became clear to management and the board that Championship may not have sufficient resources to fund the CART racing series in 2004, even if the entry support, team participation and team assistance payments were reduced.

On July 2, 2003, in response to a concern that certain of our stockholders might be deterred from pursuing a possible business combination or other strategic transaction by the Championship stockholder rights agreement, our board of directors authorized us to amend the rights agreement to permit certain groups of our stockholders to make an acquisition proposal at our request without triggering the rights agreement.

On July 16, 2003, on behalf of Mr. Kalkhoven, representatives of Heller Ehrman White & McAuliffe LLP, or Heller Ehrman, special counsel to Mr. Kalkhoven and, after its formation, Open Wheel, and representatives of Ernst & Young LLP, Open Wheel's business advisor, and EYCF met at the Indianapolis offices of Baker & Daniels, who was additional special counsel to Championship, to begin due diligence of Championship. Representatives of Open Wheel continued their due diligence until September 18, 2003.

On August 11, 2003, at the request of Mr. Forsythe and other investors who eventually formed Open Wheel, our board of directors approved, among other things, (1) the delivery of a letter from Championship to these potential investors, including Mr. Forsythe, indicating that the formation of a group by them would not trigger the rights agreement and (2) the formation of such group for the purposes of making Section 203 of the General Corporation Law of the State of Delaware inapplicable to such group.

On August 12, 2003 representatives of Bear Stearns met with a representative of Ernst & Young LLP to discuss certain material closing conditions contained in Open Wheel's proposal, including resolution of material pending or threatened litigation and the termination of stock options.

On August 15, 2003, in response to Championship's invitation to make an acquisition proposal, Open Wheel was formed by entities controlled by Mr. Kalkhoven, Paul Gentilozzi and Mr. Forsythe. Open Wheel was formed for the purpose of making an acquisition proposal to Championship. On August 15, 2003, Open Wheel delivered a letter to Championship outlining the initial Open Wheel acquisition proposal, which included an offer to acquire all of the outstanding shares of common stock of Championship for a total of $7.4 million in cash. Based on 14,718,134 shares of Championship common stock outstanding as of August 15, 2003 (and assuming the termination of all securities convertible into or exercisable for capital stock of Championship), the consummation of the transaction contemplated by the initial proposal would have resulted in Championship stockholders receiving approximately $0.50 in cash in exchange for each share of our common stock. At the time of delivery of the August 15, 2003 letter, as a result of the ownership of our common stock by Mr. Forsythe and his affiliates, Open Wheel beneficially owned 3,377,400 shares of our common stock, constituting approximately 22.95% of the then-outstanding shares of our common stock.

The Open Wheel Group considered alternative transactions. Open Wheel did not believe any other alternative to an acquisition structure would achieve as well its objective of maximizing the possibility of continuing the CART racing series by simplifying ownership of Championship. Open Wheel believed the acquisition of the common stock of Championship was the best way to achieve its goal, since it allowed the acquisition of the business with minimal disruption

particularly as compared to an asset acquisition in or out of bankruptcy. The form of the transaction was chosen because Open Wheel wanted a simple transaction that could be completed in one step and offered Championship stockholders an opportunity to vote on the transaction.

On August 15, 2003, Open Wheel filed a Schedule 13D with the SEC in connection with the formation of Open Wheel for the purpose of making an acquisition proposal to Championship.

Beginning on August 15, 2003 Championship, Open Wheel and their respective financial and legal advisors had ongoing discussions regarding a potential transaction and its possible terms. In addition, the parties exchanged drafts of various agreements as well as other documents relating to a potential transaction and Open Wheel continued its due diligence regarding Championship.

On August 16, 2003, Championship's independent directors (other than Robert D. Biggs) met telephonically with Championship's management and advisors to discuss the status of the Open Wheel proposal and the status of any other indications of interest. The independent directors consisted of all directors except Christopher R. Pook, our President and Chief Executive Officer, and Derrick Walker and Carl Haas, each an owner of a team that races in the CART racing series. Mr. Walker and Mr. Haas resigned as directors on August 19, 2003 and September 22, 2003, respectively. The independent directors determined that it was in

the best interests of our stockholders to engage in negotiations with Open Wheel for several reasons, including the fact that, based on the report of Championship's advisors that as of the date of the meeting, no other potential strategic acquirors, equity investors or financing sources had produced a definitive proposal or indicated that they were reasonably able to provide a definite proposal, no other potential acquiror had been willing to devote enough effort to due diligence to indicate a sincere interest in completing a transaction, the absence at that time of any superior alternative for stockholders from a financial point of view, assurances from Open Wheel that a definitive agreement would contain limited restrictions on Championship's ability to solicit and accept alternative acquisition proposals, and the belief that such negotiations and an eventual transaction would preserve value for stockholders.

After the August 16, 2003 board meeting, representatives of Bear Stearns indicated to a representative of Ernst & Young LLP that Open Wheel should propose the highest price possible with the fewest closing conditions upon which it was willing to proceed.

On August 18, 2003, Championship publicly announced that it had received a proposal from Open Wheel and that Championship was engaged in negotiations regarding a possible transaction with Open Wheel.

Following various conversations between representatives of Cravath and Heller Ehrman on August 15 and 17, 2003, Cravath delivered a draft merger agreement to Heller Ehrman on August 18, 2003. On the same day, Heller Ehrman provided Championship with a due diligence request list.

On August 19, 2003, at the request of Championship, Cravath provided certain due diligence documents to Heller Ehrman. At the close of business on August 19, 2003, Heller Ehrman provided to Cravath for Championship's consideration a list of proposed conditions to Open Wheel's obligation to complete the merger.

On August 19, 2003, Championship received two letters expressing

preliminary interest in an extraordinary transaction involving Championship. These were the only other specific proposals made to Championship during the period following the announcement that it was seeking strategic alternatives until the conclusion of negotiations with Open Wheel. In one proposal, a group of investors expressed an interest in making an offer to acquire Championship at a per share cash price of $0.75, or perhaps higher. This proposal is referred to in this proxy statement as the investment group acquisition proposal. The investment group acquisition proposal was expressly conditioned upon additional due diligence. After the investment group executed a confidentiality agreement and provided financial and background information about its members, Bear Stearns provided to it a copy of the confidential information memorandum. Championship's legal and financial advisors also spoke with representatives of the investment group to gather more details about its interest and concluded based on these conversations that the investment group's intention was to liquidate Championship and its subsidiaries after acquiring them. However, based on conversations with representatives of the investment group, Championship and its advisors further concluded that the investment group at the time seemed to have made only a cursory analysis of the value that would be available in a liquidation focusing primarily on the fact that Championship's June 30, 2003 balance sheet indicated cash and cash equivalents of $52.1 million and no debt, without taking into account Championship's public disclosures about its diminishing cash resources or the significant liabilities of Championship that would need to be paid if Championship ceased doing business (and thus were not reflected on Championship's historical balance sheet). Championship and its advisors nonetheless encouraged the investment group to make a more definitive proposal or offer for Championship's consideration. Consequently, on August 21, 2003, the investment group entered into a confidentiality agreement with Championship and received the confidential information memorandum and other confidential information. However, after additional due diligence by the investment group, no offer or firmer proposal was received.

In the other proposal, an investment fund that had previously signed a confidentiality agreement and provided financial and background information about its members and received the confidential information memorandum proposed to loan Championship $25 million on a senior secured basis. This proposal is referred to in this proxy statement as the investment fund financing proposal. The investment fund financing proposal contemplated that the investment fund would also receive warrants to purchase shares that would represent 85% of our common stock after issuance at a price of $0.10 per share. The investment fund financing proposal

did not contemplate an acquisition of Championship at a specific per share value for the outstanding shares of common stock. Although the investment fund financing proposal did not indicate a specific per share value for the outstanding shares of Championship common stock, it would have resulted in substantial dilution of the interests of Championship's existing stockholders. Therefore, Championship's board, following discussions with Bear Stearns, concluded that the investment fund financing proposal, even if completed on the proposed terms, was likely to result in a per share price lower than $0.56. In addition, the investment fund financing proposal also was subject to satisfactory completion of due diligence and would not permit any cash distribution to Championship stockholders for the foreseeable future.

On August 19, 2003, Championship announced that Mr. Walker had resigned from his position as a member of the Championship board of directors. Mr. Walker cited potential conflicts of interest as the reason for his resignation. Mr. Walker owns a team that participates in the CART racing series.

On August 19, 2003 and again on August 25, 2003, representatives of Bear Stearns contacted the investment fund to determine its willingness to improve

the terms of the investment fund financing proposal so as to improve the per share equity value to Championship's stockholders that would result from the proposal. In each case, the investment fund indicated that it was not willing to materially modify the terms of its proposal.

On August 21, 2003, Kevin Kalkhoven informed Championship that Open Wheel would not continue its negotiations with Championship until Open Wheel's publicly disclosed offer price of $0.50 per share had been accepted by Championship.

On August 21, 2003, Championship's independent directors (other than Mr. Biggs) met telephonically with Championship's management and advisors and were briefed on the status of the ongoing discussions with Open Wheel and their advisors and other matters. The independent directors also reviewed and considered the terms of the investment group acquisition proposal and the investment fund financing proposal and the additional information on those proposals gathered in conversations between Championship's advisors and representatives of the investment group and the investment fund.

Also on August 21, 2003, Championship announced that Mr. Biggs, who was elected to the Championship board of directors on July 17, 2003, had resigned from his position as a member of the board. Mr. Biggs cited personal circumstances as the reason for his resignation.

On August 22, 2003, Carlisle Peet of Championship and Kevin Kalkhoven of Open Wheel had discussions regarding the purchase price, the merger agreement closing condition relating to the exercise by Championship stockholders of appraisal rights and the management of Championship during the period between the execution of the merger agreement and the completion of the merger.

On August 23, 2003, the board of directors of Championship met in New York, along with representatives of Bear Stearns, Cravath, Baker & Hostetler LLP, Championship's regular counsel, and Baker & Daniels, to discuss the status and terms of the Open Wheel proposal, the investment group acquisition proposal and the investment fund financing proposal, and other options available to Championship. Representatives of Cravath discussed the fiduciary duties of the board in connection with the board's consideration of the Open Wheel proposal and other alternatives. At this meeting, management provided the board of directors with a detailed financial and operational overview of Championship. In addition, management and representatives of Baker & Daniels and Baker & Hostetler LLP made presentations to the board with respect to the financial and legal implications of various alternatives available to Championship, including liquidation, and the issues relating to a possible winding up and liquidation of the businesses of Championship and its subsidiaries. Management advised the board that, if Championship stopped making cash advances to its subsidiaries, this would likely trigger breaches under contracts to which its subsidiaries, including CART, Inc., but not Championship itself, were parties. Baker & Daniels and Baker & Hostetler LLP advised the board that because Championship's subsidiaries would not have the resources to pay the potential damages caused by these breaches, it was likely that the parties to these contracts would assert that the obligations of Championship's subsidiaries under these contracts should be treated as direct obligations of Championship.

At the August 23, 2003 meeting, representatives of Bear Stearns described the process that Bear Stearns had undertaken in order to seek out strategic alternatives for Championship. Representatives of Bear Stearns and Cravath also described the terms and conditions of the Open Wheel proposal, the investment group acquisition proposal and the investment fund financing proposal. The independent directors considered the shortcomings of these two proposals,

including their conditionality and preliminary status, the unattractiveness of many of the proposed terms and the likelihood that additional due diligence, particularly by the investment group that appeared to contemplate liquidating Championship and its subsidiaries, might result in withdrawal or adverse revision of the proposals. The independent directors believed that additional due diligence by the investment fund might result in a withdrawal or adverse revision of the investment fund financing proposal because the investment fund did not appear to have fully considered the decreases in promotional and advertising expenditure by corporations due to the general downturn in the economy, decreased attendance at some race venues, competition from NASCAR and other factors which had contributed to the decline in Championship's stock. The independent directors believed that additional due diligence by the investment group might result in a withdrawal or adverse revision of the investment group acquisition proposal because the investment group seemed to have made only a cursory analysis of the value that would be available in liquidation and had not taken into account Championship's diminishing cash resources or the significant liabilities of Championship that would need to be paid if Championship ceased doing business. The independent directors concluded that, while discussions with the investment group and the investment fund should continue, the primary focus of Championship's efforts should continue to be improving the financial and other terms of and finalizing a transaction