

DOVER MOTORSPORTS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
In Thousands, Except Per Share Amounts
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
Revenues:				
Admissions	\$ 933	\$ 949	\$ 31,034	\$ 33,923
Event-related	1,227	1,747	25,652	24,786
Broadcasting	398	709	27,532	27,272
Other	3	8	61	71
	<u>2,561</u>	<u>3,413</u>	<u>84,279</u>	<u>86,052</u>
Expenses:				
Operating and marketing	4,461	5,049	55,262	55,621
Impairment charges	12,795	-	12,795	-
General and administrative	3,108	3,203	12,528	12,571
Depreciation and amortization	1,770	1,659	6,909	6,369
	<u>22,134</u>	<u>9,911</u>	<u>87,494</u>	<u>74,561</u>
Operating (loss) earnings	(19,573)	(6,498)	(3,215)	11,491
Interest income	14	79	83	186
Interest expense	(960)	(1,180)	(4,078)	(4,335)
(Loss) earnings before income tax benefit (expense)	(20,519)	(7,599)	(7,210)	7,342
Income tax benefit (expense)	8,442	4,123	1,531	(3,598)
Net (loss) earnings	<u>\$ (12,077)</u>	<u>\$ (3,476)</u>	<u>\$ (5,679)</u>	<u>\$ 3,744</u>
Net (loss) earnings per common share:				
Basic	<u>\$ (0.34)</u>	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>	<u>\$ 0.10</u>
Diluted	<u>\$ (0.34)</u>	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>	<u>\$ 0.10</u>
Weighted average shares outstanding:				
Basic	35,958	35,879	35,940	35,875
Diluted	35,958	35,879	35,940	36,017

DOVER MOTORSPORTS, INC.
RECONCILIATION OF GAAP (LOSS) EARNINGS TO ADJUSTED (LOSS) EARNINGS
In Thousands, Except Per Share Amounts
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
GAAP (loss) earnings before income tax benefit (expense)	\$ (20,519)	\$ (7,599)	\$ (7,210)	\$ 7,342
Non-cash impairment charges ⁽¹⁾	<u>12,795</u>	<u>-</u>	<u>12,795</u>	<u>-</u>
Adjusted (loss) earnings before income tax benefit (expense)	<u>\$ (7,724)</u>	<u>\$ (7,599)</u>	<u>\$ 5,585</u>	<u>\$ 7,342</u>
GAAP net (loss) earnings	\$ (12,077)	\$ (3,476)	\$ (5,679)	\$ 3,744
Non-cash impairment charges, net of income taxes ⁽¹⁾	<u>8,317</u>	<u>-</u>	<u>8,317</u>	<u>-</u>
Adjusted net (loss) earnings	<u>\$ (3,760)</u>	<u>\$ (3,476)</u>	<u>\$ 2,638</u>	<u>\$ 3,744</u>
GAAP net (loss) earnings per common share - diluted	\$ (0.34)	\$ (0.10)	\$ (0.16)	\$ 0.10
Non-cash impairment charges, net of income taxes ⁽¹⁾	<u>0.23</u>	<u>-</u>	<u>0.23</u>	<u>-</u>
Adjusted net (loss) earnings per common share - diluted ⁽²⁾	<u>\$ (0.10)</u>	<u>\$ (0.10)</u>	<u>\$ 0.07</u>	<u>\$ 0.10</u>

⁽¹⁾ During the fourth quarter of 2008, we reviewed the long-lived assets of each of our three Midwest facilities for impairment. Based on the results of this analysis, we recorded non-cash impairment charges of \$2,150,000, \$3,140,000 and \$7,505,000 to write-down the carrying value of long-lived assets at our Memphis, Nashville and Gateway facilities, respectively, to fair value.

⁽²⁾ The components of loss per diluted share for the three months ended December 31, 2008 do not add to the adjusted loss per diluted share due to rounding.

Revolving line of credit	42,200	42,300
Bonds payable	2,971	4,098
Liability for pension benefits	2,555	736
Other liabilities	1,920	1,202
Non current income taxes payable	9,630	9,687
Deferred income taxes	<u>16,834</u>	<u>20,101</u>
Total liabilities	<u>87,732</u>	<u>91,590</u>
Stockholders' equity:		
Common stock	1,787	1,672
Class A common stock	1,851	1,952
Additional paid-in capital	100,539	99,849
Accumulated deficit	(34,366)	(26,503)
Accumulated other comprehensive loss	<u>(2,364)</u>	<u>(854)</u>
Total stockholders' equity	<u>67,447</u>	<u>76,116</u>
Total liabilities and stockholders' equity	<u>\$ 155,179</u>	<u>\$ 167,706</u>

	December 31,	
	2008	2007
Operating activities:		
Net (loss) earnings	\$ (5,679)	\$ 3,744
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:		
Depreciation and amortization	6,909	6,369
Amortization of credit facility fees	175	183
Stock-based compensation	598	493
Deferred income taxes	(2,566)	2,038
Impairment charges	12,795	-
Changes in assets and liabilities:		
Accounts receivable	(228)	1,213
Inventories	(88)	59
Prepaid expenses and other	50	(567)
Receivable from/payable to Dover Downs Gaming & Entertainment, Inc.	7	(9)
Accounts payable	(72)	(993)
Accrued liabilities	(691)	(216)
Income taxes payable	(98)	(221)
Deferred revenue	(1,727)	(1,319)
Other liabilities	663	795
Net cash provided by operating activities	<u>10,048</u>	<u>11,569</u>
Investing activities:		
Capital expenditures	(6,577)	(11,279)
Restricted cash	(1,050)	(485)
Purchase of available-for-sale securities	(50)	-
Net cash used in investing activities	<u>(7,677)</u>	<u>(11,764)</u>
Financing activities:		
Borrowings from revolving line of credit	38,600	40,400
Repayments on revolving line of credit	(38,700)	(37,100)
Repayments of bonds payable	(108)	(697)
Dividends paid	(2,184)	(2,176)
Repurchase of common stock	(137)	(54)
Credit facility fees	(124)	(159)
Proceeds from stock options exercised	216	-
Excess tax benefit on stock awards	27	10
Net cash (used in) provided by financing activities	<u>(2,410)</u>	<u>224</u>
Net (decrease) increase in cash and cash equivalents	(39)	29
Cash and cash equivalents, beginning of year	<u>327</u>	<u>298</u>
Cash and cash equivalents, end of year	<u>\$ 288</u>	<u>\$ 327</u>