

DOVER MOTORSPORTS, INC.  
CONSOLIDATED STATEMENT OF (LOSS) EARNINGS AND COMPREHENSIVE (LOSS) EARNINGS  
In Thousands, Except Per Share Amounts  
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
Revenues:				
Admissions	\$ 935	\$ 812	\$ 35,070	\$ 37,195
Event-related	1,281	1,617	25,585	27,061
Broadcasting	739	648	30,436	26,267
Other	74	173	183	476
	<u>3,029</u>	<u>3,250</u>	<u>91,274</u>	<u>90,999</u>
Expenses:				
Operating and marketing	4,593	4,427	54,178	52,793
Impairment charges	-	-	64,618	-
General and administrative	3,210	3,983	12,626	13,697
Depreciation and amortization	1,554	2,380	8,726	9,433
	<u>9,357</u>	<u>10,790</u>	<u>140,148</u>	<u>75,923</u>
Operating (loss) earnings	(6,328)	(7,540)	(48,874)	15,076
Interest income	44	12	95	27
Interest expense	(809)	(1,110)	(4,058)	(3,542)
Loss on extinguishment of debt	-	(3,174)	-	(3,174)
(Loss) earnings from continuing operations before income tax benefit (expense)	(7,093)	(11,812)	(52,837)	8,387
Income tax benefit (expense)	<u>2,287</u>	<u>5,214</u>	<u>17,492</u>	<u>(4,412)</u>
(Loss) earnings from continuing operations	(4,806)	(6,598)	(35,345)	3,975
Earnings from discontinued operation, net of income tax expense of \$3,574 for the year ended December 31, 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>601</u>
Net (loss) earnings	(4,806)	(6,598)	(35,345)	4,576
Unrealized gain on interest rate swap, net of income tax expense of \$1 and \$71 for the three months and year ended December 31, 2006	3	-	105	-
Change in minimum pension liability, net of income tax (expense) benefit of (\$508) for the 2006 periods and \$122 for the 2005 periods	<u>737</u>	<u>(210)</u>	<u>737</u>	<u>(210)</u>
Comprehensive (loss) earnings	<u>\$ (4,066)</u>	<u>\$ (6,808)</u>	<u>\$ (34,503)</u>	<u>\$ 4,366</u>
Net (loss) earnings per common share - basic:				
Continuing operations	\$ (0.13)	\$ (0.18)	\$ (0.98)	\$ 0.10
Discontinued operation	-	-	-	0.02
Net (loss) earnings	<u>\$ (0.13)</u>	<u>\$ (0.18)</u>	<u>\$ (0.98)</u>	<u>\$ 0.12</u>
Net (loss) earnings per common share - diluted:				
Continuing operations	\$ (0.13)	\$ (0.18)	\$ (0.98)	\$ 0.10
Discontinued operation	-	-	-	0.02
Net (loss) earnings	<u>\$ (0.13)</u>	<u>\$ (0.18)</u>	<u>\$ (0.98)</u>	<u>\$ 0.12</u>
Weighted average shares outstanding:				
- Basic	35,878	36,150	35,994	38,913
- Diluted	35,878	36,150	35,994	39,087

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

	Three Months Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
GAAP (loss) earnings from continuing operations before income tax benefit (expense)	\$ (7,093)	\$ (11,812)	\$ (52,837)	\$ 8,387
Non-cash impairment charges <sup>(1)</sup>	-	-	64,618	-
Loss on extinguishment of debt <sup>(2)</sup>	-	3,174	-	3,174
Adjusted (loss) earnings from continuing operations before income tax benefit (expense)	<u>\$ (7,093)</u>	<u>\$ (8,638)</u>	<u>\$ 11,781</u>	<u>\$ 11,561</u>
GAAP (loss) earnings from continuing operations	\$ (4,806)	\$ (6,598)	\$ (35,345)	\$ 3,975
Non-cash impairment charges, net of income taxes <sup>(1)</sup>	-	-	40,995	-
Loss on extinguishment of debt, net of income taxes <sup>(2)</sup>	-	1,774	-	1,774
Adjusted (loss) earnings from continuing operations	<u>\$ (4,806)</u>	<u>\$ (4,824)</u>	<u>\$ 5,650</u>	<u>\$ 5,749</u>
GAAP (loss) earnings from continuing operations per common share - diluted	\$ (0.13)	\$ (0.18)	\$ (0.98)	\$ 0.10
Non-cash impairment charges, net of income taxes <sup>(1)</sup>	-	-	1.14	-
Loss on extinguishment of debt, net of income taxes <sup>(2)</sup>	-	0.05	-	0.05
Adjusted (loss) earnings from continuing operations per common share - diluted	<u>\$ (0.13)</u>	<u>\$ (0.13)</u>	<u>\$ 0.16</u>	<u>\$ 0.15</u>

<sup>(1)</sup> During the third quarter of 2006, the Company reviewed the long-lived assets of each of its three Midwest facilities for impairment. Based on the results of this analysis, the Company recorded a non-cash impairment charge of \$61,409,000 (\$38,999,000 after income tax benefit of \$22,410,000) to write-down the carrying value of long-lived assets at its Nashville, Memphis and Gateway facilities to fair value. Based on the factors related to the long-lived assets impairment, the Company completed an assessment of goodwill for potential impairment and determined that there is an impairment loss related to the goodwill balance of \$2,487,000 that is associated with the Midwest operations. As a result of this analysis, the Company recorded a non-cash impairment charge of \$2,487,000 (\$1,579,000 after income tax benefit of \$908,000) to write-down to zero the carrying value of its goodwill. Additionally, the Company entered into an agreement of sale on October 27, 2006 that indicated that the fair value of its corporate aircraft was less than its carrying value of \$4,792,000. As a result, the Company recorded a non-cash impairment charge of \$722,000 (\$417,000 after income tax benefit of \$305,000) as of September 30, 2006, to write-down the carrying amount of its corporate aircraft to fair value.

<sup>(2)</sup> On October 6, 2005, Midwest Racing redeemed \$11,908,000 of the outstanding SWIDA loan for \$14,587,000 (including a \$2,676,000 premium to the bondholders), plus accrued interest. The Company wrote-off \$495,000 of deferred bond costs as a result of the redemption. The redemption resulted in a loss on extinguishment of debt of \$3,174,000 (\$1,774,000 after income tax benefit of \$1,400,000).

DOVER MOTORSPORTS, INC.  
CONSOLIDATED BALANCE SHEET  
In Thousands  
(Unaudited)

	December 31, 2006	December 31, 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 298	\$ 953
Accounts receivable	2,935	2,366
Inventories	244	230
Prepaid expenses and other	1,808	1,705
Receivable from Dover Downs Gaming & Entertainment, Inc.	9	-
Deferred income taxes	193	517
Total current assets	5,487	5,771
Property and equipment, net	152,502	221,005
Restricted cash	3,684	3,200
Other assets, net	1,261	963
Goodwill	-	2,487
Total assets	\$ 162,934	\$ 233,426
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,938	\$ 1,477
Accrued liabilities	3,400	5,421
Payable to Dover Downs Gaming & Entertainment, Inc.	-	15
Income taxes payable	478	290
Current portion of long-term debt	695	875
Deferred revenue	10,008	9,522
Current liabilities of discontinued operation	-	144
Total current liabilities	16,519	17,744
Notes payable to banks	39,000	49,100
Long-term debt	4,211	4,903
Liability for pension benefits	771	-
Other liabilities	-	42
Deferred income taxes	28,173	48,360
Total liabilities	88,674	120,149
Stockholders' equity:		
Common stock	1,635	1,650
Class A common stock	1,977	1,992
Additional paid-in capital	99,412	101,757
(Accumulated deficit) retained earnings	(28,071)	9,453
Accumulated other comprehensive loss	(693)	(737)
Deferred compensation	-	(838)
Total stockholders' equity	74,260	113,277
Total liabilities and stockholders' equity	\$ 162,934	\$ 233,426

DOVER MOTORSPORTS, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
In Thousands  
(Unaudited)

	Years Ended December 31,	
	2006	2005
Operating activities:		
Net (loss) earnings	\$ (35,345)	\$ 4,576
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	8,726	9,433
Amortization of credit facility fees	186	167
Stock-based compensation	411	200
Deferred income taxes	(19,892)	2,473
Impairment charges	64,618	-
Loss on extinguishment of debt	-	3,174
Earnings from discontinued operation, net	-	(601)
Changes in assets and liabilities:		
Accounts receivable	(569)	(30)
Inventories	(14)	(22)
Prepaid expenses and other	38	62
Receivable from/payable to Dover Downs Gaming & Entertainment, Inc.	(24)	13
Accounts payable	461	(421)
Accrued liabilities	(1,703)	(330)
Income taxes payable	188	(34)
Deferred revenue	486	216
Other liabilities	(42)	(22)
Net cash provided by operating activities of continuing operations	17,525	18,854
Net cash used in operating activities of discontinued operation	(144)	(1,470)
Investing activities:		
Capital expenditures	(6,331)	(8,675)
Restricted cash	(484)	371
Proceeds from sale of corporate aircraft, net of transaction costs	4,098	-
Proceeds from sale of discontinued operation, net of transaction costs	-	15,132
Net cash (used in) provided by investing activities of continuing operations	(2,717)	6,828
Net cash used in investing activities of discontinued operation	-	(178)
Financing activities:		
Repayments of notes payable to banks, net	(10,100)	22,100
Repayments of long-term debt	(872)	(803)
Dividends paid	(2,179)	(1,957)
Repurchase of common stock	(1,954)	(28,562)
Credit facility fees	(220)	(170)
Excess tax benefit on stock awards	16	-
Proceeds from stock options exercised	-	764
Extinguishment of long-term debt	-	(14,587)
Other	(10)	-
Net cash used in financing activities of continuing operations	(15,319)	(23,215)
Net (decrease) increase in cash and cash equivalents	(655)	819
Cash and cash equivalents, beginning of year	953	134
Cash and cash equivalents, end of year	\$ 298	\$ 953