

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

	Three Months Ended December 31,		Years Ended December 31,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:				
Admissions	\$ 949	\$ 935	\$ 33,923	\$ 35,070
Event-related	1,747	1,281	24,786	25,585
Broadcasting	709	739	27,272	30,436
Other	8	74	71	183
	<u>3,413</u>	<u>3,029</u>	<u>86,052</u>	<u>91,274</u>
Expenses:				
Operating and marketing	5,049	4,593	55,621	54,178
Impairment charges	-	-	-	64,618
General and administrative	3,203	3,210	12,571	12,626
Depreciation and amortization	1,659	1,554	6,369	8,726
	<u>9,911</u>	<u>9,357</u>	<u>74,561</u>	<u>140,148</u>
Operating (loss) earnings	(6,498)	(6,328)	11,491	(48,874)
Interest income	79	44	186	95
Interest expense	(1,180)	(809)	(4,335)	(4,058)
(Loss) earnings before income tax benefit (expense)	(7,599)	(7,093)	7,342	(52,837)
Income tax benefit (expense)	4,123	2,287	(3,598)	17,492
Net (loss) earnings	<u>\$ (3,476)</u>	<u>\$ (4,806)</u>	<u>\$ 3,744</u>	<u>\$ (35,345)</u>
Net (loss) earnings per common share:				
Basic	<u>\$ (0.10)</u>	<u>\$ (0.13)</u>	<u>\$ 0.10</u>	<u>\$ (0.98)</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ (0.13)</u>	<u>\$ 0.10</u>	<u>\$ (0.98)</u>
Weighted average shares outstanding:				
Basic	35,879	35,878	35,875	35,994
Diluted	35,879	35,878	36,017	35,994

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,	
	2007	2006	2007	2006
GAAP (loss) earnings before income tax benefit (expense)	\$ (7,599)	\$ (7,093)	\$ 7,342	\$ (52,837)
Non-cash impairment charges ⁽¹⁾	-	-	-	64,618
Adjusted (loss) earnings before income tax benefit (expense)	<u>\$ (7,599)</u>	<u>\$ (7,093)</u>	<u>\$ 7,342</u>	<u>\$ 11,781</u>
GAAP net (loss) earnings	\$ (3,476)	\$ (4,806)	\$ 3,744	\$ (35,345)
Non-cash impairment charges, net of income taxes ⁽¹⁾	-	-	-	40,995
Adjusted net (loss) earnings	<u>\$ (3,476)</u>	<u>\$ (4,806)</u>	<u>\$ 3,744</u>	<u>\$ 5,650</u>
GAAP net (loss) earnings per common share - diluted	\$ (0.10)	\$ (0.13)	\$ 0.10	\$ (0.98)
Non-cash impairment charges, net of income taxes ⁽¹⁾	-	-	-	1.14
Adjusted net (loss) earnings per common share - diluted	<u>\$ (0.10)</u>	<u>\$ (0.13)</u>	<u>\$ 0.10</u>	<u>\$ 0.16</u>

⁽¹⁾ During the third quarter of 2006, 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 \$16,170,000, \$7,882,000 and \$37,357,000 to write-down the carrying value of long-lived assets at our Nashville, Memphis and Gateway facilities, respectively, to fair value. Based on the factors related to the long-lived assets impairment, we completed an assessment of goodwill for potential impairment and determined that there was 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, we recorded a non-cash impairment charge of \$2,487,000 to write-down to zero the carrying value of our goodwill. Additionally, in connection with the sale of our corporate aircraft, we recorded a non-cash impairment charge of \$722,000 as of September 30, 2006, to write-down the carrying amount of the aircraft to fair value.

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

	December 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 327	\$ 298
Accounts receivable	1,722	2,935
Inventories	185	244
Prepaid expenses and other	1,773	1,808
Receivable from Dover Downs Gaming & Entertainment, Inc.	18	9
Deferred income taxes	186	193
Total current assets	4,211	5,487
Property and equipment, net	157,748	152,502
Restricted cash	4,169	3,684
Other assets, net	1,578	1,261
Total assets	\$ 167,706	\$ 162,934
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 945	\$ 1,938
Accrued liabilities	3,464	3,400
Income taxes payable	257	478
Current portion of bonds payable	111	695
Deferred revenue	8,689	10,008
Total current liabilities	13,466	16,519
Revolving line of credit	42,300	39,000
Bonds payable	4,098	4,211
Liability for pension benefits	736	771
Other liabilities	1,202	-
Noncurrent income taxes payable	9,687	-
Deferred income taxes	20,101	28,173
Total liabilities	91,590	88,674
Stockholders' equity:		
Common stock	1,672	1,635
Class A common stock	1,952	1,977
Additional paid-in capital	99,849	99,412
Accumulated deficit	(26,503)	(28,071)
Accumulated other comprehensive loss	(854)	(693)
Total stockholders' equity	76,116	74,260
Total liabilities and stockholders' equity	\$ 167,706	\$ 162,934

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

	Years Ended December 31,	
	2007	2006
Operating activities:		
Net earnings (loss)	\$ 3,744	\$ (35,345)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	6,369	8,726
Amortization of credit facility fees	183	186
Stock-based compensation	493	411
Deferred income taxes	2,038	(19,890)
Impairment charges	-	64,618
Changes in assets and liabilities:		
Accounts receivable	1,213	(569)
Inventories	59	(14)
Prepaid expenses and other	(567)	38
Receivable from/payable to Dover Downs Gaming & Entertainment, Inc.	(9)	(24)
Accounts payable	(993)	461
Accrued liabilities	53	(1,703)
Income taxes payable	(221)	186
Deferred revenue	(1,319)	486
Other liabilities	795	(42)
Net cash provided by operating activities of continuing operations	11,838	17,525
Net cash used in operating activities of discontinued operation	-	(144)
Investing activities:		
Capital expenditures	(11,548)	(6,331)
Restricted cash	(485)	(484)
Proceeds from the sale of corporate aircraft, net	-	4,098
Net cash used in investing activities	(12,033)	(2,717)
Financing activities:		
Borrowings from revolving line of credit	40,400	37,900
Repayments of revolving line of credit	(37,100)	(48,000)
Repayments of bonds payable	(697)	(872)
Dividends paid	(2,176)	(2,179)
Repurchase of common stock	(54)	(1,954)
Credit facility fees	(159)	(220)
Excess tax benefit on stock awards	10	16
Other	-	(10)
Net cash provided by (used in) financing activities	224	(15,319)
Net increase (decrease) in cash and cash equivalents	29	(655)
Cash and cash equivalents, beginning of period	298	953
Cash and cash equivalents, end of period	\$ 327	\$ 298