

DOVER MOTORSPORTS INC  
Form PRE 14A  
April 05, 2002

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of  
1934 (Amendment No. )  
Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

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Dover Motorsports, Inc.  
(Name of Registrant as Specified In Its Charter)

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:  
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(2) Aggregate number of securities to which transaction applies:  
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(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):  
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(4) Proposed maximum aggregate value of transaction:  
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(5) Total fee paid:  
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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,

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or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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DOVER MOTORSPORTS, INC.  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 22, 2002

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TO THE HOLDERS OF COMMON STOCK AND CLASS A COMMON STOCK:

PLEASE TAKE NOTICE that the 2002 Annual Meeting of Stockholders of DOVER MOTORSPORTS, INC., a Delaware corporation, will be held at the Dover Downs Hotel and Conference Center, 1131 N. DuPont Highway, Dover, Delaware, on Wednesday, May 22, 2002, at 9:00 A.M. for the following purposes:

1. To elect two Class III Directors to the Board of Directors;
2. To authorize the Board of Directors to effect a Reverse Stock Split in a ratio of One for Two.
3. To consider and act upon such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Proxy Statement dated April 26, 2002 is attached.

The Board of Directors has fixed the close of business on April 18, 2002 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

You are cordially invited to attend the Annual Meeting. If you cannot be present in person, please sign and date the enclosed proxy and promptly mail it in the enclosed return envelope which requires no United States postage. Any stockholder giving a proxy has the right to revoke it any time before it is voted. If you hold your stock in a broker or bank "street" account and wish to vote your shares in person at the meeting, you must obtain the appropriate documentation from your broker or bank custodian (the record holder).

BY ORDER OF THE BOARD OF DIRECTORS

KLAUS M. BELOHOUBEK,  
Vice President-General Counsel and  
Secretary

Dated: Dover, Delaware  
April 26, 2002

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YOU ARE REQUESTED TO DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO UNITED STATES POSTAGE.

PROXY STATEMENT

DOVER MOTORSPORTS, INC.  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 22, 2002  
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The information concerning the enclosed proxy and the matters to be acted upon at the Annual Meeting of Stockholders to be held on May 22, 2002 (the "Annual Meeting") is submitted to the stockholders for their information.

DOVER MOTORSPORTS, INC., a Delaware corporation (the "Company"), was previously known as Dover Downs Entertainment, Inc. The Company changed its name on March 31, 2002 in connection with the transfer of its gaming operations to Dover Downs Gaming & Entertainment, Inc. and the tax free spin-off of that entity on a pro rata basis to the Company's stockholders.

SOLICITATION OF AND POWER TO REVOKE PROXY

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of the Company. Proxies solicited hereby are to be voted at the Annual Meeting or at any adjournment thereof.

The mailing address for the Company's principal executive office is PO Box 843, Dover, Delaware 19903. This Proxy Statement and the form of proxy were first sent to the Company's stockholders on or about April 26, 2002.

A form of proxy is enclosed. Each proxy submitted will be voted as directed but, if not otherwise specified, proxies solicited by the Board of Directors of the Company will be voted in favor of the candidates for election to the Board of Directors as Class III Directors and for the proposal to authorize the Board of Directors to effect a Reverse Stock Split in a ratio of One for Two.

The solicitation of proxies will be by mail. It may be that further solicitation of proxies will be made by telephone, telegram or interview with some stockholders of the Company, following the original solicitation. All such further solicitations will be made by regular officers and employees of the Company, who will not be additionally compensated therefor, or its Transfer Agent. The Company will bear the entire cost of all such solicitations, which will be nominal and include reimbursements paid to brokerage firms and others for their expenses in forwarding solicitation material regarding the meeting to beneficial owners.

Each stockholder has the right to revoke his or her proxy at any time before it is voted. A proxy may be revoked by filing with the General Counsel of the Company a written revocation or a duly executed proxy bearing a later date or by voting in person at the Annual Meeting. Any stockholder may attend the Annual Meeting and vote in person, whether or not such stockholder has previously given a proxy. If you hold your stock in a broker or bank "street" account and wish to vote your shares in person at the meeting, you must obtain the appropriate documentation from your broker or bank custodian (the record holder).

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### CAPITAL STOCK AND VOTING RIGHTS

The outstanding capital stock of the Company on April 18, 2002 consisted of 14,284,252 shares of Common Stock, par value \$.10 per share (the "Common Stock"), and 23,769,085 shares of Class A Common Stock, par value \$.10 per share (the "Class A Common Stock"). Shares of Class A Common Stock are convertible at any time into shares of Common Stock on a share-for-share basis at the option of the holder thereof.

**Voting Rights in General.** Each holder of Common Stock is entitled to one vote for each share of Common Stock held and each holder of Class A Common Stock is entitled to ten votes for each share of Class A Common Stock held, except to the extent that voting by class is required by law. At a meeting of stockholders at which a quorum is present, a majority of the votes cast decides all questions, unless the matter is one upon which a different vote is required by express provision of law or the Company's Certificate of Incorporation or Bylaws. Under the General Corporation Law of the State of Delaware, holders of Common Stock and Class A Common Stock are entitled to vote as a class with respect to certain matters, including mergers and amendments to the Certificate of Incorporation of the Company which would have certain specified effects on the Common Stock and Class A Common Stock, respectively.

**Quorum.** A majority of the outstanding shares, present in person or by proxy, will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Broker non-votes occur when a broker or other nominee does not vote on a particular proposal because it does not have discretionary voting authority for that proposal and has not received voting instructions from the beneficial owner.

**Vote Required.** Proposal Number One relative to the election of the nominees named herein as Directors will require a plurality of the votes cast by the shares entitled to vote in the election (i.e., the nominees receiving the greatest number of votes will be elected). Accordingly, abstentions and broker non-votes will not affect the outcome of the election of directors. There is no class voting or cumulative voting with respect to the election of directors. Proposal Number Two relative to a Reverse Stock Split in a ratio of One for Two requires the affirmative vote of a majority of the outstanding shares of both Common Stock and Class A Common Stock, voting separately as a class. Abstentions and broker non-votes on this proposal will be counted for purposes of determining the number of shares present on the proposal but will not be counted as votes "for" the proposal. Therefore, abstentions and broker non-votes will have the same effect as votes against these proposals.

### STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of March 31, 2002, only 10 persons were known to the Company to own beneficially more than five percent (5%) of the outstanding shares of the Common Stock or Class A Common Stock. The name and address of each such person, together with the number of shares owned and the percentage of outstanding shares that ownership represents, and information as to Common Stock and Class A Common Stock ownership of (i) each director, or nominee for director, of the Company, (ii) the Named Executives identified in the Summary Compensation Table, and (iii) the officers and directors of the Company as a group, in each case according to information received by the Company, are set forth below.

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Names and Addresses of Beneficial Owners	Number of Shares and Nature of Beneficial Ownership by Class(1)		Percentage Beneficially Owned by Class		Percentage of Combined Voting Power of Both Classes
	Common Stock	Class A Common Stock	Common Stock	Class A Common Stock	
Estate of John W. Rollins..... One Rollins Plaza Wilmington, DE 19803	--	10,311,960 (2)	--	43.4%	40.9%

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Names and Addresses of Beneficial Owners	Number of Shares and Nature of Beneficial Ownership by Class(1)		Percentage Beneficially Owned by Class		Percentage of Combined Voting Power of Both Classes
	Common Stock	Class A Common Stock	Common Stock	Class A Common Stock	
Henry B. Tippie..... P.O. Box 26557 Austin, TX 78755	192,000	3,000,000 (2) (3)	1.3%	12.6%	12.0%
R. Randall Rollins..... 2170 Piedmont Street, NE Atlanta, GA 30301	--	2,030,000	--	8.5%	8.0%
Gary W. Rollins..... 2170 Piedmont Street, NE Atlanta, GA 30301	--	2,030,000	--	8.5%	8.0%
Eugene W. Weaver..... 570 Winturford Drive West Chester, PA 19382	37,500	2,117,000 (4)	0.3%	8.9%	8.4%
Jeffrey W. Rollins..... 2200 Concord Pike, 14th Floor Wilmington, DE 19803	67,440 (5)	1,253,975	0.5%	5.3%	5.0%
Melvin L. Joseph..... RD #7, Box 218 Georgetown, DE 19947	20,000	860,000	0.1%	3.6%	3.4%
Denis McGlynn..... 1131 North DuPont Highway Dover, DE 19901	51,964	869,000 (6)	0.4%	3.7%	3.5%
John W. Rollins, Jr..... 2200 Concord Pike, 14th Floor	193,800 (7)	197,000	1.4%	0.8%	0.9%

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Wilmington, DE 19803

Patrick J. Bagley..... 709 Kilburn Road Wilmington, DE 19803	1,000	--	--	--	--
Robert M. Comollo..... 1131 North DuPont Highway Dover, DE 19901	24,500	--	0.2%	--	--
Klaus M. Belohoubek..... 2200 Concord Pike, 15th Floor Wilmington, DE 19803	19,485	--	0.1%	--	--
Edward J. Sutor..... 1131 North DuPont Highway Dover, DE 19901	17,775	--	0.1%	--	--
Timothy R. Horne..... 1131 North DuPont Highway Dover, DE 19901	26,890	--	0.2%	--	--
Merrill Lynch Investment Managers..... 800 Scudders Mill Road Plainsboro, NJ 08536	1,340,152	--	9.4%	--	0.5%

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Names and Addresses of Beneficial Owners -----	Number of Shares and Nature of Beneficial Ownership by Class(1)		Percentage Beneficially Owned by Class		Percentage of Combined Voting Power of Both Classes
	Common Stock	Class A Common Stock	Common Stock	Class A Common Stock	
Gabelli Asset Management, Inc..... One Corporate Center Rye, NY 10580	737,500	--	5.2%	--	0.3%
Putnam Investments LLC.. One Post Office Square Boston, MA 02109	730,000	--	5.1%	--	0.3%
Vanguard Group..... P.O. Box 2600 Valley Forge, PA 19482- 2600	722,700	--	5.1%	--	0.3%
All Directors and Officers as a Group (12)	652,334	10,326,975	4.6%	43.5%	41.2%

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persons)

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- (1) Class A Common Stock is convertible, at any time, on a share-for-share basis into Common Stock at the option of the holder thereof. As a result, pursuant to Rule 13d of the Securities Exchange Act of 1934, a stockholder is deemed to have beneficial ownership of the shares of Common Stock which such stockholder may acquire upon conversion of the Class A Common Stock. In order to avoid overstatement, the amount of Common Stock beneficially owned does not take into account such shares of Common Stock which may be acquired upon conversion of the Class A Common Stock (an amount which is equal to the number of shares of Class A Common Stock held by a stockholder). The above numbers include the following shares of Common Stock subject to options granted under the Company's 1996 Stock Option Plan (the "Plan") which the listed beneficial owner has the right to acquire beneficial ownership as specified in Rule 13d of the Securities Exchange Act of 1934: Denis McGlynn, 51,764 shares; Edward J. Sutor, 13,255 shares; Timothy R. Horne, 26,390 shares; Klaus M. Belohoubek, 14,985 shares; and Robert M. Comollo, 12,500 shares; and all directors and officers as a group, 118,894 shares.
- (2) Henry B. Tippie is the executor of the Estate of John W. Rollins, Sr. His individual holdings are listed separately from the holdings of the Estate.
- (3) Includes 150,000 shares of Common Stock held by his wife and 42,000 shares of Common Stock held as Co-Trustee, as to which Mr. Tippie disclaims any beneficial interest.
- (4) Includes 10,000 shares of Common Stock and 100,000 shares of Class A Common Stock held by his wife and 10,000 shares of Common Stock and 15,000 shares of Class A Common Stock held as Trustee, as to which Mr. Weaver disclaims any beneficial interest, and 600,000 shares of Class A Common Stock owned by a partnership over which Mr. Weaver has sole voting power, as to which Mr. Weaver disclaims beneficial interest in 76.14% of the partnership.
- (5) Includes 21,550 shares of Common Stock owned by a limited liability corporation over which Mr. Rollins has sole voting and investment power.
- (6) Includes 52,000 shares of Class A Common Stock held by his wife, as to which Mr. McGlynn disclaims any beneficial interest.
- (7) Includes 900 shares of Common Stock held by his wife, as to which Mr. Rollins disclaims any beneficial interest.

### PROPOSAL NUMBER ONE ELECTION OF DIRECTORS

Two individuals are to be elected at the Annual Meeting to serve as Class III Directors for a term of three years, and until the election and qualification of their successors. Six other individuals serve as directors but are not standing for re-election because their terms as directors extend past the Annual Meeting pursuant to

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provisions of the Company's Restated Certificate of Incorporation which provide for the election of directors for staggered terms, with each director serving a three year term.

Unless a stockholder WITHHOLDS AUTHORITY, the proxy holders will vote FOR the election of each of the persons named below to a three year term as a director. Although the Board of Directors does not contemplate the possibility, in the event a nominee is not a candidate or is unable to serve as director at the time of the election, unless the stockholder WITHHOLDS AUTHORITY, the proxies will be voted for such nominee as is designated by the

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present Board of Directors to fill such vacancy.

The name and age of each of the nominees, his principal occupation, and the period during which he has served as a Director are set forth below. Similar information is also provided for those directors whose terms expire in future years.

Names of Nominees -----	Principal Occupation(1) -----	Service as Director -----	Age ---
Class III (Term Expires 2005)			
Denis McGlynn.....	President and Chief Executive Officer	1979 to date	56
Jeffrey W. Rollins.....	Principal, Context Ventures, Inc., LLC	1993 to date	37
Names of Directors Whose Terms Have Not Expired -----			
Class I (Term Expires 2003)			
Henry B. Tippie.....	Chairman of the Board; Chairman of the Board and Chief Executive Officer, Tippie Services, Inc.	1996 to date	75
R. Randall Rollins.....	Chairman of the Board and Chief Executive Officer, Rollins, Inc.; Chairman of the Board and Chief Executive Officer, RPC, Inc.	1996 to date	70
Patrick J. Bagley.....	Former Vice President--Finance, Treasurer and Director, Rollins Truck Leasing Corp.	1996 to date	55
Class II (Term Expires 2004)			
John W. Rollins, Jr.....	Former President, Chief Executive Officer and Director, Rollins Truck Leasing Corp.	1996 to date	59
Eugene W. Weaver.....	Former Senior Vice President--Administration	1971 to date	69
Melvin L. Joseph.....	Vice President and Director of Auto Racing, Dover International Speedway, Inc.; President, Melvin Joseph Construction Company	1969 to date	80

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 (1) Except as noted, the nominees and other directors have held the positions of responsibility set out in the above column (but not necessarily their present titles) for more than five years. In addition to the directorships listed in the above column, the following individuals also serve on the board of directors of the following companies: Henry B.



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Tippie, Rollins, Inc., Safety-Kleen Corp., RPC, Inc. and Marine Products Corporation; R. Randall Rollins, SunTrust Banks Inc., SunTrust Banks of Georgia and Marine Products Corporation; John W. Rollins, Jr., Safety-Kleen Corp.; and Eugene W. Weaver, WSFS Financial Corp. Jeffrey W. Rollins co-founded Context Ventures, Inc., LLC, a firm that provides management and financial services, in 2001. From 1997 to 2001 he was Vice President-Development for Brandywine Center Management, L.L.C., a real estate management company. Previously he was Vice President of the Eastern Region of Rollins Environmental, Inc., now a subsidiary of Safety-Kleen. John W. Rollins, Jr., Patrick J. Bagley and Klaus M. Belohoubek were all executive officers of Matlack Systems, Inc. during 2001. Matlack Systems, Inc. was in the business of providing transportation services and is liquidating its holdings under

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the protection of Chapter 11 of the United States bankruptcy code. Dover International Speedway, Inc. is a wholly-owned subsidiary of the Company. Rollins Truck Leasing Corp. was merged into a subsidiary of Penske Truck Leasing Co., L.P. on February 28, 2001 and is engaged in the business of truck leasing. Rollins, Inc. is a consumer services company engaged in residential and commercial termite and pest control. Safety-Kleen Corp. is engaged in the business of industrial waste disposal. RPC, Inc. is engaged in oil and gas field services. Marine Products Corporation is engaged in boat manufacturing. WSFS Financial Corp., SunTrust Banks Inc., and SunTrust Banks of Georgia are all financial institutions. Tippie Services, Inc. provides management services. John W. Rollins, Jr. and Jeffrey W. Rollins are brothers. R. Randall Rollins is a cousin of John W. Rollins, Jr. and Jeffrey W. Rollins.

### BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board of Directors held four regularly scheduled meetings during the year ended December 31, 2001. All meetings were attended by one hundred percent of the Board except for one meeting attended by eighty-nine percent of the Board.

**Audit Committee.** The Audit Committee consists of Patrick J. Bagley, Chairman, R. Randall Rollins and Jeffrey W. Rollins. The Audit Committee held two meetings during the year ended December 31, 2001. The Committee's functions are described under the caption "Report of the Audit Committee."

**Executive Committee.** The Executive Committee consists of Henry B. Tippie, Chairman, and Denis McGlynn. The Executive Committee held four meetings during the year ended December 31, 2001. The Executive Committee has the power to exercise all of the powers and authority of the Board of Directors in the management of the business and affairs of the Company in accordance with the provisions of the By-laws of the Company.

**Compensation and Stock Option Committee.** The Compensation and Stock Option Committee consists of Henry B. Tippie, Chairman, and Patrick J. Bagley. The Compensation and Stock Option Committee held one meeting during the year ended December 31, 2001. The Committee establishes compensation and benefits for the Company's directors, officers and key employees and administers the Company's outstanding Stock Option Plans including the granting of options to various employees of the Company and its subsidiaries.

The Company does not have a nominating committee of the Board of Directors.

### DIRECTORS' COMPENSATION

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Directors who are not employees of the Company or any of its subsidiaries are each paid an annual retainer for Board service of \$12,000, an attendance fee of \$1,000 for each Board of Directors or committee meeting attended and, in addition to the Board of Directors or committee meeting attendance fees, the Chairman of the Board receives \$3,000 per quarter and the Chairman of the Audit Committee receives \$1,000 per quarter.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings, including this Proxy Statement, in whole or in part, the following reports and the Performance Graph on page shall not be incorporated by reference into any such filings.

### REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is established pursuant to the Company's Bylaws and the Audit Committee Charter adopted by the Board of Directors on April 28, 2000.

Management is responsible for the Company's internal controls and the financial reporting process. The Company's independent auditors are responsible for performing an independent audit of the Company's

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consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and for issuing a report thereon. The Audit Committee's responsibility is generally to monitor and oversee these processes, as described in the Audit Committee Charter. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles; that is the responsibility of management and the Company's independent public accountants.

Each member of the Audit Committee is independent in the judgment of the Company's Board of Directors and as required by the listing standards of the New York Stock Exchange.

With respect to the year ended December 31, 2001, in addition to its other work, the Audit Committee:

- . Reviewed and discussed with the Company's management and the independent auditors the audited financial statements of the Company as of December 31, 2001 and for the year then ended;
- . Discussed with the independent auditors the matters required to be discussed by auditing standards generally accepted in the United States of America; and
- . Received from the independent auditors written affirmation of their independence required by Independence Standards Board Standard No. 1 and discussed with the auditors the firm's independence from the Company.

Based upon the review and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements of the Company, as of December 31, 2001 and for the year then ended, be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001 for filing with the Securities and Exchange Commission. In giving this recommendation to the Board of Directors, the Audit Committee has relied on (i) management's representation that such financial statements have been

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prepared with integrity and objectivity and in conformity with generally accepted accounting principles and (ii) the report of the Company's independent auditors with respect to such financial statements.

Audit Committee  
Patrick J. Bagley, Chairman  
R. Randall Rollins  
Jeffrey W. Rollins

### REPORT OF THE COMPENSATION AND STOCK OPTION COMMITTEE OF THE BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION

During the fiscal year ending December 31, 2001, the members of the Compensation and Stock Option Committee of the Board of Directors held primary responsibility for determining executive compensation levels.

The Company is engaged in a highly competitive industry. As a consequence, the Company views its ability to attract and retain qualified executives as the cornerstone of its future success. In order to accomplish this objective, the Company has endeavored to structure its executive compensation in a fashion that takes into account the Company's operating performance and the individual performance of the executive.

Of necessity, this analysis is subjective in nature and not based upon a structured formula. The factors referred to above are not weighted in an exact fashion.

Pursuant to the above compensation philosophy, the total annual compensation of executive officers of the Company is made up of one or more of three elements. The three elements are salary, an annual incentive and, in some years, grants of stock options.

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The salary of each executive officer is determined by the Compensation and Stock Option Committee. As previously stated, in making its determinations the Committee gives consideration to the Company's operating performance for the prior fiscal year and the individual executive's performance.

The annual incentive compensation package for the executive officers is developed by the Chief Executive Officer of the Company prior to the end of each fiscal year and presented to the Committee for review, modification or approval. The package is based upon a performance formula for the ensuing fiscal year but its payment is within the discretion of the Chief Executive Officer based on each individual officer's performance.

Awards under the Company's Stock Option Plan are purely discretionary, are not based upon any specific formula and may or may not be granted in any given fiscal year. Grants are made under the Plan and the Plan is administered pursuant to Rule 16b-3 of the Securities Exchange Act of 1934. When considering the grant of stock options, the Committee gives consideration to the overall performance of the Company and the performance of individual employees.

### CEO COMPENSATION

The CEO's compensation is determined by the Compensation and Stock Option Committee. As is the case with respect to the executive officers, the CEO's compensation is based upon the Company's operating performance and his individual performance. The CEO's compensation consists of the same three elements identified above with respect to executive officers: salary, an

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annual incentive, and, in some years, grants of stock options. The determination of salary and the award of stock options, if any, are subjective and not based upon any specific formula or guidelines. The determination of an annual incentive is based on the amount by which the Company's pre-tax earnings exceed a target established by the Committee prior to the beginning of the fiscal year. The target is revised annually. The CEO is not a member of the Committee and does not participate in the deliberations of the Committee when his salary or incentive is determined.

Compensation and Stock Option Committee  
Henry B. Tippie--Chairman  
Patrick J. Bagley

### COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based on its review of the copies of such forms received by it, the Company believes that during its fiscal year ended December 31, 2001, all filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.

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### COMMON STOCK PERFORMANCE

The following graph reflects a comparison of the cumulative total stockholder return on the Company's Common Stock with the S&P Composite 500 Index and an index of peer companies selected by the Company consisting of companies engaged in one or more of the following businesses: motorsports, horse racing and gaming. In addition to the Company, the peer group includes Speedway Motorsports, Inc., International Speedway Corporation, Penn National Gaming, Inc., Argosy Gaming Company, The Sands Regent, President Casinos, Inc., Isle of Capri Casinos, Inc., Churchill Downs, Inc. and Pinnacle Entertainment, Inc. The graph assumes that the value of the investment in the Company's common stock and each index was 100 at October 3, 1996 (the Company's initial public offering date) and all dividends were reinvested. The comparisons in this table are required by the Securities and Exchange Commission and, therefore, are not intended to forecast or be necessarily indicative of any future return on the Company's common stock.

#### COMPARISON OF 63 MONTH CUMULATIVE TOTAL RETURN\* AMONG THE COMPANY, THE S & P 500 INDEX AND A PEER GROUP

[CHART]

	THE COMPANY	S & P 500	PEER GROUP
10/4/96	100.00	100.00	100.00
6/97	106.85	127.84	84.03
6/98	186.63	166.40	94.76
6/99	215.68	204.27	138.26
6/00	172.88	219.08	122.48

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12/00	139.27	199.09	118.23
12/01	193.14	176.21	142.49

\*\$100 invested on 10/4/96 in stock or index-including reinvestment of dividends. Fiscal year ending December 31.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The following directors serve on the Company's Compensation and Stock Option Committee: Henry B. Tippie, Chairman and Patrick J. Bagley. Henry B. Tippie is a non-employee director and, therefore, not an executive officer of the Company.

EXECUTIVE COMPENSATION

Shown below is information concerning the annual compensation for services in all capacities to the Company for the fiscal years ended June 30, 1999, June 30, 2000, the six months ended December 31, 2000, and the fiscal year ended December 31, 2001 of those persons who were, at December 31, 2001, (i) the Chief Executive Officer and (ii) the other most highly compensated executive officers of the Company whose total annual salary exceeded \$100,000 (the "Named Executives"):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year(1)	Annual Compensation			Long Term Compensation			All Other Compensation
		Salary \$ (4)	Incentive \$	Other Annual Comp. (2) \$	Awards Restricted Stock Awards (3) \$	Payouts Stock Options /SARs #	Payouts LTIP \$	
Denis McGlynn..... President and Chief Executive Officer	12/01	400,000	50,000	--	--	--	--	--
	12/00	200,000	63,661	--	--	--	--	--
	6/00	350,000	193,866	--	--	35,000	--	--
	6/99	350,000	135,098	--	--	25,000	--	--
Edward J. Sutor..... Executive Vice President	12/01	190,000	10,000	--	--	--	--	--
	12/00	95,000	37,732	--	--	--	--	--
	6/00	175,000	88,773	--	--	15,000	--	--
Timothy R. Horne..... Vice President--Finance and Chief Financial Officer	12/01	175,000	25,000	--	--	--	--	--
	12/00	87,500	19,188	--	--	--	--	--
	6/00	140,000	44,509	--	--	20,000	--	--
	6/99	130,000	38,349	--	--	10,000	--	--
Klaus M. Belohoubek..... Vice President--General Counsel and Secretary	12/01	222,000	--	--	--	30,000	--	--
Robert M. Comollo..... Treasurer	12/01	125,000	10,000	--	--	--	--	--
	12/00	62,500	11,513	--	--	--	--	--
	6 /00	125,000	26,706	--	--	5,000	--	--

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6/99 125,000 23,009 -- -- 5,000 -- --

- 
- (1) On January 19, 2001, the Company changed its fiscal year end from June 30 to December 31. Accordingly, the amounts for the fiscal year ending December 2000 reflect compensation for six months.
  - (2) The only type of Other Annual Compensation for each of the named officers was in the form of perquisites and was less than the level required for reporting.
  - (3) No awards have ever been made.
  - (4) The salary reported for Mr. Belohoubek represents full salary from March 1, 2001 to December 31, 2001 as Mr. Belohoubek's primary salary was paid by Rollins Truck Leasing Corp. prior to March 1, 2001 and the Company contracted for his services from Rollins Truck Leasing Corp. prior to March 1, 2001.

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OPTION AND STOCK APPRECIATION RIGHTS GRANTS IN LAST FISCAL YEAR

The following table sets forth stock options granted in the fiscal year ending December 31, 2001 to each of the Company's Named Executives. Employees of the Company and its subsidiaries are eligible for stock option grants based on individual performance. The Company did not issue any stock appreciation rights. The table also sets forth the hypothetical gains that would exist for the options at the end of their eight-year terms, assuming compound rates of stock appreciation of 0%, 5% and 10%. The actual future value of the options will depend on the market value of the Company's Common Stock. All option exercise prices are based on the market price on the grant date.

Name	Individual Grants (1)				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)		
	Options Granted (#)	% of Total Options Granted To Employees in Fiscal Year	Exercise Price (\$/Sh)	Expiration Date	0%	5%	10%
Klaus M. Belohoubek.....	30,000	46.2%	\$11.55	01/31/09	--	\$165,438	\$396,254
All employees as a group.....	65,000	100.0%	\$11.55	01/31/09	--	\$358,450	\$858,459

- 
- (1) Options were granted on February 1, 2001. All options relate to shares of Common Stock.
  - (2) These amounts, based on assumed appreciation rates of 0% and the 5% and 10% prescribed by the Securities and Exchange Commission rules, are not intended to forecast possible future appreciation, if any, of the Company's stock price. These numbers do not take into account certain provisions of options providing for termination of the option following termination of employment, nontransferability or phased-in vesting.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR  
AND FISCAL YEAR-END OPTION/SAR VALUES

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The following table summarizes option exercises for the fiscal year ending December 31, 2001 by the Company's Named Executives, and the value of the options held by such persons as of December 31, 2001. The Company has not granted and does not have any Stock Appreciation Rights outstanding.

Name	Shares Acquired on Exercise (#)	Value Realized(\$)(2)	Number of Unexercised Options at FY-End (#) Exercisable/Unexercisable		Value of Unexercised the-Money Options End (\$)(1) Exercisable/Unexercisable
Denis McGlynn.....	--	--	51,764	71,764	351,995
Edward J. Sutor.....	--	--	13,255	36,745	20,764
Timothy R. Horne.....	--	--	26,390	33,610	148,355
Klaus M. Belohoubek.....	--	--	12,750	50,250	16,119
Robert M. Comollo.....	10,000	49,750	12,500	11,500	76,406

- 
- (1) The value of the Company's Common Stock on December 31, 2001 was \$15.30 per share.
- (2) Fair market value of underlying security at exercise date less the exercise price.

### LONG-TERM INCENTIVE PLAN AWARDS IN LAST FISCAL YEAR

There were no Long-Term Incentive Plan Awards to the Named Executives during the fiscal year ended December 31, 2001.

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### BENEFIT PLANS

#### Pension Plans

The Company's Pension Plan is a non-contributory qualified employee defined benefit plan. All full time employees of the Company are eligible to participate in the Pension Plan. Up to September 30, 1989, retirement benefits were equal to the sum of from 1% to 1.8% of an employee's annual cash compensation for each year of service to age 65. Commencing October 1, 1989 and thereafter, retirement benefits are equal to the sum of 1.35% of earnings up to covered compensation, as that term is defined in the Plan, and 1.7% of earnings above covered compensation. Pensionable earnings includes regular salaries or wages, commissions, bonuses, overtime earnings and short-term disability income protection benefits.

Retirement benefits are not subject to any reduction for Social Security benefits or other offset amounts. An employee's benefits may be paid in certain alternative forms having actuarially equivalent values. Retirement benefits are fully vested after the completion of five years of credited service or, if earlier, upon reaching age 55. The maximum annual benefit under a qualified pension plan is currently \$160,000 beginning at the Social Security retirement age (currently age 65).

The Company maintains a non-qualified, defined benefit plan, called the Excess Benefit Plan, which covers those participants of the Pension Plan whose benefits are limited by the Internal Revenue Code. A participant in the Excess Benefit Plan is entitled to a benefit equaling the difference between the amount of the benefit payable without limitation and the amount of the benefit payable under the Pension Plan.

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Annual pension benefit projections for the Named Executives assume: (a) that the participant remains in the service of the Company until age 65; (b) that the participant's earnings continue at the same rate as paid in the fiscal year ended December 31, 2001 during the remainder of his service until age 65; and (c) that the Plans continue without substantial modification. Mr. Sutor has resigned from the Company in order to assume the position of Executive Vice President of Dover Downs Gaming & Entertainment, Inc. and, therefore, his benefit projection reflects the discontinuation of benefit accruals under the Plan.

The estimated annual benefit at retirement for each of the following Named Executives of the Company is: Denis McGlynn, \$70,459; Edward J. Sutor, \$4,030; Timothy R. Horne, \$52,221; Klaus M. Belohoubek, \$66,431; and Robert M. Comollo, \$39,438.

### 401(k) Retirement Plan

The Company has a deferred compensation plan pursuant to section 401(k) of the Internal Revenue Code for all its full time employees who have completed ninety (90) days of service. Covered employees may contribute up to 15% of their compensation for each calendar year. In addition, the Company contributes up to an additional 100% of the first \$250 of compensation contributed by any covered employee to the plan. An employee's maximum annual contribution to the plan is \$11,000. All contributions are funded currently.

PROPOSAL NUMBER TWO  
AUTHORIZATION FOR THE BOARD TO  
EFFECT A REVERSE STOCK SPLIT  
IN A RATIO OF ONE FOR TWO

### General

The Company's stockholders are being asked to act upon a proposal to authorize the Board of Directors to effect a reverse stock split of one (1) new share of Common Stock for each two (2) existing shares of Common Stock and one (1) new share of Class A Common Stock for each two (2) existing shares of Class A Common Stock (the "Reverse Stock Split") at any time prior to the Company's 2003 Annual Meeting of Stockholders,

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depending upon a determination by the Board of Directors that the Reverse Stock Split is in the best interests of the Company and its stockholders. The Board of Directors has approved the Reverse Stock Split and has directed that the Reverse Stock Split be submitted to the Company's stockholders for approval.

If the Reverse Stock Split is approved by the stockholders of the Company at its 2002 Annual Meeting, the Reverse Stock Split will be effected only upon a determination by the Board of Directors that the Reverse Stock Split is in the best interests of the Company and its stockholders, based on factors, including the marketability and liquidity of the Common Stock, prevailing market conditions, the likely effect on the market price of the Common Stock, and other relevant factors.

If approved by the stockholders of the Company, the Reverse Stock Split would become effective on any date (the "Effective Date") selected by the Board of Directors on or prior to the Company's 2003 Annual Meeting of Stockholders. If the Reverse Stock Split is not effected by such date, the Board of Directors will take action to abandon the Reverse Stock Split.



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The complete text of the resolutions of the Board of Directors authorizing the Amendment to the Company's Certificate of Incorporation required for the Reverse Stock Split is set forth in Exhibit A to this Proxy Statement; however, such text is subject to amendment to include such changes as may be required by the Delaware Secretary of State. If the Reverse Stock Split is approved by the requisite vote of the Company's stockholders, upon filing of the Amendment to the Company's Certificate of Incorporation with the Delaware Secretary of State on the Effective Date, the Reverse Stock Split will be effective, and each two shares of the Common Stock or Class A Common Stock issued and outstanding immediately prior thereto (the "Old Stock") will be automatically converted into and reclassified as one share of the Company's Common Stock or Class A Common Stock, as appropriate (the "New Stock"); provided, however, that no fractional shares of New Stock will be issued as a result of the Reverse Stock Split. Each holder of Old Stock who would otherwise be entitled to receive a fractional share of New Stock will receive cash in lieu of such fractional share of New Stock in an amount equal to the product obtained by multiplying (a) the closing price of the Common Stock as reported on the New York Stock Exchange on the trading day immediately preceding the Effective Date by (b) the number of shares of Old Stock held by such holder that would otherwise have been exchanged for such fractional share interest.

### Exchange of Certificates

Shortly after the Effective Date, stockholders will be asked to surrender certificates representing shares of Old Stock in accordance with the procedures set forth in a letter of transmittal to be sent by the Company. The Company will instruct its transfer agent to act as its exchange agent (the "Exchange Agent") and to act for holders of Common Stock and Class A Common Stock in implementing the exchange of their certificates. Upon the surrender of certificates representing Old Stock, certificates representing shares of New Stock will be issued and forwarded to the stockholders (and cash in lieu of any fractional share interests); however, each certificate representing shares of Old Stock will continue to be valid and represent the number of shares of New Stock equal to one-half of the number of shares of Old Stock (and cash in lieu of any fractional shares, as described above). For shares of Old Stock held by a stockholder in a brokerage account in "street name", the conversion and reclassification will be handled electronically with no action necessary on the part of the stockholder.

### Purposes of the Reverse Stock Split

The Board of Directors believes that the Reverse Stock Split is desirable for several reasons. The Reverse Stock Split is intended to enhance the acceptability of the Common Stock by the financial community and the investing public. The reduction in the number of issued and outstanding shares of Common Stock caused by the Reverse Stock Split is anticipated initially to increase proportionally the per share market price of the Common Stock.

The Company's Common Stock is listed for trading on the New York Stock Exchange. On April , 2002, the reported closing price of the Common Stock on the New York Stock Exchange was \$ per share. The

Board believes that a decrease in the number of shares of Common Stock outstanding may increase the trading price of such shares to a price more appropriate for a security listed on the New York Stock Exchange, although no assurance can be given that the market price of the Common Stock will rise in proportion to the reduction in the number of outstanding shares resulting from

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the Reverse Stock Split.

Although, the Company has not experienced identifiable problems in the marketability and liquidity of its Common Stock, the Board believes that the current per share price of the Common Stock may limit the effective marketability of the Common Stock because of the reluctance of many brokerage firms and institutional investors to recommend lower-priced stocks to their clients or to hold them in their own portfolios.

A variety of brokerage house practices tend to discourage individual brokers from dealing with lower priced stocks. Some of those practices pertain to the payment of broker's commissions and to procedures that make the handling of lower priced stocks economically unattractive to brokers. In addition, the structure of trading commissions tends to have an adverse impact upon holders of lower priced stock because the brokerage commission on a sale of lower priced stock generally represents a higher percentage of the sales price than the commission on a relatively higher priced issue. The Reverse Stock Split could result in a price level for the Common Stock that would minimize, to some extent, the effect of brokerage house practices and the impact of trading commissions on the market for the Common Stock. However, as a result of the Reverse Stock Split, stockholders who now own "round lots" may hold "odd lots" and, as a result, may be subject to increased transaction costs on the sale of their Common Stock.

There can be no assurance that the market price per share of the Common Stock after the Reverse Stock Split will be two times the market price per share of the Common Stock before the Reverse Stock Split, or that such price will either exceed or remain in excess of the current market price. Further, there can be no assurance that the market for the Common Stock will be improved. Stockholders should note that the Board of Directors cannot predict what effect the Reverse Stock Split will have on the market price or liquidity of the Common Stock.

### Certain Effects of the Reverse Stock Split

The Reverse Stock Split will be effected by means of filing the Amendment to the Company's Certificate of Incorporation with the Delaware Secretary of State. Assuming approval of the Reverse Stock Split by the requisite vote of the stockholders at the 2002 Annual Meeting, the Amendment to the Company's Certificate of Incorporation will be filed with the Delaware Secretary of State as promptly as practicable after a determination by the Board of Directors to proceed with the Reverse Stock Split, and the Reverse Stock Split will become effective on the date of such filing.

After giving effect to the settlement of fractional shares of Common Stock, there will be no differences between the rights of the shares of Common Stock and Class A Common Stock outstanding prior to the Reverse Stock Split and those outstanding after the Reverse Stock Split is effected. The relative voting power of Class A Common Stock to the voting power of the Common Stock will be the same as existed immediately prior to the Reverse Stock Split. The Company's currently outstanding options will be equitably adjusted so that the number of shares of Common Stock so optioned will be decreased by one-half and the exercise price increased by a factor of two. No officer, director or affiliate of the Company is expected to derive any benefit from the Reverse Stock Split other than the benefits that would be enjoyed by any other person holding the same number of shares.

Consummation of the Reverse Stock Split will result in a decrease in the Company's authorized capital stock from 131,000,000 shares to 66,000,000 shares: consisting of 37,500,000 shares of Common Stock, 27,500,000 shares of Class A Common Stock, and 1,000,000 shares of Preferred Stock. The number of authorized shares of Common Stock and Class A Common Stock was reduced by a

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factor of two since the Reverse Stock Split will reduce the number of outstanding shares by a factor of two. The par value of the New Stock will remain at \$.10 per share following the Reverse Stock Split. As a consequence, the aggregate par value of the New Stock will be reduced, while the aggregate capital in excess of par value attributable to such stock for statutory and accounting

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purposes will be correspondingly increased. This increase in capital in excess of par value will be treated as capital for statutory purposes.

As of March 31, 2002, there were approximately 14,284,252 shares of Common Stock and 23,769,085 shares of Class A Common Stock outstanding, held of record by 1,228 holders. Following the Reverse Stock Split, the Company estimates that it will have 7,142,126 shares of Common Stock and 11,884,542 shares of Class A Common Stock outstanding, held of record by substantially the same number of holders. The Company's Common Stock will continue to be registered under the Securities Exchange Act of 1934, as amended, and the Company will remain obligated to comply with the reporting obligations of such Act.

### Federal Income Tax Consequences of the Reverse Stock Split

The Company has not sought and will not seek an opinion of counsel or a ruling from the Internal Revenue Service regarding the federal income tax consequences of the Reverse Stock Split. The Company believes that the Reverse Stock Split will have the following federal income tax effects:

1. A stockholder will not recognize gain or loss on the exchange of Old Stock for New Stock. In the aggregate, the stockholder's basis in shares of New Stock will equal his basis in shares of Old Stock.
2. A stockholder's holding period for tax purposes for shares of New Stock will be the same as the holding period for tax purposes of the shares of Old Stock exchanged therefor.
3. The Company will not recognize any gain or loss as a result of the Reverse Stock Split.
4. To the extent a stockholder receives cash from the Company in lieu of a fractional share of New Stock, the stockholder will be treated for tax purposes as though he sold the fractional share. Such a stockholder will recognize a gain equal to the excess of (i) his cash distribution over (ii) his tax basis in the fractional share deemed sold. If the stockholder's tax basis in the fractional share deemed sold exceeds his cash distribution, the stockholder will recognize a loss.

The foregoing discussion regarding the tax consequences of the split is limited to federal income taxes, is provided for informational purposes only and is not based upon the opinion of legal counsel or other tax experts. The Company recommends that stockholders discuss the federal, state and local tax consequences of the split with their own tax advisors.

### Vote Required

The approval of the Reverse Stock Split requires the affirmative vote of a majority of the outstanding shares of Common Stock, voting separately as a class, and the affirmative vote of a majority of the outstanding shares of Class A Common Stock, voting separately as a class. The enclosed form of proxy provides a means for stockholders to vote for the approval of this proposal,

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to vote against the approval of this proposal or to abstain from voting with regard to the approval of this proposal. Each properly executed proxy received in time for the 2002 Annual Meeting will be voted as specified therein. If a stockholder executes and returns a proxy but does not specify otherwise, the shares represented by such proxy will be voted "FOR" the approval of this proposal.

### No Dissenter's Rights

Stockholders have no right under Delaware law to appraisal or dissenter's rights relative to the Reverse Stock Split.

THE BOARD RECOMMENDS A VOTE FOR THE AUTHORIZATION OF THE BOARD OF DIRECTORS TO EFFECT A REVERSE STOCK SPLIT IN A RATIO OF ONE FOR TWO PURSUANT TO THE RESOLUTIONS SET FORTH IN EXHIBIT A TO THIS PROXY STATEMENT.

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### AUDITORS

The Board of Directors has not selected or recommended the name of an independent public accounting firm for approval or ratification by the stockholders. The Board of Directors believes that it will be in the best interests of the stockholders if it is free to make such determination based upon all factors that are then relevant.

KPMG LLP served as the Company's auditors for the fiscal year ended December 31, 2001. A representative of KPMG LLP will be present at the Annual Meeting and will have the opportunity to make a statement should such representative so desire. Such representative also will be available to answer questions from stockholders.

During the fiscal year ended December 31, 2001, KPMG LLP's services rendered to the Company consisted of auditing the Company's financial statements. In this capacity, KPMG LLP performed such tests of the Company's accounting records and other auditing procedures as were required by generally accepted auditing standards.

### Audit Fees

Fees billed by KPMG LLP for the audit of the Company's consolidated financial statements for the fiscal year ended December 31, 2001 and review of its quarterly reports for that fiscal year were \$81,000.

### Financial Information Systems Design and Implementation Fees

KPMG LLP did not provide the Company with any professional services in connection with financial information systems design and implementation.

### All Other Fees

Fees billed by KPMG for services rendered to the Company, other than the services described above under "Audit Fees" and "Financial Information Systems Design and Implementation Fees," for the fiscal year ended December 31, 2001 were \$316,345, of which \$66,345 were for tax consulting services and benefit plan audits and approximately \$250,000 were for auditing the financial statements of Dover Downs Gaming & Entertainment, Inc. in connection with its spin-off to the stockholders of the Company and for reviewing the Securities and Exchange Commission filings required in connection therewith.

### STOCKHOLDER PROPOSALS

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Appropriate proposals of eligible stockholders (an eligible stockholder must be a record or beneficial owner of at least 1% or \$2,000 in market value of securities entitled to be voted at the meeting and have held such securities for at least one year) intended to be presented at the Company's next Annual Meeting of Stockholders must be received by the Company no later than December 27, 2002 for inclusion in the Proxy Statement and form of proxy relating to that meeting. Stockholders are also advised to review the Company's By-laws, which contain additional advance notice requirements, including requirements with respect to advance notice of stockholder proposals and director nominations.

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### MISCELLANEOUS

ON WRITTEN REQUEST OF ANY RECORD OR BENEFICIAL STOCKHOLDER OF THE COMPANY, THE COMPANY WILL PROVIDE, FREE OF CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001, WHICH INCLUDES THE FINANCIAL STATEMENTS. REQUESTS FOR A COPY OF FORM 10-K SHOULD BE MADE IN WRITING AND ADDRESSED TO:

TIMOTHY R. HORNE  
VICE PRESIDENT--FINANCE and CHIEF FINANCIAL OFFICER  
DOVER MOTORSPORTS, INC.  
P. O. BOX 843  
DOVER, DE 19903

THE COMPANY WILL CHARGE REASONABLE OUT-OF-POCKET EXPENSES FOR THE REPRODUCTION OF EXHIBITS TO FORM 10-K SHOULD A STOCKHOLDER REQUEST COPIES OF SUCH EXHIBITS.

The Company's Annual Report as of and for the fiscal year ended December 31, 2001 has been mailed to stockholders.

The Board of Directors knows of no business other than the matters set forth herein which will be presented at the meeting. Inasmuch as matters not known at this time may come before the meeting, the enclosed proxy confers discretionary authority with respect to such matters as may properly come before the meeting and it is the intention of the persons named in the proxy to vote in accordance with their judgment on such matters.

BY ORDER OF THE BOARD OF DIRECTORS

Klaus M. Belohoubek,  
Vice President-General Counsel and  
Secretary

Dover, Delaware  
April 26, 2002

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### EXHIBIT A

#### REVERSE STOCK SPLIT RESOLUTIONS

RESOLVED, that the Company's Board of Directors has determined that it would be advisable to effect a one for two reverse stock split of its Common Stock and Class A Common Stock (the "Reverse Stock Split") and shall submit a

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proposal to that effect to its stockholders for their approval; and

FURTHER RESOLVED, that, subject to obtaining stockholder approval at the Company's 2002 Annual Meeting of Stockholders, but prior to the Company's 2003 Annual Meeting of Stockholders, the Company's Certificate of Incorporation shall be amended by filing with the Delaware Secretary of State a Certificate of Amendment (the "Amendment") in the following form, which Amendment includes in its text certain additional resolutions adopted by this Board:

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
DOVER MOTORSPORTS, INC.

Dover Motorsports, Inc., a corporation organized and existing under and by  
virtue of  
the General Corporation law of the State of Delaware (the "Corporation");

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation, resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation, and declaring that such amendment is advisable and that such amendment should be submitted to the stockholders of the Corporation for approval. Resolutions setting forth the proposed amendment follow:

RESOLVED, that paragraph (a) of Article Fourth of the Certificate of Incorporation of this Corporation be amended in its entirety to read as follows.

"(a) Authorized Capital. The total number of shares of stock which the Corporation shall have authority to issue is 66,000,000 shares, consisting of: 37,500,000 shares of Common Stock, which shares shall have a par value of \$.10 per share; 27,500,000 shares of Class A Common Stock, which shares shall have a par value of \$.10 per share; and 1,000,000 shares of Preferred Stock, which shares shall have a par value of \$.10 per share Upon the effective date of this Amendment (the "Effective Date") each two shares of Common Stock or Class A Common Stock outstanding immediately prior to the Effective Date (the "Old Stock") shall be automatically converted into and reclassified as one share of Common Stock or Class A Common Stock, as appropriate (the "New Stock") subject to the required settlement of fractional shares. The Corporation shall (i) issue one share of New Stock for every two shares of Old Stock outstanding and (ii) pay cash in lieu of any fraction of a share of New Stock which any stockholder would otherwise receive. The settlement amount for fractional shares of New Stock shall be equal to the product obtained by multiplying (i) the closing sale price per share for the Old Stock on the New York Stock Exchange on the trading day immediately preceding the Effective Date by (ii) the number of shares of Old Stock that would otherwise have been exchanged for such fractional share interest of New Stock. From and after the Effective Date, certificates representing shares of Old Stock shall be deemed to represent only the right to receive shares of New Stock and cash in lieu of any fractional share of New Stock to which an individual stockholder would otherwise be entitled.

Stockholders shall be required to deliver the certificates representing their shares of the Old Stock outstanding immediately prior to the Effective Date, upon which the Corporation shall,

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through its exchange agent, issue certificates representing shares of New Stock, and shall deliver a check for the amount necessary to pay for any fraction of a whole share of New Stock.

From and after the Effective Date, the amount of capital represented by the shares of the New Stock into which and for which the shares of the Old Common Stock are converted and reclassified under the terms of this Amendment shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law.

RESOLVED, that the Board of Directors of the Corporation is hereby authorized to adopt any further resolutions adjusting the capital accounts of the Corporation as, in its judgment, shall be in the best interests of the Corporation; and

RESOLVED, that the officers of the Corporation are hereby authorized and directed to do all other things and execute and file all documents, including amendments to the Corporation's Certificate of Incorporation, which in their sole judgment are deemed to be necessary and proper to carry out the intent of the foregoing resolutions.

SECOND: Thereafter, pursuant to resolutions of the Corporation's Board of Directors, the Amendment was submitted to the stockholders of the Corporation for approval at a Meeting of Stockholders, and such meeting was called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware. The necessary number of shares as required by statute were voted in favor of the Amendment.

THIRD: The Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by Klaus M. Belohoubek, its Vice President--General Counsel, as of this        day of        , 2002.

DOVER MOTORSPORTS, INC.

By \_\_\_\_\_

Klaus M. Belohoubek  
Vice President--General Counsel

FURTHER RESOLVED, that text of the above Amendment is subject to amendment to include any changes as may be required by the Delaware Secretary of State; that the Amendment shall be filed as promptly as practicable after a determination by the Board of Directors to proceed with the Reverse Stock Split; and that at any time prior to the filing of the Amendment and notwithstanding authorization of the Amendment by the stockholders of the Company, the Board of Directors may abandon the Amendment without further action by the stockholders.

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DOVER MOTORSPORTS, INC.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR ANNUAL MEETING OF STOCKHOLDERS

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WEDNESDAY, MAY, 22, 2002, 9:00 A.M.

The undersigned hereby constitutes and appoints Henry B. Tippie and Denis McGlynn, and each of them jointly and severally, proxies with full power of substitution, to vote all shares of Common Stock and Class A Common Stock which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held on May, 22, 2002 at 9:00 A.M., Rollins Center, Dover Downs Hotel and Conference Center, 1131 N. DuPont Highway, Dover, Delaware, or at any adjournment thereof, on all matters set forth in the Notice of Annual Meeting and Proxy Statement dated April 26, 2002, as follows:

(Mark only one box)

1. ELECTION OF DIRECTORS

Nominees: Denis McGlynn and Jeffrey W. Rollins

VOTE FOR all nominees listed above; except vote withheld from following nominee (if any):

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VOTE WITHHELD FROM all nominees.

2. AUTHORIZATION FOR BOARD OF DIRECTORS TO EFFECT A REVERSE STOCK SPLIT IN A RATIO OF ONE FOR TWO

VOTE FOR Reverse Stock Split:

VOTE AGAINST Reverse Stock Split:

ABSTAIN FROM VOTING:

3. At their discretion, upon such matters as may properly come before the Annual Meeting or any adjournment thereof.

(OVER)

(CONTINUED FROM OTHER SIDE)

The undersigned acknowledges receipt of the aforesaid Notice of Annual Meeting and Proxy Statement, each dated April 26, 2002, grants authority to any of said proxies, or their substitutes, to act in the absence of others, with all the powers which the undersigned would possess if personally present at such meeting, and hereby ratifies and confirms all that said proxies, or their substitutes, may lawfully do in the undersigned's name, place and stead.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF DOVER MOTORSPORTS, INC. AND THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS. IF NO CHOICE IS SPECIFIED BY YOU, THIS PROXY WILL BE VOTED FOR BOTH PROPOSALS 1 AND 2.

Please sign below, date and return promptly.



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Signature(s) of Stockholder(s)

DATED: \_\_\_\_\_, 2002  
-----

Signature(s) should conform to name(s) and title(s) stenciled hereon. Executors, administrators, trustees, guardians and attorneys should add their title(s) on signing.

NO POSTAGE IS REQUIRED IF THIS PROXY IS RETURNED IN THE ENCLOSED ENVELOPE AND MAILED IN THE UNITED STATES