



Information Statement for U.S. Treasury Regulation Section 1.355-5(b)

On March 31, 2002 Dover Downs Entertainment, Inc. distributed ("the Distribution") all of the shares of the common stock and Class A common stock of Dover Downs Gaming & Entertainment, Inc. ("Gaming & Entertainment") to the holders of record of Dover Downs Entertainment, Inc. common stock or Class A common stock on March 18, 2002 (the "Record Date"). As a result of the Distribution, Dover Downs Entertainment, Inc. distributed 0.7 shares of Gaming & Entertainment common stock and Class A common stock for every share of Dover Downs Entertainment, Inc. common stock and Class A common stock held by a stockholder of record on the Record Date. The Distribution was intended to qualify as a tax-free distribution within the meaning of Section 355 of the Internal Revenue Code of 1986, as amended (the "Code").

1. The name and address of the distributing corporation is:
Dover Downs Entertainment, Inc. (now known as Dover Motorsports, Inc.)
1131 N. DuPont Highway
Dover, DE 19901
2. The name and address of the controlled corporation is:
Dover Downs Gaming & Entertainment, Inc.
1131 N. DuPont Highway
Dover, DE 19901
3. The undersigned did not surrender any stock or securities in Dover Downs Entertainment, Inc. in connection with the Distribution.
4. The undersigned received _____ shares (including fractional shares) of Gaming & Entertainment common stock and _____ shares (including fractional shares) of Gaming & Entertainment Class A common stock in the Distribution.
5. The Internal Revenue Service issued a private letter ruling to Dover Downs Entertainment, Inc., dated October 12, 2001, that the Distribution would be a nontaxable distribution under Section 355 of the Code.

Stockholder's Signature

Date



U.S. Federal Income Tax Information for Dover Downs Entertainment, Inc. Stockholders

April 1, 2002

Dear Dover Downs Entertainment, Inc. Stockholder:

On March 31, 2002 Dover Downs Entertainment, Inc. (now known as Dover Motorsports, Inc.) distributed all the shares of common stock and Class A common stock of Dover Downs Gaming & Entertainment, Inc. ("Gaming & Entertainment") to the holders of record of Dover Downs Entertainment, Inc. common stock and Class A common stock on the record date of March 18, 2002. The distribution was for 0.7 shares of Gaming & Entertainment common stock and Class A common stock for each share of Dover Downs Entertainment, Inc. common stock and Class A common stock owned on the record date.

Under applicable U.S. Treasury Regulations, your aggregate tax basis in your shares of Dover Downs Entertainment, Inc. stock, as determined immediately before the distribution, must be allocated between your Gaming & Entertainment stock (including any fractional shares) and the Dover Downs Entertainment, Inc. stock with respect to which the distribution was made. Your tax basis should be allocated in proportion to the fair market values of your Gaming & Entertainment stock and Dover Downs Entertainment, Inc. stock as of the date of the distribution. Accordingly, based on the opening reported trading prices on the New York Stock Exchange on April 1, 2002, for Dover Downs Entertainment, Inc. common stock and Gaming & Entertainment common stock, you should allocate 55.55% of your pre-distribution tax basis to the Gaming & Entertainment common stock or Class A common stock and 44.45% to the Dover Downs Entertainment, Inc. common stock or Class A common stock with respect to which the distribution was made.

If you hold blocks of Dover Downs Entertainment, Inc. stock with different tax bases, then you must allocate your U.S. Federal income tax basis on a "block-by-block" basis.

In addition, under U.S. Treasury Regulation Section 1.355-5(b), you must attach to your Federal income tax return for the tax year in which the distribution occurred, a statement that describes the distribution and why Section 355 of the Internal Revenue Code is applicable. We have enclosed a form that you may use for this purpose.

Dover Downs Entertainment, Inc. recommends that each stockholder consult with his or her own tax advisor with respect to the applicability and consequences of Federal, state, local, and foreign tax laws in his or her particular situation.

Sincerely,
Dover Downs Entertainment, Inc.