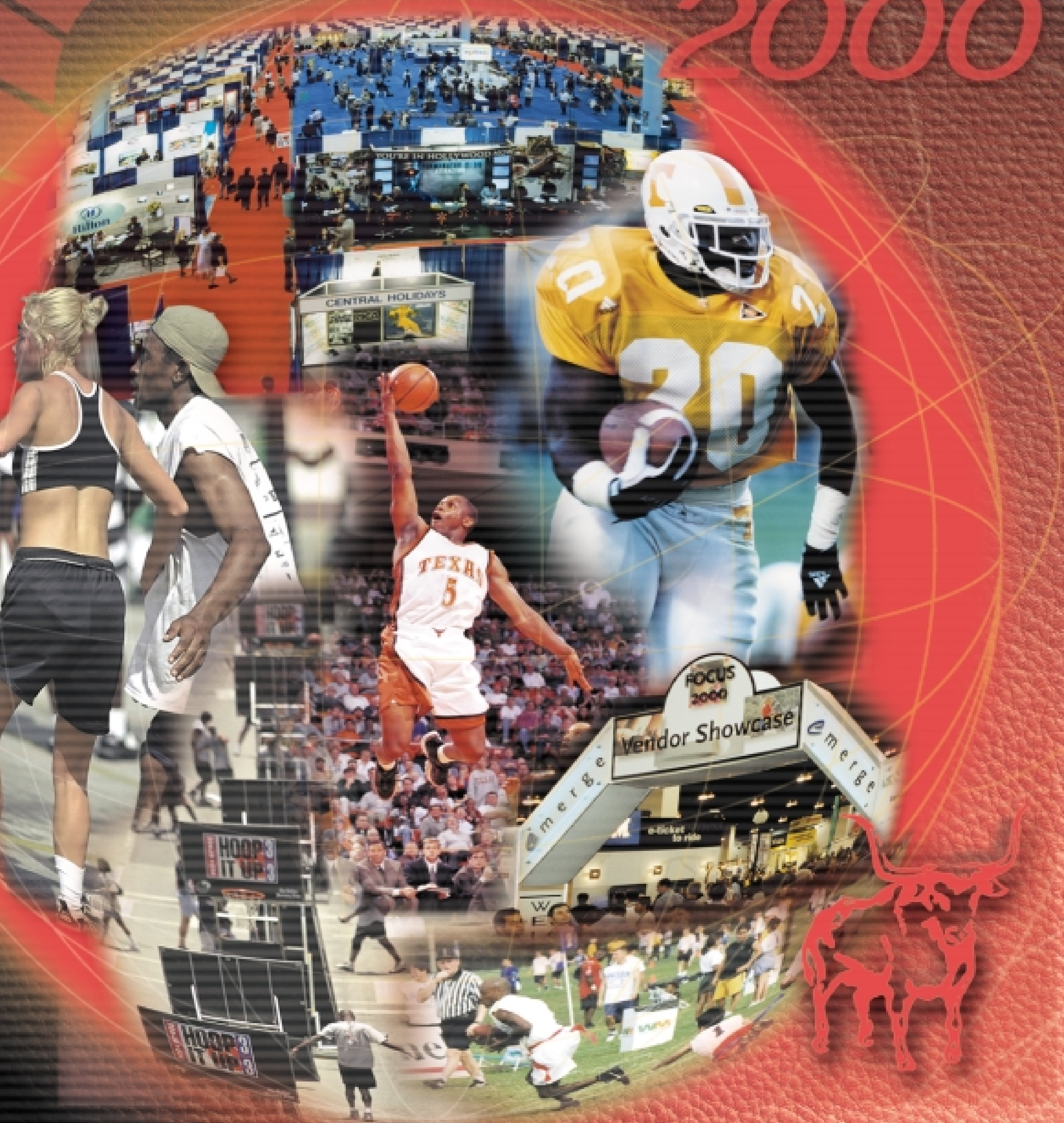
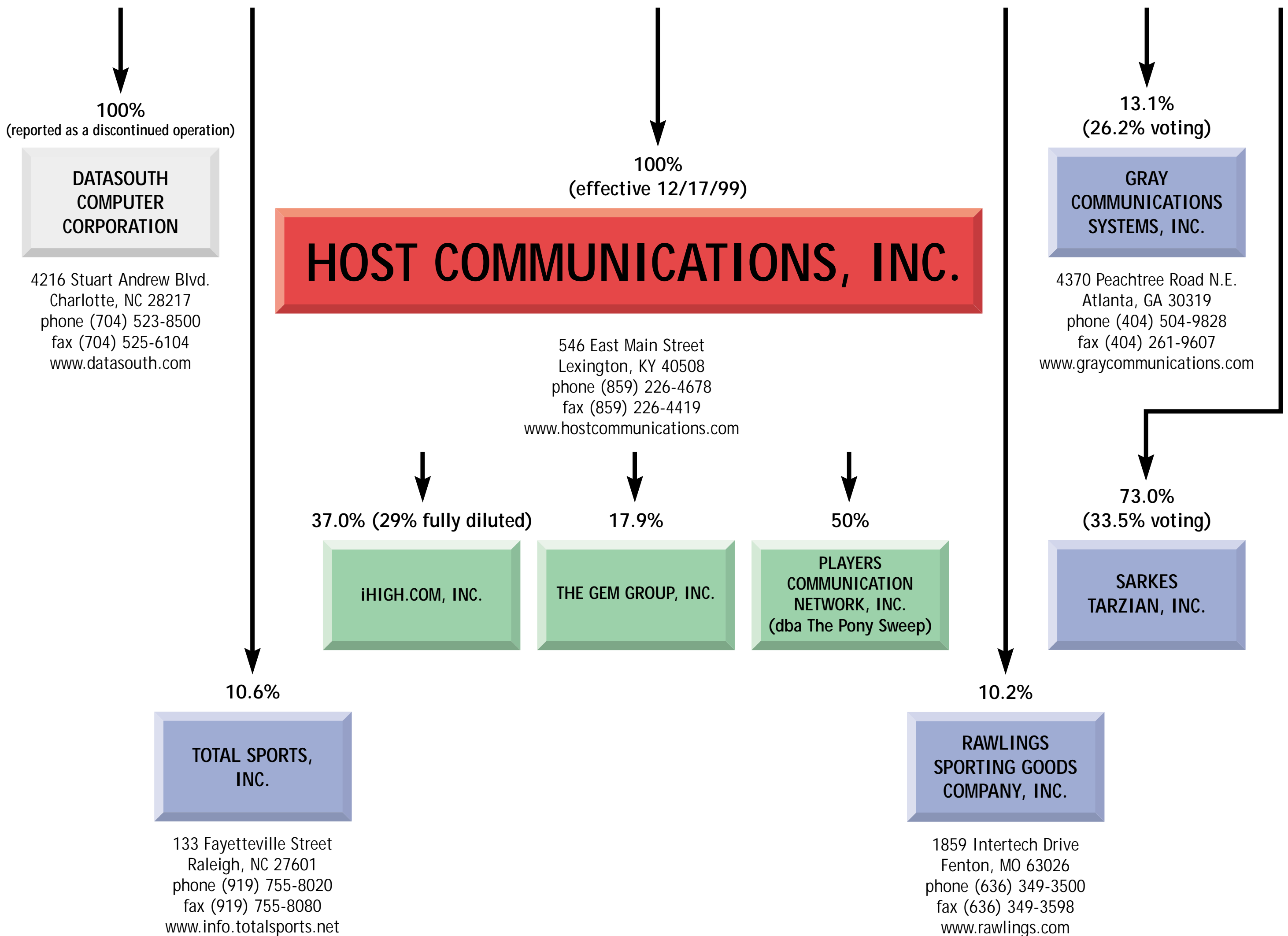
bull run corporation annual report 2000



Bull Run Corporation



To Our Stockholders

Our Company has taken on a dramatically different look since we completed our acquisition of Host Communications, Inc. and its affiliates, Universal Sports America, Inc. and Capital Sports Properties, Inc. We have been investors in Host and USA since 1995, and have watched those companies grow and develop over that time. In December 1999, we acquired the shares of Host, USA and Capital we did not previously own, positioning Bull Run as one of the nation's leading sports, affinity marketing and event management companies. We welcome the former stockholders of Host, USA and Capital as new stockholders of Bull Run Corporation.

Ranked as one of the top five sports marketing firms in the world by *SportsBusiness Journal,* Host Communications has become the centerpiece of our Company. The operations of Host and USA prior to our acquisition basically remain the same, although the businesses are now combined under common executive management led by Jim Host, and many duplicate functions within Host and USA have been consolidated to improve the efficiency of the operations. On July 1, 2000, USA was formally merged into Host.

Following the acquisition of Host, we began to look at opportunities to divest ourselves of certain assets that we did not consider to be part of our long-term strategic direction. Such divestitures would likely enable us to further simplify our structure and our "story" for Wall Street, reduce debt, and further concentrate our energies and resources on the core businesses. As part of our efforts to simplify our structure, we have reached an agreement on the sale of our Datasouth computer printer manufacturing company.

In anticipation of the Host acquisition, we changed our fiscal year-end to June 30 from December 31, effective June 30, 1999, to coincide with Host's fiscal year-end, which follows its natural business cycle. We initially hoped to close the Host acquisition much sooner than we did. However due to several reasons, some of which were beyond our control, the process of preparing and obtaining clearance of our proxy materials took longer than we originally anticipated. Obviously we are pleased that the process is now behind us, and that we have been able to achieve a successful combination and integration of the Host and USA businesses into one another and Bull Run.

HOST COMMUNICATIONS, INC.

Since the Host acquisition closed in mid-December 1999, the financial results for Host and USA are only consolidated with Bull Run's financial results for the last 6 1/2 months of our fiscal year. The combined revenue for Host and USA for their full fiscal years ended June 30, 2000 was approximately $128.4 million, representing an 8.9% increase over the preceding year.

Host's "Affinity Marketing and Production Services" business segment is focused on handling a vast array of marketing and media services for the NCAA, universities and conferences, as well as high school associations. Now that we have this business segment and the "Affinity Events" business segment (doing business as Streetball Partners International) under common management, Host has more assets than ever before to offer advertisers unique and concentrated means to reach certain affinity groups. Host established the NCAA Corporate Partner Program in 1984 and has had a contractual relationship with the NCAA since 1975. We decided, however, to withdraw from negotiations for an extension of Host's NCAA corporate marketing rights beyond the current contract, which expires in 2002, due to the rapidly escalating cost of purchasing the rights and our belief that other facets of Host's affinity marketing business will likely grow at a much greater rate at considerably better operating margins than the NCAA championship marketing program. Our Affinity Marketing and Production Services assets will continue to include our conference, university and high school projects, and NCAA Football, which is not part of the NCAA contract, and several broadcast initiatives, such as our "March-to-March" radio call-in show we introduced this year, and the popular "Four in the Fall" and "Take a Kid to the Game" programs.

Streetball, which includes our event management services pertaining to Hoop-It-Up and other participatory sporting events, is ripe with opportunity. We have already streamlined Streetball's management and operations, taking advantage of combining Host and USA under one executive management group, making it a much more efficient and effective operation poised for dramatic growth.

The "Affinity Management Services" business segment (doing business as Affinity Management International) continues on its terrific growth pattern. Host's relationship with the more than 4,000-member National Tour Association, the premier package travel association in North America, is now in its 27th year. The annual conference for Quest, the user group association for J.D. Edwards software customers, drew in excess of 10,000 participants this year. We also managed annual meetings for the International Spa Association, the National Limousine Association, the National Association of Athletic Trainers and the University of Kentucky Sports Marketing Academy. We administered and planned major hospitality functions at the Kentucky Derby and the NCAA Final Four®. We plan to capitalize on our unique capabilities in event and association management, and consider this to be a high growth potential area of our business that will expand to university alumni associations, and we plan on creating events specifically to meet the marketing strategy of an individual corporation.

TOTAL SPORTS, INC.

Host helped form Total Sports in 1997, receiving Total Sports' common stock in exchange for content for several of Total Sports' managed Internet web sites. Bull Run acquired shares of Total Sports' convertible preferred stock in 1998 and early 1999. Combined, we currently own approximately 10.6% of Total Sports' outstanding capital stock.

Total Sports is a media sports information company, providing play-by-play real-time game accounts through its web site, and statistics, charts, photos and information on its own site as well as sites managed by Total Sports. It manages and maintains web sites and sports data on the Internet for such significant clients as America Online, the LA Times, the Wall Street Journal Interactive Edition, NBA basketball star Grant Hill and Duke University coach Mike Krzyzewski. Total's collegiate client list also includes the NCAA, the Southeastern Conference, the Big 12 Conference, the Big East, the Southern Conference, the Western Athletic Conference, and the Universities of Kentucky, Tennessee and Texas. Total Sports' TotalBaseball.com web site and FinalFour.com web site (which are managed jointly with Host) are some of the most popular sites on the Internet.

In July 2000, Total Sports executed a definitive agreement with Quokka Sports, Inc., whereby Quokka would acquire Total Sports in a transaction that the companies currently expect to close in 2000. Under the agreement terms, Quokka Sports will issue approximately 15 million shares of its common stock in exchange for ownership of the privately-held Total Sports. We will receive shares of publicly traded Quokka Sports common stock in exchange for our preferred stock and common stock of Total Sports. This transaction would enable us and our investors to more easily quantify a market value for our investment, as well as provide us greater liquidity and flexibility in connection with this investment.

iHIGH.COM, INC.

We are excited about the potential of iHigh.com, Inc. This company was formed by Host to establish a network of Internet web sites linking every high school in America. As a foundation, iHigh.com attracted the National Federation of State High School Associations as an equity partner, and has been rapidly contracting with individual state high school associations. These relationships assure iHigh.com's place as the "official" high school network on the Internet. iHigh.com has signed over 30 state high school associations through the date of this letter since it was formed in July 1999. iHigh.com provides each high school a free template web site, which can be updated by students, teachers and/or administrators with password privileges, but it does not require HTML programming skills. The site becomes the school's "virtual" high school newspaper, available not only to those in the school, but by other schools, alumni and the general public as well. Through iHigh.com, local high school sites can be linked to state sites, which can be linked to the national site. As a result, for the first time, it could be possible

to accumulate high school statistics, sports or otherwise, on a state, regional or national level. Through the date of this letter, iHigh.com already has approximately 9,500 high schools committed to the network.

With Valvoline as its first national sponsor, iHigh.com has had interest expressed by other companies that are seeking a presence on its network, thereby gaining access to nearly 10 million high school students. The interest not only includes product and service advertising, but the potential to post employment opportunities. The interesting aspect of this network is also that each high school has the opportunity to generate revenue locally for their school or school activities by selling advertising or "official" sponsorships, which in some cases would be tied to content, provided to the local web site. In conjunction with Centre College, iHigh.com was named an official website for the 2000 Presidential and Vice Presidential debates.

RAWLINGS SPORTING GOODS COMPANY, INC.

In 1997, we made a strategic investment in Rawlings Sporting Goods Company, Inc., and have been actively involved in assessing alternatives whereby we could increase our influence over the direction of the company in order to maximize the value of our investment in the business.

At June 30, 2000, we recognized a charge of $2.85 million to reduce the book value of our Rawlings investment. Although we are disappointed in the decline in value of our Rawlings investment, we are still very aware of the potential for the company to be successful. The Rawlings brand has incredible brand recognition worldwide, and has enviable market positions in a number of product segments, particularly in baseball. There is a wealth of opportunities that could increase Rawlings' business and make the operations much more efficient and effective. We will continue doing everything we can to improve the value of this investment.

DATASOUTH COMPUTER CORPORATION

Until we acquired Host and USA in December, Datasouth had been our lone wholly owned subsidiary. As it is apparent that a computer printer manufacturer does not "fit" with our sports and media properties, we made a determination to sell the assets of Datasouth to another printer manufacturer. The divestiture of Datasouth lends itself toward the simplification of our organizational focus around sports and affinity marketing. Datasouth has been a big contributor to Bull Run over the past seven years and we greatly appreciate the efforts of Datasouth's employees and management. As a result of our decision to sell Datasouth, we recognized a charge of approximately $6.8 million at June 30, 2000 to write off previously unamortized goodwill and to accrue other estimated losses on the ultimate disposal of Datasouth.

GRAY COMMUNICATIONS SYSTEMS, INC. and SARKES TARZIAN, INC.

Gray continues to demonstrate significant growth as a result of its focus on providing quality news, information, entertainment and communications services to the local communities in which it operates. In 1999, Gray added several new properties to its impressive list with the acquisition of The Goshen (Indiana) News, a daily newspaper, and three CBS-affiliated television stations in Texas. Gray currently owns 13 television stations, 12 of which are the leading news stations in their markets, and four daily newspapers, in addition to other communications businesses. Ten of the television properties are CBS-affiliated, making Gray one of the larger owners of CBS stations in the United States in terms of the number of affiliates owned.

In January 1999, Bull Run acquired an investment in Sarkes Tarzian, Inc. Although the investment was more suited for Gray, there were some obstacles for Gray at the time that would not allow it to make the investment in a reasonable time frame. As a result, Bull Run acquired the investment, then subsequently entered into a Stock Option Agreement that provided Gray the option to acquire it. In connection with the Stock Option Agreement, Bull Run received warrants for Gray's class B common stock at the then current market price in addition to fees

as Gray extends the option term. We believed then and today, that this was an opportunity to acquire a large position in a media company at a relatively low cost. Tarzian, which owns two television stations and four radio stations, has challenged the seller's right to sell the shares to Bull Run, and we are currently awaiting judgement on this matter from the U.S. District Court for the Southern District of Indiana. We believe the seller will ultimately prevail, but if not, we have the ability to recoup our investment from the seller for the full purchase price plus interest.

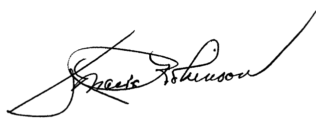
OUR FUTURE

We will have plenty of challenges and opportunities ahead. The integration of the Host and USA businesses has been our first priority, and to date, we have been successful in achieving this goal and positioning the businesses for future growth. We now have a centerpiece company to focus around, and an easier and more exciting story to tell to the investing public.

In the past, your Company has been successful in growing through strategic investments and acquisitions, and in the development of the operations of those subsidiaries and affiliates. We believe that this translates into enhancing the underlying value of our asset base, which ultimately translates into added value for Bull Run shareholders. Now, the addition of a significant operating business, Host Communications, strongly positions us as a leader and dominant force in sports and affinity marketing, and allows us to look at monetizing non-strategic assets.

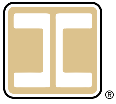
We greatly appreciate the support of our business partners and employees for their role in our success. Furthermore, we greatly appreciate our shareholders, from those who have been with us since the Bull Run Gold Mines days, to our newest investors — those former shareholders of Host Communications and Universal Sports America. We are excited about working for you.

Sincerely,



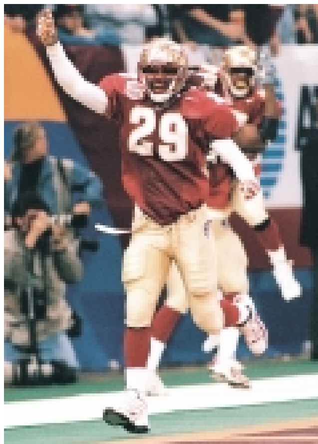
Robert S. Prather, Jr.
President and CEO

J. Mack Robinson
Chairman of the Board



Host Communications

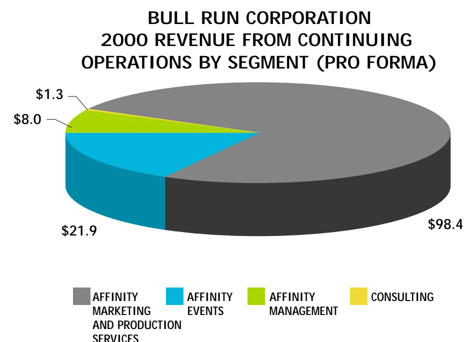
HOST COMMUNICATIONS, INC., Bull Run's centerpiece, is one of the world's top five sports marketing companies, as ranked by *SportsBusiness Journal*, providing affinity, multimedia, promotional and event management services to universities, high schools, athletics conferences, associations and corporations. Host has emerged as a leading association management firm from its roots 25 years ago as the executive manager of the National Tour Association, a premier package tour association, and the official radio network administrator for the University of Kentucky. Host's operations are multi-faceted, consisting of three primary business segments, "Affinity Marketing and Production Services", "Affinity Events" and "Affinity Management Services."



AFFINITY MARKETING AND PRODUCTION SERVICES SEGMENT -

Collegiate and High School Sports - Host provides sports and marketing services for a number of NCAA Division I universities and conferences. The agreements relating to the services rendered by Host vary by institution or conference, but may provide for the production of radio and television broadcasts of certain athletic events and coaches' shows; sale of media advertising and venue signage; sale of "official sponsorship" rights to corporations; publishing and printing game-day and other programs; creative design of materials; video production; construction and management of Internet web sites; coaches' endorsements and pay-per-view telecasts. Universities with which Host has agreements are Boston College, Cornell, Eastern Kentucky, Florida State, Georgia, Kentucky, Maryland, Mississippi State, Notre Dame, South Carolina, Southern Methodist, Tennessee and Texas. Host currently has marketing agreements with the Big 12, Metro Atlantic Athletic, Midwestern Collegiate, Southeastern and Southern Conferences. Host helped form the Historically Black Collegiate Coalition (HBCC™) and has marketing rights to the Music City Bowl, the Southwestern Bell Red River Shootout featuring the University of Texas and the University of Oklahoma's annual football rivalry, and the Lone Star Showdown football game featuring Texas and Texas A&M University.

BULL RUN CORPORATION 2000 REVENUE FROM CONTINUING OPERATIONS BY SEGMENT (PRO FORMA)



Host's High School Division administers the marketing activities of the National Federation of State High School Associations and individual state associations in Florida, Kentucky, North Carolina, South Carolina, Tennessee and Texas. In 1999, the High School Group produced "Inside High School Sports," a national television show for Fox SportsNet, which ran for 15 weeks. The High School Division also publishes *Dave Campbell's Texas Football magazine* and intends to expand that concept to other states where high school football has a significant following.

July - *Robinson-Prather Partnership acquires 30% of Bull Run Gold Mines, Ltd.; subsequently reincorporated as "Bull Run Corporation".*

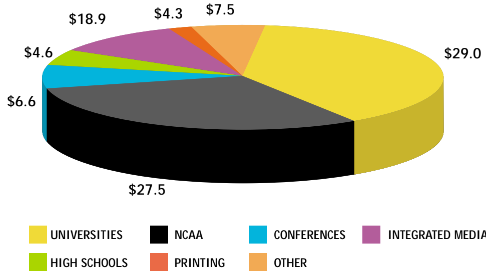
April - *Bull Run acquires 43.6% of Datasouth Computer Corporation for $7.5 million.*

August - *Bull Run invests initial $11.1 million in Gray Communications Systems, Inc.*

1992

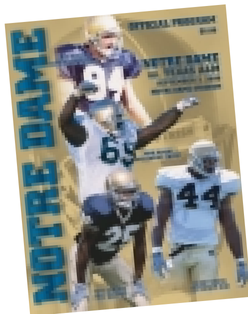
1993

Bull Run's Investment - *On December 17, 1999, Bull Run acquired the capital stock of Host Communications, Inc. ("Host"), Universal Sports America, Inc. ("USA") and Capital Sports Properties, Inc. ("Capital") that it did not previously own. Prior to December 17, 1999, Bull Run's effective ownership in Host's common stock was 30.2%, plus 51.5% of Host's outstanding preferred stock. Most of Bull Run's investment in Host was held through Capital, Bull Run's 51.5%-owned affiliate, whose assets consisted solely of Host common stock and Host preferred stock. Prior to December 17, 1999, Bull Run's effective ownership in USA was approximately 12.5%, primarily through Host's 33.8% investment in USA. Bull Run has been an investor in Host and USA since 1995. On July 1, 2000, USA was merged into Host.*



NCAA Group - Host has had a contractual relationship with the National Collegiate Athletic Association ("NCAA") since 1975. It began as an agreement to administer radio rights and form a national NCAA Radio Network for the men's Final Four® and has expanded to publishing, Internet and corporate marketing representation, including the exclusive licensing of various NCAA trademarks.

In 1984, Host and the NCAA initiated the NCAA Corporate Partner Program, which currently includes 16 nationally prominent corporations, including Gillette, the first corporate partner signed 16 years ago. Under the NCAA Corporate Partner Program, Host partners with an exclusive group of corporations to link their target markets to, and implement promotions around, NCAA championships through a variety of advertising and promotional opportunities. The opportunities include the NCAA Radio Network, co-produced with CBS Radio, for the men's and women's Final Fours, the College World Series and the football and basketball national games of the week. Host's contract with the NCAA currently runs through 2002, but Host has announced that it withdrew from negotiations for an extension of NCAA corporate marketing rights due to the rapidly escalating cost of purchasing these assets and the belief that other facets of the business will provide higher growth rates at better operating margins. For example, in the first year of a new agreement, Host would have been required to pay a rights fee exceeding $50 million, an increase of more than 150% over the rights fee to be paid in the final year of the current contract.



In conjunction with Total Sports, Host produces and manages seven Internet web sites including www.finalfour.net. Host also produces the "March to March" nationally syndicated call-in radio show; publishes more than 60 championship programs in 21 sports and specialty publications, such as the official NCAA Basketball Championship Guide; and administers the "Hoop City" interactive event at the men's and women's Final Fours and the Take a Kid to the Game program, among other activities.

Although it is expected that the termination of the NCAA contract in 2002 will result in a significant decrease in the revenues of the Affinity Marketing and Production Services segment, it is not expected to have a significant impact on the operating profit of this segment. Host will continue focusing on its university, conference and high school contracts, its NCAA Football brand and other properties created and owned by Host, such as "March to March" and Take a Kid to the Game.

Printing and Publishing - Host produces 700 publications annually for a variety of clients, including the NCAA, college football conferences, universities and various collegiate associations. Host's publications include game programs, media guides, posters and marketing brochures. Host also provides high-quality printing services for corporations and non-profit organizations nationwide, consisting of directories, annual reports, brochures, posters, programs and catalogs.

May - *Gray acquires* The Rockdale Citizen, *a daily newspaper, for $4.8 million*

September - *Gray acquires* WKYT-TV *in Lexington, KY and* WYMT-TV *in Hazard, KY for $42.5 million.*

November - *Bull Run acquires remaining 56.4% of Datasouth for 15.2 million shares of Bull Run common stock.*

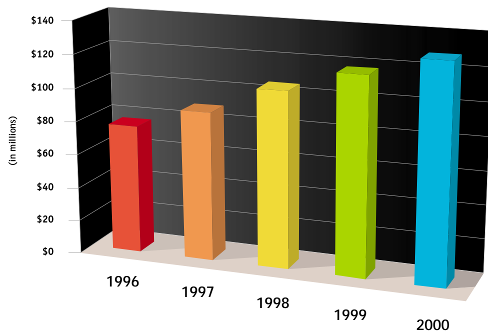
January - *Bull Run invests initial $900,000 in Host Communications, Inc. ("Host").*

1994

1995

HOST COMMUNICATIONS / UNIVERSAL SPORTS AMERICA COMBINED REVENUE

for the years ended June 30



Electronic Media - Host produces television programs, videos, radio broadcasts, commercial audio and Internet related services. Radio broadcasts created, produced, syndicated and/or distributed by Host include the NCAA Men's Basketball Network, which includes 400 stations and involves all of the top 100 markets; the NCAA Division I Women's Basketball Network; the College World Series championship game on more than 100 stations in conjunction with Westwood One and CBS; the 42-game college football and the 44-game basketball games of the week; and, in a collaborative effort with AM/FM radio which began in 2000, the Breeders Cup and the three Triple Crown horse racing events. Host administers the regional radio networks of nine NCAA Division I universities and three conferences. Host's digital recording studios handle network quality soundtracks for radio, television and multi-image presentations. "The Slant" football show on Fox SportsNet is the network's highest-rated externally produced program.

Host and Total Sports have collaborated with NCAA On-line on www.finalfour.net, the official site for the NCAA Division I Men's and Women's Basketball Championships and the College World Series. Over the three weeks of the 2000 men's tournament, www.finalfour.net attracted more than 158 million page views. Other web sites developed and managed by Host include those for the Breeders Cup, Quest (the J.D. Edwards software user group association), Rawlings, the International SPA Association and the National Tour Association.

AFFINITY EVENTS SEGMENT -

Host's Affinity Events division, doing business as Streetball Partners International ("Streetball"), produces and manages large participatory sporting events throughout the United States and internationally. Streetball provides marketing and management services to corporations looking to supplement their own sales and promotional activities with sports-based events that target specific participating audiences and demographics. Hoop-It-Up®, held in approximately 45 U.S. cities each year, is the official 3-on-3 basketball tournament of the NBA and NBC Sports. The 1999 Tour involved approximately 140,000 paid participants and one million spectators. Hoop-It-Up's Germany extension, the "TD-1 Basketball Challenge," is managed by Streetball's Paris, France office in collaboration with NBA Europe. The 2000 tour, held in 10 cities, involved approximately 35,000

January - *Gray acquires the* Gwinnett Daily Post *(then the* Gwinnett Post-Tribune*), for $3.7 million.*

March - *Bull Run acquires 50% of Capital Sports Properties ("Capital"), whose assets consist solely of investments in Host, for $9.7 million.*

October - *Host sells certain operating assets to Universal Sports America, Inc. ("USA") in return for a 33.8% ownership position.*

November - *Bull Run acquires USA convertible preferred stock for $650,000.*

players and 250,000 spectators. In addition, Streetball oversees the management and production for other sports ventures in partnership with NBC Sports and several professional sports organizations, including the "Let-It-Fly" 4-on-4 flag football tournament, the "NHL Breakout" 5-on-5 in-line street hockey tournament, the "Toyota Golf Skills Challenge," the "MLB Yard Ball" 4-on-4 baseball tournament and MLB's International Baseball Festival.

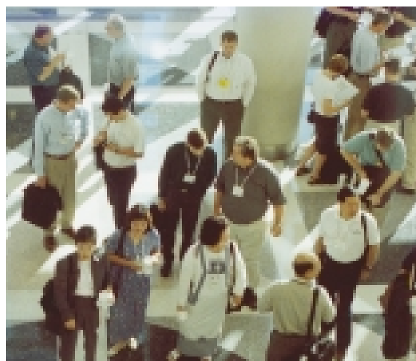
Streetball also manages and produces a variety of programs and made-for-television events such as the "Quarterback Challenge," "Battle of the Gridiron" and "Lineman Challenge." Additionally, Streetball manages the interactive games area at NBC Sports' annual Gravity Games, and creates and executes events for corporate clients, including the "SBC Cotton Bowl FanFest," the "Mobil Speedpass" credit card program, the "NCAA Football Campus Tour" and the "Sony TechPit" mobile marketing unit, which travels to NASCAR's Winston Cup races.

Streetball capitalizes on developing and implementing customized event marketing platforms for corporations looking to reach certain affinity groups. In 1994, Host created the HBCC, for which it oversees the sports marketing, sponsorship and event management. The HBCC provides seamless marketing and sponsorship opportunities between historically black colleges and universities and prominent corporations. For example, Streetball helped create and is managing the "Tampax Total You Tour" for the Procter & Gamble brand. The Tour will travel to 10 HBCC campuses, and ten off-campus city locations to effectively reach the brand's core target audience, African-American females, ages 18 - 24. This Tour was awarded a Silver Anvil by the Public Relations Society of America for having the best multicultural public relations program in 1999.

In September 2000, Host announced that it had reached an agreement to acquire the assets of Summit Sports and Events, Inc. The acquisition, expected to close by October 31, 2000, will add several properties to Host's portfolio, including the "Sunny Delight 3-v-3 Soccer Shootout," a 65-city national tour of soccer tournaments, and "Roundball Ruckus," a 45-city 3-on-3 basketball tour attracting 50,000 players annually. While Streetball's Hoop-It-Up events, with its link to the NBA, are typically held in urban locations, Summit's Roundball Ruckus events are generally held in mid- to small-sized cities, providing Host the ability to expand its market, particularly to college campuses.

AFFINITY MANAGEMENT SERVICES SEGMENT -

The Affinity Management Services segment, doing business as Affinity Management International, provides a full range of management services to a number of associations, including the National Tour Association (which has been a client since 1974), Quest (the J.D. Edwards software user group association), the National Athletic Trainers Association, the International SPA Association and the National Limousine Association. Host's services include association management, financial reporting, accounting, marketing, publishing, government lobbying, education, event management, Internet web site management and membership growth activities. In June 2000, Quest held its annual conference in Denver. Host planned, organized and administered the event, which featured speakers Bill Gates and Lou Holtz. Since Host's involvement in 1998, Host has helped Quest grow from 2,200 members to approximately 7,000 members worldwide, and paying user attendance at the 2000 annual conference increased by approximately 30% compared to the 1999 conference.



January - *Gray acquires WRDW-TV, in Augusta, GA, for $37.2 million.*

January - *Bull Run invests $10 million in Gray series A preferred stock, plus warrants to purchase additional Gray class A common stock.*

August - *Host acquires AdCraft Sports Marketing for $1.6 million.*

August - *Capital exercises warrants for approximately 48% of the outstanding Host common stock.*

1996

Total Sports

***Bull Run's Investment** - Bull Run currently owns approximately 10.6% of the outstanding capital stock of Total Sports, Inc. Bull Run has been an investor in Total Sports since 1998.*

TOTAL SPORTS, INC. is an online sports media company, which focuses on providing real-time coverage of sporting events by creating and delivering high-quality game accounts, graphs, feature stories and statistics to sports fans worldwide, primarily through the Internet. Host partners with Total Sports to administer the daily web site responsibilities for contracts that it negotiates — and for its own sites. Total Sports' five networks, the Total College Sports Network, the Total Baseball Network, the Total Golf Network, the Total Motor Racing Network, and the Total Sportfishing Network, provide such information as live event coverage, historical databases, expert analysis and breaking news.

Sports Technology and Sports Marketing - Total Sports' TotalCast™ software is the only software capable of gathering, manipulating and distributing statistics, charts, photographs and text play-by-play in real time over the Internet. Total Sports' TotalCast coverage began with the 1997 NCAA Men's and Women's Basketball Tournament, and now includes all NCAA Championships, the MLB World Series and every MLB regular season and post-season game, along with certain college football games. Utilizing custom technology solutions and innovative sports marketing ideas, Total Sports creates, implements and maintains complete sports marketing programs that exploit the strengths of Total Sports' technology to deliver a corporate message to a global audience. In 1999, Total Sports provided real-time coverage of more than 4,000 sporting events on its networks.

Digital Publishing - Total Sports operates over 100 web sites, including some of the most popular, e.g., www.finalfour.net and www.totalbaseball.com. Over the course of the 2000 Men's and Women's Basketball Championships, www.finalfour.net attracted over 158 million page views.

Total Sports publishes the sports section for AOL.COM Sports Center, The Wall Street Journal Interactive Edition and, in partnership with the Associated Press, the Los Angeles Times LA Times.com. Total Sports Electronic Commerce, the Internet's largest retailer of officially licensed college merchandise and the official Internet merchandiser for NCAA Championship merchandise, currently consists of approximately 20 online stores, including Golf.com's Proshop and the official online store of the Final Four.

In July 2000, Total Sports Inc., executed a definitive agreement with Quokka Sports, Inc., whereby Quokka would acquire Total Sports in a transaction that the companies currently expect to close in 2000. Under the terms of the agreement, Quokka Sports will issue approximately 15 million shares of its common stock in exchange for ownership of the privately-held Total Sports. Bull Run will thereby receive shares of Quokka Sports in exchange for preferred stock and common stock of Total Sports, currently held by Bull Run.

September - *Gray raises $220 million from public offerings of class B common stock and 10 5/8% senior subordinated notes.*

September - *Bull Run invests $5 million in Gray series B preferred stock, plus warrants to purchase additional Gray class A common stock.*

September - *Gray acquires, for $183.9 million,* WCTV-TV *in Tallahassee,* WVLT-TV *in Knoxville, and other communications businesses.*

Rawlings

__Bull Run's Investment__ - Bull Run currently owns approximately 10.2% of the outstanding common stock of Rawlings Sporting Goods Company, Inc. ("Rawlings") and nonvested warrants to purchase up to 925,804 shares of Rawlings common stock. Rawlings' common stock is traded on the Nasdaq Stock Market under the symbol "RAWL". Bull Run has been an investor in Rawlings since 1997.

RAWLINGS SPORTING GOODS COMPANY, INC. is a leading supplier of team sports equipment in North America and, through its licensee, of baseball equipment and uniforms in Japan. It offers a wide range of quality products for baseball and softball (gloves, baseballs, bats, helmets, protective gear, team uniforms, accessories), basketball (balls, team uniforms, warm-ups, accessories), football (balls, shoulder pads, protective gear, team uniforms), hockey (protective gloves, pads) and other sports. The company operates eight manufacturing facilities throughout the United States, Canada and Latin America, as well as distribution centers in the United States and Canada. One of the most powerful brand names in sports, the Rawlings name has been synonymous with quality sports equipment for more than 100 years. Rawlings entered into a five-year strategic marketing alliance with Host in November 1997. Under this agreement, Rawlings and Host jointly market and sell Rawlings' products primarily through corporate promotions and grassroots events. Rawlings products are endorsed by over 40 college coaches, 27 sports organizations and numerous athletes, including more than 300 Major League Baseball ("MLB") players. Rawlings products include:

Baseball and Softball - Rawlings is the leading supplier of baseball gloves, baseballs and baseball protective equipment sold in North America. Since 1977, Rawlings has sold the official baseballs used in Major League Baseball, and since 1994, has sold the official baseball to all 18 Minor Leagues. A majority of the players in MLB use Rawlings gloves. For over 40 years, Rawlings has annually presented the Rawlings Gold Glove Award® to the best fielder at each position in the National and American Leagues. In addition, Rawlings is the title sponsor for the American Baseball Coaches Association Player of the Year Award at the collegiate level.

Rawlings has been a leader in baseball glove design and innovation. Introduced in 1999, the Heritage Series gloves offer features not found in other gloves, such as a soft leather shell that breaks in quickly and a rich, vintage appearance. The Revolution Series, a line of gloves featuring dynamic colors and bold graphic designs on the shell, are endorsed by such major leaguers as Randy Johnson, Tony Gwynn and Derek Jeter. Rawlings is the second leading supplier of wooden baseball bats sold in North America, which are manufactured under the Rawlings and Adirondack names. Rawlings bats are used by many major league players, including Mark McGwire.

Basketball and Football - Since 1986, Rawlings has been the exclusive supplier of basketballs for the NCAA Men's and Women's Division I, II and III championship games (including the Final Four®), and is also the exclusive supplier of basketballs and footballs to the National Association of Intercollegiate Athletics.

Apparel - Rawlings has been selling team uniforms for approximately 100 years. Several MLB teams and players purchase their uniforms from Rawlings, as do many high school, collegiate and amateur sports organizations.

Licensing - Rawlings has licensed the use of its brand name to a leading Japanese sporting goods company for use on all types of baseball equipment, team uniforms and practice clothing sold in Japan. Rawlings currently licenses its name in the U.S. on various products, including sportswear, shoes, golf clubs and accessories, sports bags, socks and infant and toddler games.

April - *Gray acquires GulfLink Communications, Inc., a transportable satellite uplink business, for $5.2 million.*

August - *Gray acquires* WITN-TV *in Greenville-Washington-New Bern, NC market for $41.7 million.*

November - *Bull Run acquires approximately 10% of Rawlings common stock, plus a warrant for an additional 10%.*

1997

Datasouth

Bull Run's Investment *- Bull Run has owned 100% of the common stock of Datasouth Computer Corporation ("Datasouth") since November 1994. From April 1993 to November 1994, Bull Run owned 43.6% of Datasouth's outstanding common stock. Recently, Bull Run reached an agreement to sell Datasouth's business.*

DATASOUTH COMPUTER CORPORATION designs, manufactures and markets heavy-duty dot matrix and thermal printers for vertical markets including travel, transportation, distribution, manufacturing and health care. Founded in 1977, Datasouth has installed nearly 300,000 printers.

Ticket / Boarding Pass Printers - Datasouth's Automated Ticket / Boarding Pass ("ATB") printers include the *Journey* and *Sigma Data 7200* printer families. *Journey* is a low cost, high performance direct thermal printer for tickets, boarding passes, invoices and itineraries. *Journey* is an excellent complement to electronic ticketing due to its price point, functionality and durability, and makes satellite ticket printing a more feasible and cost effective option. The *Sigma Data 7200* ATB printer is ideally suited for travel agencies, satellite ticketing, airline ticketing offices and airport check-in counters, and this direct thermal / thermal transfer printer offers some additional features, which complement the *Journey* series.

Datasouth's *Documax* and *DS242* dot matrix printers have been widely utilized throughout the world to produce Transitional Automated Tickets ("TAT") for airlines, Off Premises Transitional Automated Tickets ("OPTAT") for travel agencies, boarding passes, invoices and itineraries.

Thermal Label Printers - Datasouth's *CodeWriter* family of direct thermal / thermal transfer label printers consist of both portable and desktop models. *CodeWriter* printers distinguish themselves from the competition with their unique stand-alone operation capability.

Datasouth's thermal label printers are designed specifically to address the rapidly growing barcode label printing market. These printers address customer applications such as labels for packing and shipping, work order and tracking, material movement, shelf and carton marking, and medical lab and pharmacy records.

Heavy-Duty Dot Matrix Printers - Datasouth has historically targeted the heavy-duty, multipart forms segment of the serial matrix impact printer market. These printers, which include the *Documax* series, the *XL* series and the *DS242*, are used primarily for forms such as invoices, purchase orders, bills of lading, customs documents, insurance documents, travel documents and patient admission forms.

GRAY
Communications Systems, Inc.

Gray Communications

GRAY COMMUNICATIONS SYSTEMS, INC., founded in 1891 to publish The Albany Herald in Albany, Georgia, currently operates 10 CBS-affiliated television stations, three NBC-affiliated television stations, four daily newspapers, an advertising weekly shopper and a communications and paging business. Gray's focus on providing quality services to the local communities in which it operates helps position it as the market news leader in 12 of its 13 television markets, and second in the other. Emphasis on local news and community involvement has resulted in strong growth rates in subscription base and publishing revenue. Selective acquisitions accomplished since Bull Run became an investor in Gray have helped grow the company from one generating $25.1 million in net operating revenues and $7.4 million in media cash flow in 1993, to one generating over $162 million in revenue and nearly $59 million in media cash flow on a pro forma basis. Most of Gray's properties are located in mid-sized markets with a significant collegiate presence, thereby providing opportunities for synergies with services provided by Host and Streetball.

Television Broadcasting

WKYT-TV - CBS affiliate in Lexington, Kentucky (DMA Rank - 66), the market leader

WYMT-TV - CBS affiliate in Hazard, Kentucky (DMA Rank - 66) acquired along with WKYT-TV in 1994, the market leader

WRDW-TV - CBS affiliate in Augusta, Georgia (DMA Rank - 115) acquired in 1996 and market leader

WCTV-TV - CBS affiliate in the Tallahassee, Florida / Thomasville, Georgia market (DMA - 109), acquired in 1996, the market leader

WVLT-TV - CBS affiliate in Knoxville, Tennessee (DMA Rank - 63) acquired with WCTV-TV in 1996

WJHG-TV - NBC affiliate in Panama City, Florida (DMA Rank - 157), the market leader

WITN-TV - NBC affiliate in the Greenville-Washington-New Bern, North Carolina market (DMA Rank - 106), acquired in 1997, the news leader in the market

KOLN-TV - CBS affiliate in the Lincoln-Hastings-Kearney, Nebraska market (DMA Rank - 101), the market leader

KGIN-TV - KOLN-TV's CBS-affiliated satellite station in Grand Island, Nebraska, the market leader

WEAU-TV - NBC affiliate in the Eau Claire-La Crosse, Wisconsin market (DMA Rank - 129), acquired with KOLN-TV and KGIN-TV in 1998, the market leader

KWTX-TV - CBS affiliate in the Waco-Temple-Killeen, Texas market (DMA Rank - 94), the market leader

KBTX-TV - CBS affiliate in Bryan-College Station, Texas, the market leader

KXII-TV - CBS affiliate in the Sherman, Texas / Ada, Oklahoma market (DMA Rank - 160), acquired with KWTX-TV and KBTX-TV in 1999, the market leader

January - *Bull Run makes additional $1.0 million investment in Total Sports convertible preferred stock.*

January - *Bull Run acquires Sarkes Tarzian ("Tarzian") common stock representing 73% of the equity for purposes of dividends and distributions, and 33.5% of the voting rights, for $10 million.*

March - *Gray acquires* The Goshen News, *a daily newspaper in Goshen, Indiana, for $16.7 million.*

Bull Run's Investment *- Bull Run currently owns approximately 13.1% of the outstanding common stock of Gray Communications Systems, Inc. ("Gray"), representing approximately 26.2% of the voting power. In addition, Bull Run owns all of Gray's outstanding series A preferred stock, 50% of Gray's outstanding series B preferred stock, and warrants to purchase up to a total of 1,206,250 shares of Gray's common stocks. Gray's class A and class B common stocks are traded on the New York Stock Exchange under the symbols "GCS" and "GCS.B", respectively. Bull Run has been an investor in Gray since 1993.*

Publishing

The Albany Herald - established in 1891, a Southwest Georgia daily newspaper having a daily circulation of approximately 30,000 and approximately 34,000 on Sundays

The Rockdale Citizen - acquired in 1994, a Conyers, Georgia (suburban Atlanta), daily newspaper established in 1953, having a circulation of 17,000

The Gwinnett Daily Post - acquired in 1995, a Tuesday-Sunday newspaper in Lawrenceville, Georgia (suburban Atlanta), having a circulation of 64,000 in the fast growing Gwinnett County market

The Goshen News - acquired in 1999, an afternoon newspaper in Goshen, Indiana, having a daily circulation of 18,000

Southwest Georgia Shopper - advertising weekly shopper in Southwest Georgia having a total circulation of 40,000

Other Businesses

Lynqx Communications, Inc. - one of the largest fleets of satellite uplink trucks in the southeastern U.S., some of which were acquired in 1996 along with WCTV-TV and WVLT-TV, the remainder of which were acquired in 1997

PortaPhone Paging - a communications and paging business in the southeastern U.S. with 88,000 units in service, acquired with WCTV-TV and WVLT-TV in 1996

In January 1999, Bull Run acquired shares of ***SARKES TARZIAN, INC.*** ("Tarzian"), an owner and operator of two television stations and four radio stations. The acquired shares represent 33.5% of the total outstanding common stock of Tarzian both in terms of the number of shares of common stock outstanding and in terms of voting rights. However, the investment represents 73% of the equity of Tarzian for purposes of dividends, as well as distributions in the event of any liquidation, dissolution or other termination of Tarzian. Gray has the option to acquire the Tarzian investment for approximately Bull Run's cost.

Tarzian's properties consist of:

Television Broadcasting

WRCB-TV - NBC affiliate in Chattanooga, Tennessee (DMA Rank - 84)

KTVN-TV - CBS affiliate in Reno, Nevada (DMA Rank - 111)

Radio Broadcasting

WGCL-AM and ***WTTS-FM*** in Bloomington, Indiana

WAJI-FM and ***WLDE-FM*** in Fort Wayne, Indiana

March - *Bull Run executes agreement with Gray for the rights to purchase Bull Run's investment in Tarzian for $10 million plus related costs; Bull Run also receives warrants to purchase Gray class B common stock.*

July - *Host forms iHigh.com, Inc., to develop a network of web sites devoted to high school sports and activities.*

October - *Gray acquires* KWTX-TV *in Waco, TX,* KBTX-TV *in Bryan, TX, and* KXII-TV *in Sherman, TX - Ada, OK market, for $139 million.*

iHigh.com

***Bull Run's Investment** - Through Host, Bull Run owns approximately 37.0% of the outstanding capital stock (representing approximately 29% on a fully-diluted basis, which assumes issuance of shares reserved for stock options) of iHigh.com, Inc. iHigh.com was formed by Host in July 1999.*

iHIGH.COM, INC. is creating a network of web sites devoted to high school sports and activities by linking high school state associations and more than 17,000 public high schools in partnership with the National Federation of State High School Associations ("NFHS"), reaching approximately 10 million high school students via the World Wide Web. NFHS owns 10% of the fully-diluted equity of iHigh.com.

iHigh.com provides every high school in the United States a free web site that connects scholastic sports and other school activities to a national network. The site offers high schools easy on-line, password-protected templates, giving every high school access to a professionally designed web site at no charge that doesn't require HTML programming. Students, parents, alumni and other school supporters can easily connect with schools at a local, state and national level, and can follow local sports statistics, find out the latest on local school-related events, open a free e-mail account, or support their local school with on-line commerce and advertising. Whereas iHigh.com plans to sell national and state level advertising and sponsorships, each high school will have the opportunity to sell local advertising for its site. Valvoline is iHigh.com's first national advertiser.

Through August 2000, iHigh.com has signed over 30 state high school associations to exclusive Internet provider arrangements, and have approximately 9,500 high schools committed to the iHigh.com network.

iHigh.com, in conjunction with Centre College, was named an official website for the 2000 Presidential and Vice Presidential debates.

GEM Group

***Bull Run's Investment** - Through Host, Bull Run owns approximately 17.9% of the outstanding capital stock of The GEM Group, Inc.*

THE GEM GROUP, INC. is an event marketing agency for clients such as Bank of America, N.A., Sears Roebuck & Company, United Parcel Service Inc. and Eastman Kodak Company. For example, The GEM Group managed the 50-market "Bank of America Down Under Tour," an interactive Australian experience to promote Bank of America's sponsorship of the U.S. Olympic Team leading up to the 2000 Sydney Olympic Games. The GEM Group was formed as a result of the combination of Corporate Marketing Associates, LLC ("CMA"), a Dallas-based sports and event marketing agency, and Lang & Associates, a 30-year-old Toronto-based "associative marketing" agency, earlier this year. Host previously held a 37.5% investment in CMA.

Pony Sweep

***Bull Run's Investment** - Through Host, Bull Run owns 50% of the outstanding capital stock of Players Communication Network, Inc., also known as the "Pony Sweep". Pony Sweep was formed by Streetball and sports personality Craig James, a member of CBS' "NFL Today" program, in September 1999.*

THE PONY SWEEP features "In The Huddle With Craig James," a 30-minute magazine television show featuring highlights, feature segments and previews of the upcoming week's games in the National Football League; the "Pro Player Network," a 365-station SportsFan Radio Network, featuring players from each professional sports league to discuss their team, individual play and current action; and www.CraigJames.com, a part of the Rivals.com network, providing coverage and analysis of the NFL and college football, daily news and stories from selected players and other media personalities, and a message board that permits users to talk directly with Craig James.

The Craig James Broadcasting School provides monthly instruction for selectively recruited current and former athletes and coaches from all major sports who desire to learn the technical aspects of the broadcasting business, and how to become an on-air talent.

December - *Bull Run acquires remainder of Host, USA and Capital capital stock it didn't then own, for total consideration of approximately $116.9 million, net of cash acquired.*

December - *iHigh.com, Inc. raises over $8 million in private equity.*

July - *Quokka Sports, Inc. agrees to purchase Total Sports for stock in a transaction expected to close in 2000.*

September - *Datasouth executes definitive agreement to sell its computer printer business.*

2000

SELECTED FINANCIAL DATA (Dollars and shares in thousands, except for per share amounts)

OPERATING RESULTS	Year Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998 (Unaudited)	Year Ended December 31, 1998	1997	1996	1995
Total revenue	$ 72,000	$ 609	$ 652	$ 1,618	$ 681	$ 844	$ 722
Operating costs and expenses	(67,258)	(693)	(691)	(1,312)	(1,039)	(1,022)	(848)
	4,742	(84)	(39)	306	(358)	(178)	(126)
Amortization of acquisition intangibles	(2,460)						
Income (loss) from operations	2,282	(84)	(39)	306	(358)	(178)	(126)
Equity in earnings (losses) of affiliated companies	(2,698)	(997)	(146)	6,734	(599)	1,731	107
Other income (expense) derived from investments in affiliates, net	(358)					8,179	
Interest expense and other, net	(7,909)	(1,858)	(1,547)	(3,162)	(1,614)	(1,250)	(944)
Income (loss) from continuing operations before income taxes, extraordinary item and cumulative effect of accounting change	(8,683)	(2,939)	(1,732)	3,878	(2,571)	8,482	(963)
Income tax benefit (provision)	2,739	944	542	(1,599)	1,032	(3,349)	421
Income (loss) from continuing operations before extraordinary item and cumulative effect of accounting change	(5,944)	(1,995)	(1,190)	2,279	(1,539)	5,133	(542)
Extraordinary loss						(295)	
Cumulative effect of accounting change						(274)	
Income (loss) from continuing operations	(5,944)	(1,995)	(1,190)	2,279	(1,539)	4,564	(542)
Income (loss) from discontinued operations, net of tax	(6,839)	(266)	(92)	81	(234)	744	1,265
Net income (loss)	$(12,783)	$ (2,261)	$(1,282)	$ 2,360	$(1,773)	$ 5,308	$ 723
Earnings (loss) per share - Basic:							
Income (loss) from continuing operations before extraordinary item and cumulative effect of accounting change	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)	$ .22	$ (.02)
Income (loss) from continuing operations	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)	$ .21	$ (.02)
Income (loss) from discontinued operations, net of tax	$ (.24)	$ (.01)	$ (.01)	$ .01	$ (.01)	$ .03	$ .05
Net income (loss)	$ (.44)	$ (.10)	$ (.06)	$ .11	$ (.08)	$ .24	$ .03
Weighted average shares outstanding - Basic	29,044	22,330	22,098	22,189	21,302	22,013	22,127
Earnings (loss) per share - Diluted:							
Income (loss) from continuing operations before extraordinary item and cumulative effect of accounting change	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)	$ .21	$ (.02)
Income (loss) from continuing operations	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)	$ .20	$ (.02)
Income (loss) from discontinued operations, net of tax	$ (.24)	$ (.01)	$ (.01)	$ .00	$ (.01)	$ .03	$ .05
Net income (loss)	$ (.44)	$ (.10)	$ (.06)	$ .10	$ (.08)	$ .23	$ .03
Weighted average shares outstanding - Diluted	29,044	22,330	22,098	23,182	21,302	22,945	23,236

	As of June 30, 2000	As of June 30, 1999	As of December 31, 1998	1997	1996	1995
Working capital	$ 19,221	$(61,595)	$ 4,074	$ 2,913	$ 4,262	$ 4,005
Investment in affiliated companies	77,935	85,311	74,767	62,972	53,752	29,246
Total assets	241,851	104,317	95,195	76,402	66,211	41,692
Long-term obligations	122,794		51,848	41,998	31,364	14,896
Stockholders' equity	69,620	27,994	29,791	25,056	28,318	24,079
Current ratio	1.5	0.1	2.4	1.7	3.4	3.9
Book value per share	$ 1.98	$ 1.25	$ 1.34	$ 1.18	$ 1.30	$ 1.09

The changes from year to year are primarily a result of the following transactions:

2000 - Acquisition of Host, USA and Capital effective December 17, 1999 financed with common stock, options to acquire common stock and long-term debt. (See Note 3 to the consolidated financial statements.)
1999 - Investment in Tarzian, financed with short-term debt; all amounts outstanding under long-term debt agreements were classified as current liabilities until December 17, 1999 when the obligations were refinanced.
1998 - Equity in the earnings attributable to Gray's gain on disposal of a television station; additional investments in Rawlings; and investment in Total Sports.
1997 - Initial investments in Rawlings.
1996 - Increase in the investment in Gray of $8.2 million resulting from Gray's public offering of its class B common stock; and purchase of Gray preferred stock for $15 million.
1995 - Initial investments in Host, USA and Capital.

No dividends were declared or paid during the periods presented.

Certain reclassifications, including the presentation of the Datasouth business segment as a discontinued operation, have been made in the results of operations and financial position for all prior periods to conform to the June 30, 2000 presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Bull Run Corporation (the "Company"), based in Atlanta, Georgia, is a sports and affinity marketing and management company through its primary operating business, Host Communications, Inc. ("Host"), acquired in December 1999. Host's "Affinity Marketing and Production Services" business segment provides sports marketing and production services to a number of collegiate conferences and universities, the National Collegiate Athletic Association, and state high school associations. Host's "Affinity Events" business segment produces and manages individual events, such as the "NFL Quarterback Challenge," and several events series, including the "Hoop-It-Up®" 3-on-3 basketball tour and the "Toyota Golf Skills Challenge". Host's "Affinity Management Services" business segment provides associations, such as the National Tour Association and Quest (the J.D. Edwards users group association) with services ranging from member communication, recruitment and retention, to conference planning, marketing and administration.

Effective December 17, 1999, the Company acquired the stock of Host, Universal Sports America, Inc. ("USA") and Capital Sports Properties, Inc. ("Capital") not then owned, directly or indirectly, by the Company. In January 2000, Host's executive management team assumed executive management responsibilities for USA, and many administrative and operating functions of the two companies were combined. Effective July 1, 2000, USA was merged into Host. As used herein, "Host-USA" refers to the combined businesses of Host and USA. Capital was solely an investor in Host and has no operating business.

The Company also has significant investments in other sports and media companies, including Gray Communications Systems, Inc. ("Gray"), the owner and operator of 13 television stations and four newspapers; Sarkes Tarzian, Inc. ("Tarzian"), the owner and operator of two television stations, four radio stations and other media and communications businesses; Rawlings Sporting Goods Company, Inc. ("Rawlings"), a supplier of team sports equipment; Total Sports, Inc. ("Total Sports"), a sports content Internet company; and iHigh.com, Inc. ("iHigh.com"), a company developing a network of Internet web sites focused on high school sports and activities. The Company provides consulting services to Gray, in connection with Gray's acquisitions and dispositions.

As of June 30, 2000, the Company owned approximately 13.1% of the outstanding common stock of Gray (representing 26.2% of the voting rights), in addition to non-voting preferred stock and warrants to purchase additional Gray common stock; 33.5% of the total outstanding common stock of Tarzian both in terms of the number of shares of common stock outstanding and in terms of voting rights (representing 73% of the equity of Tarzian for purposes of dividends, as well as distributions in the event of any liquidation, dissolution or other termination of Tarzian); 10.2% of the outstanding common stock of Rawlings, in addition to warrants for the purchase of additional shares of Rawlings common stock; 10.6% of the outstanding capital stock of Total Sports; and 37.0% of the outstanding common stock of iHigh.com.

HOST-USA ACQUISITION

On December 17, 1999, the Company acquired the stock of Host, USA and Capital not previously owned, directly or indirectly, by the Company (the "Host-USA Acquisition"). Aggregate consideration (net of cash acquired) was approximately $116.9 million, which included common stock (totaling 11,687,000 shares) and stock options (for a total of 2,819,000 shares of common stock) valued at approximately $52.3 million, 8% subordinated notes having a face value of approximately $18.6 million, cash (net of approximately $9.7 million in cash acquired) of $44.8 million and transaction expenses of approximately $1.2 million. The Company allocated $24.5 million of the Host-USA Acquisition purchase price to identifiable intangible assets and recognized goodwill in the amount of $66.4 million. As of June 30, 2000, goodwill and acquired intangibles, net of accumulated amortization, were approximately 37% of the Company's total assets.

Prior to the Host-USA Acquisition, the Company accounted for its investment in Host and Capital under the equity method, and for its investment in USA under the cost method. Beginning December 17, 1999, the financial results of Host, USA and Capital have been consolidated with those of the Company.

DISPOSAL OF COMPUTER PRINTER OPERATIONS

On July 26, 2000, the Company's Board of Directors authorized management to sell the operating assets of Datasouth Computer Corporation ("Datasouth"), the Company's wholly owned computer printer manufacturing business segment. The Company's decision to discontinue its Datasouth segment was attributable to the strategic decision to focus on the sports and affinity marketing and management businesses following the Host-USA Acquisition. Immediately following the board's authorization, the Company formalized its plan of disposal and began to aggressively pursue a sale of the assets of Datasouth to a potential purchaser. The Company expects that a sale of Datasouth will be consummated with the potential purchaser by October 31, 2000. Accordingly, the operating results and net assets associated with Datasouth's computer printer manufacturing business as of and for the year ended June 30, 2000 and all prior periods presented herein have been reflected as discontinued operations in the accompanying consolidated financial statements.

An estimated loss on the sale of Datasouth of $6,522,000, including a $350,000 pretax provision for estimated operating losses during the disposal period, has been combined with Datasouth's operating results and presented as discontinued operations in the consolidated financial statements for the year ended June 30, 2000. The proceeds expected to be realized on the sale of Datasouth's assets are based on management's estimates of the most likely outcome, considering, among other things, the Company's current discussions with the potential purchaser. Management's estimate of operating losses during the disposal period is based on management's knowledge of customer ordering patterns, industry trends and estimates of the length of time until a sale might be consummated. Actual amounts ultimately realized on the sale and losses incurred during the disposal period could differ materially from the amounts assumed in arriving at the loss on disposal. To the extent actual proceeds or operating results during the disposal period differ from the estimates that are reflected as of June 30, 2000, or as management's estimates are revised, the variance will be reported in discontinued operations in future periods. Management expects to use the proceeds from the sale to reduce outstanding debt under its bank credit agreement and pay transaction expenses estimated to be less than $100,000.

RESULTS OF CONTINUING OPERATIONS

Year Ended June 30, 2000

Total revenues for the year ended June 30, 2000 were $72,000,000. Revenue derived from the companies acquired in the Host-USA Acquisition for the period from December 17, 1999 (date of acquisition) through June 30, 2000, was $70,689,000, of which, $54,443,000 was attributable to the Affinity Marketing and Production Services business segment, $11,312,000 was attributable to the Affinity Events segment and $4,934,000 was attributable to the Affinity Management Services segment. Consulting fee income on services provided to Gray was $1,311,000 for the year ended June 30, 2000. As a result of the Company's 13.1% equity investment in Gray, approximately 13.1% of consulting fees charged to Gray is deferred and recognized as consulting fee income over 40 years. There can be no assurance that the Company will recognize any consulting fees in the future, other than recognition of currently deferred fees.

Operating costs and expenses of $69,718,000 for the year ended June 30, 2000 included $64,250,000 associated with companies acquired in the Host-USA Acquisition, for the period from December 17, 1999 (date of acquisition) through June 30, 2000, amortization of acquisition intangibles of $2,460,000 as a result of the Host-USA Acquisition and nonrecurring expenses of $1,460,000 in connection with a potential transaction involving one of the Company's investments.

Operating income for the period December 17, 1999 (date of acquisition) to June 30, 2000 derived from the Affinity Marketing and Production Services, Affinity Events and Affinity Management Services business segments was $4,354,000, $1,519,000 and $568,000, respectively. A significant portion of the Affinity Marketing and Production Services operating income is generated in the fiscal quarter ended March 31, due to the timing of events in connection with which revenues of this segment are generated. Likewise, the Affinity Events business segment generates most of its revenue during the fiscal quarters ended June 30 and September 30, the periods in which the majority of the events are held. Therefore, revenue and operating profit for the period from December 17, 1999 (date of acquisition) to June 30, 2000 is not necessarily indicative of the actual results that might have occurred had a full year's results been consolidated in the Company's consolidated financial statements for the year ended June 30, 2000.

Equity in earnings (losses) of affiliated companies, totaling $(2,698,000) for the year ended June 30, 2000 included the Company's proportionate share of the earnings or losses of (a) Gray; (b) Rawlings; (c) subsequent to December 17, 1999, iHigh.com and certain other equity investments; and (d) prior to December 17, 1999, Host and Capital, net of amortization charges totaling $1,823,000.

In January 1999, USA sold its investment in broadcast.com, inc., recognizing a gain of approximately $40 million. As a result of Host's equity investment in USA and the Company's equity investment in Host reported on a six-month lag basis, the Company recognized approximately $1.9 million in equity in earnings of affiliates in the year ended June 30, 2000 due to USA's gain on the sale.

Rawlings recognized an after-tax charge of approximately $12.8 million associated with its decision to sell its Vic hockey business in its fiscal quarter ended May 31, 2000. As a result, the Company's pretax equity in earnings (losses) of Rawlings was negatively impacted in the year ended June 30, 2000 by approximately $1.3 million.

In the year ended June 30, 2000, the Company recognized an expense of $2,850,000 associated with an impairment in the value of the Company's investment in a warrant for Rawlings common stock. The determination to reduce the carrying value of the Company's investment in the Rawlings warrant was made based on management's assessment that the likelihood that the warrant would vest, in accordance with the present terms of the warrant, prior to its expiration date, was remote. As a result of this assessment, management believes its ability to recover any of the carrying value of the investment in the warrant is remote.

As a result of Gray's issuance of shares of its class B common stock on October 1, 1999 in connection with consideration paid in the acquisition of three television stations, the Company's common equity ownership of Gray was reduced from 16.9% to 13.1%, resulting in a pretax gain for the Company of $2,492,000 in the year ended June 30, 2000. This share issuance also reduced the Company's common equity voting power in Gray from 27.5% to 26.2%. There can be no assurance that such sales or such gains of a material nature will occur in the future.

Interest and dividend income was $958,000 for the year ended June 30, 2000, primarily derived from dividends accrued on the Company's investment in Gray's series A and series B preferred stock. Interest expense was $8,746,000 for the year ended June 30, 2000, increasing in the last six months of the fiscal year due to the financing of the Host-USA Acquisition in December 1999, and to a lesser extent, an increase in interest rates. During the year ended June 30, 2000, the Company issued approximately 305,000 shares of its common stock to a director of the Company who personally guaranteed up to $75 million of the Company's debt under its bank credit agreement. The value of the shares issued, approximately $1,219,000, is being amortized over one year, and approximately $610,000 is included in debt issue cost amortization for the year ended June 30, 2000.

Other income for the year ended June 30, 2000 consisted primarily of income from an option agreement with Gray whereby Gray has the right to acquire the Company's investment in Tarzian.

As of June 30, 2000, the Company has a net operating loss carryforward for tax purposes of approximately $5.8 million to reduce Federal taxable income in the future, an alternative minimum tax credit carryforward of $490,000 and a business credit carryforward of $142,000, to reduce regular Federal tax liabilities in the future. The principal differences between the federal statutory tax rate of 34% and the effective tax rate of 24.0% are nondeductible goodwill amortization and state income taxes.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998

Total revenue for the six months ended June 30, 1999, representing consulting fees earned from services rendered to Gray in connection with Gray's acquisitions and dispositions, was $609,000 compared to $652,000 for the same period in 1998. Operating expenses of $693,000 for the six months ended June 30, 1999 were comparable to operating expenses of $691,000 for the six months ended June 30, 1998.

Equity in losses of affiliated companies, totaling $(997,000) and $(146,000) for the six months ended June 30, 1999 and 1998, respectively, included the Company's proportionate share of the earnings or losses of Gray, Host, Capital and Rawlings, and amortization charges totaling $549,000 and $389,000, respectively.

Interest and dividend income of $453,000 and $562,000 for the six months ended June 30, 1999 and 1998, respectively, was primarily derived from dividends paid on the Company's investment in Gray's series A and series B preferred stock. Interest expense, totaling $2,529,000 and $2,101,000 for the six months ended June 30, 1999 and 1998, respectively, was incurred primarily in connection with bank term loans and notes payable, the proceeds of which were used to finance (a) the Company's investments in Gray, Host, Capital, USA and Rawlings, and (b) the acquisition of a computer printer business in January 1998 (the "CodeWriter Acquisition"); and, for the six months ended June 30, 1999 only, (x) the Company's investments in Total Sports in August 1998 and January 1999, and (y) the Company's investment in Tarzian in January 1999.

The Company's effective tax rate was 32.1% and 31.3% for the six months ended June 30, 1999 and 1998, respectively.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Total revenue for 1998, representing consulting fees earned from services rendered to Gray in connection with Gray's acquisitions and dispositions, was $1,618,000 compared to $681,000 in 1997. Operating expenses of $1,312,000 in 1998 represented a 26.3% increase from 1997, due primarily to an increase in professional fees of approximately $80,000, an increase in insurance costs of approximately $75,000 and an increase in travel expenses of approximately $66,000.

Equity in earnings (losses) of affiliated companies, totaling $6,734,000 in 1998 and ($599,000) in 1997, included the Company's proportionate share of the earnings of Gray, Host, Capital, and in 1998 only, Rawlings, net of amortization charges totaling $777,000 and $610,000 in 1998 and 1997, respectively. In 1998, Gray disposed of *WALB-TV*, its NBC affiliate in Albany, Georgia, fulfilling a Federal Communications Commission divestiture order. As a result of the gain on the disposition of *WALB-TV*, the Company's equity in Gray's earnings was favorably impacted by approximately $6.9 million in 1998.

Interest and dividend income of $1,085,000 in 1998 and $1,102,000 in 1997 was primarily derived from dividends paid on the Company's investment in Gray's series A and series B preferred stock. Interest expense, totaling $4,247,000 in 1998 and $2,716,000 in 1997, was incurred primarily in connection with bank term loans, the proceeds of which were used to finance (a) the Company's investments in Gray, Host, Capital and USA; (b) the Company's investments in Rawlings from November 1997 through January 1998; (c) the acquisition of a computer printer business in January 1998; and (d) the Company's investment in Total Sports in August 1998.

The Company's effective tax rate was 41.2% and 40.1% for the years ended December 31, 1998 and 1997, respectively.

RESULTS OF DISCONTINUED OPERATIONS

Year Ended June 30, 2000 Compared to Six Months Ended June 30, 1999

Revenue from Datasouth's computer printer operations of $24,959,000 for the year ended June 30, 2000, compared to $13,626,000 for the six months ended June 30, 1999, reflect a decline in sales to The Sabre Group, Inc., Datasouth's largest customer, to $4.2 million in 2000, compared to $2.8 million for the six months ended June 30, 1999. Short term revenue trends in the Company's computer printer business fluctuate due to variable ordering patterns of large customers. Gross profit from printer operations was 24.8% for the year ended June 30, 2000 compared to 26.6% for the six months ended June 30, 1999, due to an increase in overhead costs per manufactured unit sold during the year resulting from a decline in manufactured unit volume, primarily caused by the decline in sales to Sabre.

Operating expenses associated with discontinued operations of $6,507,000 for the year ended June 30, 2000 represent 26.1% of revenue compared to 19.1% for the six months ended June 30, 1999. Operating expenses include non-cash goodwill amortization expense of $555,000 and $266,000 for the year ended June 30, 2000 and for the six months ended June 30, 1999, respectively.

The Company allocated an income tax benefit to the discontinued segment of $10,000 and $72,000 for the year ended June 30, 2000 and the six months ended June 30, 1999, respectively, representing an effective tax rate of 3.0% and 21.3%, respectively. The change was due entirely to the impact of nondeductible goodwill amortization in each period, as was the differences between the effective tax rate and the statutory federal tax rate of 34%.

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998

Revenue from Datasouth's computer printer operations was $13,636,000 for the six months ended June 30, 1999, compared to $14,158,000 for the same period in 1998, due to a decrease in printer sales to Sabre. Printer sales to this customer were $2.8 million for the six months ended June 30, 1999, compared to $4.3 million for the six months ended June 30, 1998. Gross profit from printer operations of 26.6% for the six months ended June 30, 1999 increased from the 24.9% realized for the same period in 1998, primarily due to a different mix of products sold and initial production costs associated with the introduction of a new printer line in 1998, which collectively increased gross profit 2.1% of revenue.

Operating expenses associated with discontinued operations of $3,964,000 for the six months ended June 30, 1999 represented a 10.8% increase from the same period in 1998, due primarily to (a) a $181,000 increase in research and development costs attributable to software development activities for an airline ticket/boarding pass printer (the marketing rights for which were acquired in September 1998) and (b) expenses of $244,000 associated with the Company's European sales office established in October 1998. Operating expenses include non-cash goodwill amortization expense of $266,000 and $241,000 for the six months ended June 30, 1999 and 1998, respectively.

The Company allocated an income tax benefit to the discontinued segment of $72,000 for the six months ended June 30, 1999 and a $36,000 income tax provision for the six months ended June 30, 1998, representing an effective tax rate of 21.3% and (65.2)%, respectively. The change from 1998 to 1999, as well as the difference between the effective tax rate and the federal statutory rate of 34%, was due primarily to the impact of nondeductible goodwill amortization in each period.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Revenue from Datasouth's computer printer operations (including the *CodeWriter* product line, which was acquired in the CodeWriter Acquisition in January 1998) was $29,848,000 in 1998, representing a 38% increase over such revenue in 1997 of $21,639,000. *CodeWriter* products contributed revenue of approximately $4.4 million in 1998. Printer sales to Sabre were approximately $9.2 million in 1998 and $7.2 million in 1997. Gross profit from printer operations of 25.9% for 1998 decreased slightly from the 26.2% realized in 1997, primarily due to a different mix of products sold which increased gross profit 1.8% of revenue; less (a) the impact of costs incurred by the Company immediately following the CodeWriter Acquisition, prior to the integration of manufacturing operations into the Company's existing product manufacturing facility, which decreased gross profit by 0.1% of revenue; and (b) an increase in freight costs and increases in inventory reserves, offset by some manufacturing overhead efficiencies gained as a result of higher unit volumes, which collectively reduced gross profit by 2.3% of revenue.

Operating expenses associated with discontinued operations of $7,282,000 in 1998 represented a 25.2% increase from 1997, due primarily to (a) expenses of $245,000 associated with an increase in sales and marketing personnel attributable to the Company's expanded printer line; (b) expenses of $75,000 associated with the Company's European sales office opened in October 1998; (c) a $175,000 increase in advertising expenses relating to the introduction of new products in 1998; (d) an increase in personnel and administrative costs of $560,000 resulting from the CodeWriter Acquisition; and (e) goodwill amortization expense and certain nonrecurring post-acquisition

transition costs of $225,000 in 1998 associated with the CodeWriter Acquisition. Operating expenses included non-cash goodwill amortization expense of $488,000 in 1998 and $301,000 in 1997, associated with the acquisition of Datasouth and, in 1998 only, the CodeWriter Acquisition.

The Company allocated an income tax provision to the discontinued segment of $255,000 and $93,000 for the years ended December 31, 1998 and 1997, respectively, representing an effective tax rate of 75.9% and (65.4)%, respectively. The change from 1997 to 1998, as well as the difference between the effective tax rate and the federal statutory rate of 34%, was due primarily to the impact of nondeductible goodwill amortization in each period.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities of continuing operations was $117,000 for the year ended June 30, 2000. In the year ended June 30, 2000, accounts receivable and prepaid costs and expenses decreased $12,269,000 due to decreases (subsequent to the date of the Host-USA Acquisition) in prepaid costs under various contracts and accounts receivable, and accounts payable and accrued expenses decreased $12,398,000 due primarily to decreases (subsequent to the date of the Host-USA Acquisition) in the accruals for guaranteed rights payments and incurred unbilled costs under various contracts.

Cash used in operating activities of continuing operations was $1,120,000 for the six months ended June 30, 1999, compared to $1,388,000 for the same period in 1998, and cash used in operating activities of continuing operations was $2,091,000 and $1,028,000 for the years ended December 31, 1998 and 1997, respectively. In the six months ended June 30, 1999, receivables, net of payables and accruals, decreased $898,000, compared to a decrease of $90,000 in the six months ended June 30, 1999. Additionally, deferred income increased $126,000 more in the six months ended June 30, 1998 than in the following year, and interest paid was $2,050,000 compared to $2,346,000 for the six months ended June 30, 1999. In the year ended December 31, 1998, interest paid was $4,404,000 compared to $2,460,000 in the year ended December 31, 1997; however, consulting fees received in 1998 exceeded consulting fees received in 1997 by approximately $900,000.

Cash provided by operating activities of discontinued operations was $676,000 for the year ended June 30, 2000, reflecting a decrease in accounts receivable and inventories, net of payables and accruals, of $376,000. Cash provided by operating activities of discontinued operations was $1,958,000 for the six months ended June 30, 1999, whereas cash used in operating activities of discontinued operations for the six months ended June 30, 1998 was $488,000, and was $533,000 and $799,000 for the years ended December 31, 1998 and 1997, respectively. In the six months ended June 30, 1999, accounts receivable and inventories, net of payables and accruals, decreased $1,587,000, compared to an increase of $813,000 in the six months ended June 30, 1998. In the year ended December 31, 1998, accounts receivable and inventories, net of payables and accruals, increased $1,739,000, compared to an increase of $1,378,000 in the year ended December 31, 1997.

In 1984, Host and the National Collegiate Athletic Association ("NCAA®") initiated the NCAA Corporate Partner Program. Under this program, Host partners with an exclusive group of corporations to link their target markets to and implement promotions around the NCAA and its championship events through a variety of advertising and promotional opportunities. Host's current contract with the NCAA expires in 2002, and Host has announced the decision to withdraw from negotiations for an extension of Host's NCAA corporate marketing rights beyond 2002, due to the rapidly escalating cost of purchasing the rights and the determination by the Company that other facets of the business will likely grow at a faster rate at better operating margins than the NCAA Corporate Partner Program. Revenue generated by the NCAA Corporate Partner Program for the period from December 17, 1999 (effective date of the Host-USA Acquisition) to June 30, 2000 was approximately $25 million. Guaranteed rights fee expense associated with the NCAA Corporate Partner Program for the period from December 17, 1999 (effective date of the Host-USA Acquisition) to June 30, 2000 was approximately $7,850,000, and will be $16,167,000, $19,417,000 and $3,333,000 for the years ending June 30, 2001, 2002 and 2003, respectively.

Cash used in investing activities of continuing operations was $46,073,000 for the year ended June 30, 2000, of which, $45,315,000 was associated with the Host-USA Acquisition.

Cash used in investing activities of continuing operations was $12,226,000 for the six months ended June 30, 1999, of which $10,000,000 was associated with the Company's investment in Sarkes Tarzian, Inc., $1,000,000 was a result of an additional investment in Total Sports preferred stock and $674,000 represented deferred acquisition costs of the Host-USA Acquisition. Cash used in investing activities of continuing operations was $5,043,000 for the six months ended June 30, 1998, of which $4,961,000 was associated with Company investments in Rawlings common stock.

Cash used in investing activities of continuing operations was $4,886,000 for the year ended December 31, 1998, as a result of Company's investments in Rawlings totaling $4,961,000, the Company's initial investment in Total Sports capital stock of $2,500,000 and investments in Host totaling $1,263,000. Also during 1998, the Company received proceeds of $3,805,000 from Gray on the redemption of shares of its series B preferred stock. For the year ended December 31, 1997, cash used in investing activities of continuing operations was $8,109,000 as a result of the Company's initial investments in Rawlings of $5,804,000 and investments in Gray common stock of $3,108,000.

Cash used in investing activities of discontinued operations was $642,000 for the six months ended June 30, 2000; $323,000 and $2,231,000 for the six months ended June 30, 1999 and 1998, respectively; and $3,268,000 and $1,148,000 for the years ended December 31, 1998 and 1997, respectively. Cash used for the CodeWriter Acquisition was $558,000 in the year ended June 30, 2000, $100,000 in the six months ended June 30, 1999 and approximately $2,000,000 in the six months ended June 30, 1998, and approximately $2,250,000 for the year ended December 31, 1998. Cash used for other acquisitions attributable to discontinued operations was approximately $660,000 in the year ended December 31, 1998. Capital expenditures of discontinued operations were $84,000 in the year ended June 30, 2000; $223,000 in the six months ended June 30, 1999 and 1998; and $353,000 and $1,148,000 for the years ended December 31, 1998 and 1997, respectively.

Cash provided by financing activities of continuing operations was $46,451,000 for the year ended June 30, 2000 as a result of borrowings utilized for the Host-USA Acquisition. Cash provided by financing activities of $11,976,000 for the six months ended June 30, 1999 was primarily as a result of financing the $10,000,000 investment in Sarkes Tarzian, Inc. in January 1999.

Cash provided by financing activities of continuing operations was $7,096,000 for the six months ended June 30, 1998 and $7,534,000 for the year ended December 31, 1998 primarily as a result of financing Company investments in Rawlings and Total Sports. Cash provided by financing activities of continuing operations of $11,145,000 for the year ended December 31, 1997 was primarily a result of financing Company investments in Rawlings and Gray, as well as repurchases of the Company's common stock totaling $1,751,000.

Cash provided by financing activities of discontinued operations of $2,500,000 for the six months ended June 30, 1998 and $3,160,000 for the year ended December 31, 1998 was a result of financing the CodeWriter Acquisition in January 1998 and an acquisition of product rights in September 1998.

In connection with the Host-USA Acquisition, the Company entered into a new credit agreement with a group of banks on December 17, 1999, as modified in 2000, providing for (a) two term loans for borrowings totaling $95,000,000, bearing interest at either the banks' prime rate or the London Interbank Offered Rate ("LIBOR") plus 2.5%, requiring a minimum aggregate principal payment of $10,000,000 by December 17, 2000, with all amounts outstanding under the term loans due on December 17, 2001; and (b) a revolving loan commitment (the "Revolver") for borrowings of up to a maximum amount ranging from $25,000,000 to $35,000,000 through December 17, 2001, bearing interest at either the banks' prime rate or LIBOR plus 2.5%. Borrowings under the Revolver are limited to an amount not to exceed a percentage of eligible accounts receivable, determined monthly, and such borrowings may include up to $20,500,000 in outstanding letters of credit. As of June 30, 2000, borrowings of $19,200,000 and letters of credit totaling $3,835,000 were outstanding under the Revolver, and additional available borrowing capacity under the Revolver was $560,000 at that date.

Also in connection with the Host-USA Acquisition, the Company issued subordinated notes on December 17, 1999, bearing interest at 8%, having an aggregate face value of $18,594,000. Interest is payable quarterly until maturity on January 17, 2003. Payment of interest and principal are subordinate to the bank credit agreement. The new bank credit agreement and the subordinated notes provided the necessary financing for the Host-USA Acquisition, and refinanced all existing bank indebtedness of the Company, Host and USA.

In connection with the Company's bank credit facilities the Company's chairman of the board entered into a guarantee agreement in favor of the banks for up to $75,000,000, for which he received compensation from the Company during the year ended June 30, 2000 in the form of 305,000 restricted shares of the Company's common stock valued at $1,219,000. Such agreement provides that if the Company defaults on its bank loan, the chairman will repay the amount of such loan to the banks. If he is obligated to pay such amount, he would have the right to purchase certain of the Company's collateral under such loan as would be necessary for him to recoup his obligation, with such collateral including the Company's investments in Gray and Tarzian.

The Company is a party to two interest rate swap agreements, which effectively modify the interest characteristics of $45,000,000 of its outstanding long-term debt. The first agreement, effective January 1, 1999, involves the exchange of amounts based currently on a fixed interest rate of 8.58% for amounts currently based on a variable interest rate of LIBOR plus 2.5% through December 31, 2002, without an exchange of the $20,000,000 notional amount upon which the payments are based. The second agreement, effective January 5, 2000, involves the exchange of amounts based on a fixed interest rate of 9.21% for amounts based on a variable interest rate of LIBOR plus 2.5% through December 31, 2002 (or December 31, 2004, at the bank's option), without an exchange of the $25,000,000 notional amount upon which the payments are based. The differential paid or received as interest rates change is settled quarterly and is accrued and recognized as an adjustment of interest expense related to the debt. The estimated amount to be received on terminating the swap agreements as of June 30, 2000, if the Company elected to do so, was approximately $511,000.

Dividends on the series B preferred stock of Gray owned by the Company are payable in cash at an annual rate of $600 per share or, at Gray's option, payable in additional shares of series B preferred stock. During 1998, Gray redeemed 435.94 shares of its series B preferred stock owned by the Company, including 110.94 shares previously issued in-kind as dividends on the series B preferred stock, for a total of $3,805,000. The Company anticipates some amount of dividends on the series B preferred stock may be paid in the future in additional shares of series B preferred stock.

The Company anticipates that its current working capital, funds available under its current credit facilities, quarterly cash dividends on the Gray preferred stock and common stock, anticipated extension fees under the option agreement with Gray and cash flow from operations will be sufficient to fund its debt service, working capital requirements and capital spending requirements for at least the next 12 months. Although the Company expects that proceeds on the anticipated sale of Datasouth would consist of cash and a note, and that any cash proceeds would be applied towards the $10,000,000 principal payment due under the new credit facility in December 2000, the Company believes that it will likely be required to sell certain of its investments in order to derive some portion of the $10,000,000 payment. Since the Company's investments generally consist of stock whose sale is restricted under applicable securities laws, there can be no assurance that the Company will be able to sell such investments. The Company's capital expenditures are expected to total approximately $1,200,000 for the year ending June 30, 2001.

IMPACT OF YEAR 2000

Some of the Company's computer programs were written using two digits rather than four to define the applicable year. As a result, those computer programs had time-sensitive software that recognized a date using "00" as the year 1900 rather than the year 2000 (the "Year 2000 Issue"). The Company implemented a program designed to address the Year 2000 Issue. As a result of this program, the Company experienced no significant disruption in its operations from the Year 2000 Issue. The Company's total cost for this program was less than $200,000, excluding rent expense for new computer hardware. Equipment rent expense does not differ materially from depreciation expense attributed to the replaced equipment.

INTEREST RATE AND MARKET RATE RISK

The Company is exposed to changes in interest rates due to the Company's financing of its acquisitions, investments and operations. Interest rate risk is present with both fixed and floating rate debt. The Company uses interest rate swap agreements (as described in "Liquidity and Capital Resources" above) to manage its debt profile.

Interest rate swap agreements generally involve exchanges of underlying face (notional) amounts of designated hedges. The Company continually evaluates the credit quality of counterparties to interest rate swap agreements and does not believe there is a significant risk of nonperformance by any of the counterparties to the agreements.

Based on the Company's debt profile at June 30, 2000 and 1999, a 1% increase in market interest rates would increase interest expense and decrease the income before income taxes (or alternatively, increase interest expense and increase the loss before income taxes) by $538,000 for the year ended June 30, 2000; $216,000 and $254,000 for the six months ended June 30, 1999 and 1998, respectively; and $517,000 and $353,000 for the years ended December 31, 1998 and 1997, respectively. These amounts were determined by calculating the effect of the hypothetical interest rate on the Company's floating rate debt, after giving effect to the Company's interest rate swap agreements. These amounts do not include the effects of certain potential results of increased interest rates, such as a reduced level of overall economic activity or other actions management may take to mitigate the risk. Furthermore, this sensitivity analysis does not assume changes in the Company's financial structure that could occur if interest rates were higher.

The Company holds investments in certain common stocks, preferred stocks and options to purchase common stock. The Company is exposed to changes in market values of these investments, some of which are publicly-traded common stocks. In each case where there exists a quoted market price for a publicly-traded security in which the Company holds investments, the investment is accounted for under the equity method, whereby changes in the quoted market price of the security do not impact the carrying value of the investment. However, fluctuations in market prices of investments could ultimately affect the amounts the Company might realize upon a disposal of some or all of its investments. Based on management's estimates of the aggregate fair value of the Company's investments in affiliated companies (as described in Note 12 to the consolidated financial statements), a 10% change in the aggregate market value of such investments would increase or decrease such aggregate market value by approximately $6.3 million as of June 30, 2000, $10.5 million as of June 30, 1999 and $8.8 million as of December 31, 1998.

RECENTLY-ISSUED ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, *"Accounting for Derivative Instruments and Hedging Activities."* The Company will be required to adopt the new Statement effective July 1, 2000. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. The Company anticipates that the adoption of this Statement will result in an increase in Stockholders' Equity and Total Assets of approximately $3,000,000 on July 1, 2000. In addition, the Statement could increase the volatility in earnings and comprehensive income for fiscal reporting periods subsequent to June 30, 2000 as a result of recognizing the net change in the value of an interest rate swap agreement during the future period.

FORWARD-LOOKING STATEMENTS

This Annual Report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this report, the words "believes," "expects," "anticipates," "estimates" and similar words and expressions are generally intended to identify forward-looking statements. Statements that describe the Company's future strategic plans, goals or objectives are also forward-looking statements. Readers of this Report are cautioned that any forward-looking statements, including those regarding the intent, belief or current expectations of the Company or management, are not guarantees of future performance, results or events, and involve risks and uncertainties. The forward-looking statements included in this report are made only as of the date hereof. The Company

undertakes no obligation to update such forward-looking statements to reflect subsequent events or circumstances. Actual results and events may differ materially from those in the forward-looking statements as a result of various factors including, but not limited to the following: (i) the Company's and Gray's leverage may adversely affect their ability to obtain financing, thereby impairing their ability to withstand economic downturns or competitive pressures; (ii) Gray's business depends on its relationships with, and success of, its national network affiliates; (iii) Rawlings' and Host-USA's businesses are seasonal; (iv) adverse events affecting baseball, such as negative publicity or strikes, may adversely affect Rawlings' business; (v) Rawlings' and Host-USA's businesses depend on short term contracts and the inability to renew or extend these contracts could adversely affect their businesses; and (vi) Host-USA may lose money on some of its contracts, because it guarantees certain payments thereunder.

REPORT OF INDEPENDENT AUDITORS

BOARD OF DIRECTORS AND STOCKHOLDERS OF BULL RUN CORPORATION:

We have audited the accompanying consolidated balance sheets of Bull Run Corporation as of June 30, 2000 and 1999, and December 31, 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended June 30, 2000, the six months ended June 30, 1999 and for each of the two years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Rawlings Sporting Goods Company, Inc., (a corporation in which the Company has a 10% interest) as of August 31, 1999 and 1998 and for the years then ended, have been audited by other auditors whose report has been furnished to us; insofar as our opinion relates to data included for Rawlings Sporting Goods Company Inc., it is based solely on their report.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bull Run Corporation at June 30, 2000 and 1999, and December 31, 1998, and the consolidated results of its operations and its cash flows for the year ended June 30, 2000, the six months ended June 30, 1999 and for each of the two years in the period ended December 31, 1998, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Charlotte, North Carolina
September 28, 2000

CONSOLIDATED BALANCE SHEETS (Amounts in thousands)

	June 30, 2000	June 30, 1999	December 31, 1998
ASSETS			
Current assets:			
Cash and cash equivalents	$ 619	$ 323	$ 58
Accounts receivable, net of allowance of $1,155 and $-0- as of June 30, 2000 and 1999, respectively, and $-0- as of December 31, 1998	45,682	267	1,127
Inventories	648		
Prepaid costs and expenses	8,231	78	34
Net assets of discontinued segment	6,286	6,845	8,546
Total current assets	61,466	7,513	9,765
Property and equipment, net	6,868	22	14
Investment in affiliated companies	77,935	85,311	74,767
Goodwill	64,647		
Customer base and trademarks	23,836		
Other assets	2,714	771	114
Net noncurrent assets of discontinued segment	4,385	10,700	10,535
	$ 241,851	$ 104,317	$ 95,195
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Notes payable and current portion of long-term debt	$ 10,000	$ 67,361	$ 4,000
Accounts payable	2,690	402	1,115
Accrued and other liabilities	28,885	1,345	574
Deferred income taxes	670		
Total current liabilities	42,245	69,108	5,689
Long-term debt	122,794		51,848
Deferred income taxes	3,924	5,030	5,682
Other liabilities	3,268	2,185	2,185
Stockholders' equity:			
Common stock, $.01 par value (authorized 100,000 shares; issued 35,627 and 22,983 shares as of June 30, 2000 and 1999, respectively, and 22,785 shares as of December 31, 1998)	356	230	228
Additional paid-in capital	76,123	21,840	21,378
Treasury stock, at cost (542 shares)	(1,393)	(1,393)	(1,393)
Retained earnings (accumulated deficit)	(5,466)	7,317	9,578
Total stockholders' equity	69,620	27,994	29,791
	$ 241,851	$ 104,317	$ 95,195

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS (Amounts in thousands, except per share data)

	Year Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998 (unaudited)	Years Ended December 31, 1998	Years Ended December 31, 1997
Revenue from services rendered	$ 72,000	$ 609	$ 652	$ 1,618	$ 681
Operating costs and expenses:					
Direct operating costs of services rendered	45,367				
Selling, general and administrative	21,891	693	691	1,312	1,039
Amortization of acquisition intangibles	2,460				
	69,718	693	691	1,312	1,039
Operating income (loss)	2,282	(84)	(39)	306	(358)
Other income (expense):					
Equity in earnings (losses) of affiliated companies	(2,698)	(997)	(146)	6,734	(599)
Gain on issuance of shares by affiliate	2,492				
Reduction in valuation of investment in affiliate	(2,850)				
Interest and dividend income	958	453	562	1,085	1,102
Interest expense	(8,746)	(2,529)	(2,101)	(4,247)	(2,716)
Debt issue cost amortization	(953)				
Other income (expense)	832	218	(8)		
Income (loss) from continuing operations before income taxes	(8,683)	(2,939)	(1,732)	3,878	(2,571)
Income tax benefit (provision)	2,739	944	542	(1,599)	1,032
Income (loss) from continuing operations	(5,944)	(1,995)	(1,190)	2,279	(1,539)
Income (loss) on operations of discontinued segment, net of tax	(317)	(266)	(92)	81	(234)
Estimated loss on disposal of discontinued segment, net of tax	(6,522)				
Net income (loss)	$ (12,783)	$ (2,261)	$(1,282)	$ 2,360	$ (1,773)
Earnings (loss) per share:					
Basic:					
Income (loss) from continuing operations	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)
Income (loss) from discontinued segment	(.24)	(.01)	(.01)	.01	(.01)
Net income (loss)	$ (.44)	$ (.10)	$ (.06)	$ .11	$ (.08)
Diluted:					
Income (loss) from continuing operations	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)
Income (loss) from discontinued segment	(.24)	(.01)	(.01)	.00	(.01)
Net income (loss)	$ (.44)	$ (.10)	$ (.06)	$ .10	$ (.08)
Weighted average number of common shares outstanding:					
Basic	29,044	22,330	22,098	22,189	21,302
Diluted	29,044	22,330	22,098	23,182	21,302

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Amounts in thousands)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount				
Balances, January 1, 1997	22,325	$ 223	$ 20,541	$ (1,437)	$ 8,991	$ 28,318
Purchase of treasury stock				(1,751)		(1,751)
Exercise of stock options	258	3	259			262
Net loss					(1,773)	(1,773)
Balances, December 31, 1997	**22,583**	**226**	**20,800**	**(3,188)**	**7,218**	**25,056**
Issuance of treasury stock			555	1,945		2,500
Purchase of treasury stock				(150)		(150)
Exercise of stock options	202	2	23			25
Net income					2,360	2,360
Balances, December 31, 1998	**22,785**	**228**	**21,378**	**(1,393)**	**9,578**	**29,791**
Exercise of stock options	198	2	462			464
Net loss					(2,261)	(2,261)
Balances, June 30, 1999	**22,983**	**230**	**21,840**	**(1,393)**	**7,317**	**27,994**
Issuance of common stock	11,992	120	44,657			44,777
Issuance of nonqualified stock options			8,700			8,700
Exercise of stock options	652	6	776			782
Tax benefit from exercise of nonqualified stock options			150			150
Net loss					(12,783)	(12,783)
Balances, June 30, 2000	**35,627**	**$ 356**	**$ 76,123**	**$ (1,393)**	**$ (5,466)**	**$ 69,620**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (Amounts in thousands)

	Year Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998 (unaudited)	Years Ended December 31, 1998	Years Ended December 31, 1997
Cash flows from operating activities:					
Net income (loss)	$ (12,783)	$ (2,261)	$ (1,282)	$ 2,360	$ (1,773)
Loss (income) from discontinued segment	6,839	266	92	(81)	234
Adjustments to reconcile net income (loss) to net cash provided by (used in) continuing operations:					
Other expense derived from investment in affiliates, net	358				
Provision for bad debts	267				
Depreciation and amortization	4,528	17	17	35	34
Equity in (earnings) losses of affiliated companies	2,698	997	146	(6,734)	599
Deferred income taxes	(3,010)	(1,014)	(396)	1,976	(759)
Accrued preferred stock dividend income			(150)	(175)	(300)
Loss on disposition of assets	64				
Change in operating assets and liabilities:					
Accounts receivable	4,865	860	(280)	(64)	149
Inventories	270				
Prepaid costs and expenses	7,404	(25)	(33)		15
Accounts payable and accrued expenses	(12,398)	38	370	230	645
Deferred income and other long-term liabilities	781	2	128	362	128
Net cash used in continuing operations	(117)	(1,120)	(1,388)	(2,091)	(1,028)
Net cash provided by (used in) discontinued operations	676	1,958	(488)	(533)	(799)
Net cash provided by (used in) operating activities	559	838	(1,876)	(2,624)	(1,827)
Cash flows from investing activities:					
Capital expenditures	(1,146)	(10)			(12)
Investment in affiliated companies		(11,623)	(5,071)	(8,812)	(9,099)
Proceeds on sale of investment	267				
Acquisition of businesses, net of cash acquired	(45,315)	(674)			
Redemption of preferred stock investment				3,805	
Dividends received from affiliated companies	122	81	28	121	1,002
Net cash used in continuing operation investing activities	(46,072)	(12,226)	(5,043)	(4,886)	(8,109)
Net cash used in discontinued operation investing activities	(642)	(323)	(2,231)	(3,268)	(1,148)
Net cash used in investing activities	(46,714)	(12,549)	(7,274)	(8,154)	(9,257)
Cash flows from financing activities:					
Borrowings from notes payable		10,000	500	1,200	1,500
Borrowings from revolving lines of credit	32,702	8,648	7,966	17,598	15,232
Repayments on notes payable	(12,000)			(700)	
Repayments on revolving lines of credit	(21,698)	(7,988)	(8,146)	(18,718)	(9,941)
Proceeds from long-term debt	95,000	1,352	7,625	9,815	5,843
Repayments on long-term debt	(47,165)	(500)	(864)	(1,536)	
Debt issue costs	(1,170)				
Exercise of stock options	782	464	17	25	262
Repurchase of common stock			(2)	(150)	(1,751)
Net cash provided by continuing operation financing activities	46,451	11,976	7,096	7,534	11,145
Net cash provided by discontinued operation financing activities			2,500	3,160	
Net cash provided by financing activities	46,451	11,976	9,596	10,694	11,145
Net increase (decrease) in cash and cash equivalents	296	265	446	(84)	61
Cash and cash equivalents, beginning of year	323	58	142	142	81
Cash and cash equivalents, end of year	$ 619	$ 323	$ 588	$ 58	$ 142

The accompanying notes are an integral part of these consolidated financial statements.

BULL RUN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data)

1. DESCRIPTION OF BUSINESS

Bull Run Corporation ("Bull Run," and collectively with its subsidiaries, the "Company"), based in Atlanta, Georgia, is a sports and affinity marketing and management company through its wholly owned subsidiary, Host Communications, Inc. ("Host"). Effective December 17, 1999, Bull Run acquired the capital stock of Host, Universal Sports America, Inc. ("USA") and Capital Sports Properties, Inc. ("Capital") not then owned, directly or indirectly, by Bull Run. Effective July 1, 2000, USA was merged into Host.

In July 2000, the Company made a strategic decision to sell the computer printer manufacturing business segment operated by wholly owned subsidiary, Datasouth Computer Corporation ("Datasouth"). Datasouth is reported as a discontinued operation (see Note 4).

The Company also holds significant investments in sports and media companies, including Gray Communications Systems, Inc. ("Gray"), an owner and operator of thirteen television stations and four daily newspapers; Sarkes Tarzian, Inc. ("Tarzian"), owner and operator of two television stations, four radio stations and other media and communications businesses; Rawlings Sporting Goods Company, Inc. ("Rawlings"), a leading supplier of team sports equipment in North America; Total Sports, Inc. ("Total Sports"), a sports content Internet company; and iHigh.com, Inc. ("iHigh.com"), a company developing a network of Internet web sites focused on high school sports and activities.

Effective June 30, 1999, Bull Run changed its fiscal year end from December 31 to June 30. All amounts appearing in the consolidated financial statements and accompanying notes for the six months ended June 30, 1998 are unaudited.

Unless otherwise indicated, amounts provided in these notes to the consolidated financial statements pertain to continuing operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Bull Run and its wholly owned subsidiaries, after elimination of intercompany accounts and transactions. Host, USA and Capital are included as wholly owned subsidiaries beginning December 17, 1999.

Use of Estimates - The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition and Rights Fee Expenses - Revenue from services are recognized as the services are rendered. Corporate sponsor license fee revenue that is not related to specific events is recognized ratably over the term of the sponsorship. In certain circumstances, the Company enters into contractual arrangements with associations or institutions it represents in various capacities which involve payment of guaranteed rights fees. Guaranteed rights fee expense that is not related to specific events is recognized ratably over the term specified within the contract. Contractual arrangements with associations or institutions may also involve net profit sharing arrangements ("profit splits"), pursuant to applicable terms and conditions specified in the contract. Profit splits are based on the net profit associated with services rendered under the contract. Profit split expense is accrued over the contract period based on estimates and adjusted to actual at the end of the term specified in the contract.

Barter Transactions - The Company provides advertising and licensing rights to certain customers or sub-licensees in exchange for services. The estimated fair value of the services to be received is recognized as accounts receivable and deferred revenue. As these services are used, an amount is charged to operating expense. Advertising revenue is recognized as the advertising is used by the customer and license fee revenue is recognized ratably over the term of the sub-license agreement. Net revenues include approximately $1,800 and operating

expenses include approximately $1,100 for the year ended June 30, 2000 related to barter transactions. The Company had no barter transactions prior to the year ended June 30, 2000.

Cash and Cash Equivalents - Cash equivalents are composed of all highly liquid investments with an original maturity of three months or less.

Accounts Receivable and Credit Risk - In certain situations, the Company may invoice certain customers up to 90 days in advance. Accounts receivable pertaining to advance billings are also included as deferred income until such time as the revenue is earned. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. The Company has a significant amount of revenue generated from sub-licensing National Collegiate Athletic Association ("NCAA") corporate sponsorship rights to major corporations. The Company's current contract with the NCAA, which gives the Company the sole rights to sub-license NCAA corporate partners, expires August 31, 2002. Approximately 36% of the Company's revenues from continuing operations for the year ended June 30, 2000 arose from sub-licensing NCAA corporate sponsor rights. As of June 30, 2000, accounts receivable included approximately $9,286 due from NCAA corporate sponsors.

Inventories - Inventories, stated at cost, consist of primarily materials and supplies associated with the Company's printing operations.

Property and Equipment - Property and equipment is stated at cost less depreciation computed under the straight-line method over the estimated useful life of the asset, generally from 3 to 10 years. Leasehold improvements and equipment held under capital leases are amortized over the lesser of the lease term or the estimated useful life of the asset. Depreciation expense for continuing operations was $1,054 in the year ended June 30, 2000; $2 in each of the six months ended June 30, 1999 and 1998; and $4 in each of the years ended December 31, 1998 and 1997. Depreciation expense for discontinued operations was $426 in the year ended June 30, 2000; $219 and $332 in the six months ended June 30, 1999 and 1998, respectively; and $588 and $610 in the years ended December 31, 1998 and 1997, respectively.

Investment in Affiliated Companies - The Company accounts for its investments in Gray, Rawlings, iHigh.com and prior to December 17, 1999, Host and Capital, by the equity method, and its investments in Total Sports, Tarzian and prior to December 17, 1999, USA, by the cost method. On December 17, 1999, the Company acquired the capital stock of Host, USA and Capital not then owned, directly or indirectly, by the Company. The excess of the Company's investment over the underlying equity of equity method investments, totaling approximately $23,118 and $31,750 as of June 30, 2000 and 1999, respectively, and $29,600 as of December 31, 1998, is being amortized over 20 to 40 years, with such amortization (totaling $864 in the year ended June 30, 2000, $549 and $389 in the six months ended June 30, 1999 and 1998, respectively, and $777 and $610 in the years ended December 31, 1998 and 1997, respectively) reported as a reduction in the Company's equity in earnings of affiliated companies. The Company has accounted for its investments in Host (prior to the December 17, 1999 acquisition) and Rawlings by the equity method on a six-month and one-month lag basis, respectively. The Company recognizes a gain or loss on the issuance of shares by an affiliated company resulting in dilution of the Company's investment. The gain or loss is determined based on the difference between the Company's post-issuance allocable share of the affiliate's underlying equity, compared to the Company's allocable share of the affiliate's underlying equity immediately prior to the issuance. Deferred taxes are provided on recognized gains.

Goodwill and Other Long-Lived Assets - Goodwill and purchased intangibles (i.e., customer base and trademarks) associated with the Company's acquisition of Host, USA and Capital is being amortized over 20 years. The carrying value of goodwill, as well as other long-lived assets, are reviewed if the facts and circumstances suggest that they may be impaired. If an evaluation is required, the estimated future undiscounted cash flows associated with these assets would be compared to their carrying amount to determine if a write down to fair market value or discounted cash flow value is required. Accumulated amortization of acquisition intangibles was $2,460 as of June 30, 2000, including $1,797 associated with goodwill.

Income Taxes - Income taxes are recognized in accordance with Statement of Accounting Standards No. 109, "Accounting for Income Taxes," whereby deferred income tax liabilities or assets at the end of each period are determined using the tax rate expected to be in

effect when the taxes are actually paid or recovered. A valuation allowance is recognized on certain deferred tax assets if it is more likely than not that some or all of these deferred tax assets will not be realized.

Stock-Based Compensation - Except for stock options granted to former Host and USA optionholders in connection with the Host-USA Acquisition, the Company grants stock options for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the date of grant. In accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees", no compensation expense is recognized for such grants. The value of stock options issued by the Company in connection with the Host-USA Acquisition, having an exercise price which was less than the fair value of the shares on December 17, 1999, is included as a component of the Host-USA Acquisition price (see Note 3).

Earnings (Loss) Per Share - Basic and diluted earnings (loss) per share are determined in accordance with Financial Accounting Standards Board Statement No. 128, "Earnings Per Share", whereby basic earnings per share excludes any dilutive effects of stock options. In periods where they are anti-dilutive, dilutive effects of stock options are excluded from the calculation of dilutive earnings (loss) per share.

Recently-Issued Accounting Standard - In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities". The Company will be required to adopt the new Statement effective July 1, 2000. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. The Company anticipates that the adoption of this Statement will result in an increase in Stockholders' Equity and Total Assets of approximately $3,000 on July 1, 2000. In addition, the Statement could increase the volatility in earnings and comprehensive income for fiscal reporting periods subsequent to June 30, 2000 as a result of recognizing the net change in the value of an interest rate swap agreement during future periods.

3. HOST-USA ACQUISITION

On December 17, 1999, the Company acquired the stock of Host, USA and Capital not previously owned, directly or indirectly, by the Company (the "Host-USA Acquisition"). Aggregate consideration (net of cash acquired) was approximately $116,900, which included common stock (totaling 11,687 shares) and stock options (for a total of 2,819 shares of common stock) valued at approximately $52,300, 8% subordinated notes having a face value of approximately $18,600, cash (net of approximately $9,700 in cash acquired) of $44,800 and transaction expenses of approximately $1,200.

Prior to the Host-USA Acquisition, the Company accounted for its investment in Host and Capital under the equity method, and for its investment in USA under the cost method. Beginning December 17, 1999, the financial results of Host, USA and Capital have been consolidated with those of the Company. The acquisition has been accounted for under the purchase method of accounting, whereby the assets and liabilities of the acquired businesses have been included as of December 17, 1999 based on a preliminary allocation of the purchase price. The preliminary allocation of the purchase price was based upon estimated fair values at the date of acquisition and is subject to refinement upon obtaining certain additional information. The excess of the purchase price over assets acquired (i.e., goodwill) of approximately $66.4 million is being amortized on a straight-line basis over 20 years. The estimated fair values of assets and liabilities acquired are summarized as follows:

Receivables	$ 49,885
Inventories	918
Prepaid costs and expenses	15,635
Property and equipment	7,112
Investment in affiliated companies	11,320
Goodwill	66,444
Customer base and trademarks	24,500
Other assets	1,075
Current liabilities assumed	(42,748)
Deferred income taxes	(2,616)
Other liabilities assumed	(330)
	131,195
Less: Investment in Host, Capital and USA immediately prior to the acquisition	(14,339)
	$ 116,856

Host, based in Lexington, Kentucky, and USA, based in Dallas, Texas, provide media and marketing services to universities, athletics conferences and various associations representing collegiate sports and, in addition, market and operate amateur participatory sporting events. Capital has no operations. Effective July 1, 2000, USA was merged into Host.

As a result of the anticipated reorganization following the Host-USA Acquisition, the Company accrued $195 for costs to close certain duplicative office facilities and accrued approximately $1,500 in severance costs for approximately fifty terminated employees of the acquired companies primarily in the Affinity Marketing and Production Services and the Affinity Events business segments. These costs were accrued as part of the preliminary allocation of the purchase price. The facility consolidation and employee terminations resulted primarily from combining certain office facilities and duplicative functions, including management functions, of Host and USA. Although the Company has finalized its reduction and relocation of employees, it has not yet completed consolidation of its facilities. Any adjustment to the accrual for facility consolidation costs subsequent to June 30, 2000 is not expected to be significant. These adjustments, if any, will be reported as an increase or decrease in goodwill. Through June 30, 2000, the Company had charged $566 (which consisted of cash expenditures) against the reserve, and the accrual for future costs to be incurred was $1,129 as of June 30, 2000.

Pro forma operating results, assuming the Host-USA Acquisition had been consummated as of July 1, 1999, January 1, 1999 and January 1, 1998 for the year ended June 30, 2000, the six months ended June 30, 1999 and the year ended December 31, 1998, respectively, would have been as follows:

	Year Ended June 30, 2000 (unaudited)	Six Months Ended June 30, 1999 (unaudited)	Year Ended December 31, 1998 (unaudited)
Net revenue	$ 129,711	$ 53,974	$ 113,289
Operating income (loss)	685	(5,671)	1,525
Loss from continuing operations	(11,362)	(8,376)	(2,384)
Net loss	(18,201)	(8,376)	(2,384)
Loss per share:			
Basic	$ (.52)	(.24)	(.07)
Diluted	$ (.52)	(.24)	(.07)

Pro forma operating income (loss) includes amortization of acquisition intangibles of $4,545 for the years ended June 30, 2000 and December 31, 1998, and $2,318 for the six months ended June 30, 1999. These pro forma results are not necessarily indicative of actual results that might have occurred had the operations and management of the Company and the acquired companies been combined in prior years.

4. DISCONTINUED OPERATION

On July 26, 2000, the Company's Board of Directors authorized management to sell the operating assets of Datasouth, the Company's computer printer manufacturing operation. The Company's decision to discontinue its Datasouth operations was attributable to the strategic decision to focus on the sports, affinity marketing and management businesses acquired on December 17, 1999. Immediately following the board's authorization, the Company formalized its plan of disposal and began to aggressively pursue a sale of the assets of Datasouth to a potential purchaser. The Company expects that a sale of Datasouth will be consummated with the potential purchaser or another party prior to July 26, 2001. Accordingly, the operating results and net assets associated with Datasouth's computer printer manufacturing business as of and for the year ended June 30, 2000 and all prior periods presented herein have been reported as discontinued operations in the accompanying financial statements.

An estimated loss on the sale of Datasouth of $6,522, including a $350 pretax provision for estimated operating losses during the disposal period, have been combined with Datasouth's operating results and presented as discontinued operations in the financial statements for the year ended June 30, 2000. The proceeds expected to be realized on the sale of Datasouth's assets are based on management's estimates of the most likely outcome, considering, among other things, the Company's current discussions with a potential buyer. Management's estimate of operating losses during the expected disposal period is based on management's knowledge of customer ordering patterns, industry trends and estimates of the length of time until a sale might be consummated. Actual amounts ultimately realized on the sale and losses incurred during the disposal period could differ materially from the amounts assumed in arriving at the loss on disposal. To the extent actual proceeds or operating results during the expected disposal period differ from the estimates that are reported as of June 30, 2000, or as management's estimates are revised, such differences will be reported as discontinued operations in future periods.

Management expects to use the proceeds from the sale to reduce outstanding debt under its bank credit agreements and pay transaction expenses estimated to be less than $100.

Assets and liabilities of the discontinued operations have been reflected in the consolidated balance sheets as current or noncurrent based on the original classification of the accounts, except that current assets are presented net of current liabilities and noncurrent assets are presented net of noncurrent liabilities. As of June 30, 2000, net noncurrent assets reflect a valuation allowance of $7,419 to recognize the estimated loss on disposal. The following is a summary of assets and liabilities of discontinued operations:

	June 30,		December 31,
	2000	1999	1998
Current assets:			
Accounts receivable, net	$ 3,166	$ 3,660	$ 5,615
Inventories	5,501	5,505	5,167
Other current assets	328	82	197
Current liabilities, accounts payable and accrued expenses	(2,709)	(2,402)	(2,433)
	$ 6,286	$ 6,845	$ 8,546
Noncurrent assets:			
Property, plant and equipment, net of accumulated depreciation	$ 2,254	$ 2,599	$ 2,609
Goodwill	7,419	7,417	7,583
Other assets	38	63	70
Deferred income taxes	2,093	621	273
Provision for estimated loss on disposal of discontinued operations	(7,419)		
	$ 4,385	$ 10,700	$ 10,535

The following summarizes revenues and operating results from discontinued operations:

	Year Ended June 30,	Six Months Ended June 30,		Years Ended December 31,	
	2000	1999	1998	1998	1997
			(unaudited)		
Revenue from printer operations	$ 24,959	$ 13,636	$ 14,157	$ 29,848	$ 21,639
Income (loss) from operations	(326)	(338)	(56)	464	(141)

No interest expense has been allocated to discontinued operations. There are no material contingent liabilities related to discontinued operations, such as product or environmental liabilities or litigation, that are expected to remain with the Company after the disposal of Datasouth's assets.

5. SUPPLEMENTAL CASH FLOW DISCLOSURES

	Year Ended June 30,	Six Months Ended June 30,		Years Ended December 31,	
	2000	1999	1998	1998	1997
			(unaudited)		
Interest paid	$ 8,323	$ 2,346	$ 2,050	$ 4,404	$ 2,460
Income taxes paid (recovered), net	397	3		(25)	(58)
Noncash investing and financing activities:					
Treasury stock issued in business acquisition			2,500	2,500	
Deferred payment on investment in stock warrant					1,421
Common stock and stock options issued in Host-USA Acquisition	52,258				
Issuance of subordinated notes in Host-USA Acquisition	18,594				

6. INVESTMENT IN AFFILIATED COMPANIES

The Company's investment in affiliated companies consists of the following:

	June 30, 2000		June 30, 1999		December 31, 1998	
Affiliate	Amount	Voting %	Amount	Voting %	Amount	Voting %
Gray	$ 46,057	26.2%	$ 45,513	27.5%	$ 46,151	27.4%
Tarzian	10,000	33.5%	10,000	33.5%		
Rawlings	8,071	10.2%	13,008	10.6%	12,422	10.3%
Total Sports	7,151	10.6%	3,500	7.6%	2,500	7.7%
iHigh.com	5,416	37.0%				
Host			2,747	7.7%	2,896	7.7%
Capital			9,893	48.5%	10,148	48.5%
USA			650	3.0%	650	3.0%
Other	1,240					
Total	$ 77,935		$ 85,311		$ 74,767	

Equity in earnings (losses) of affiliated companies consists of the following:

Affiliate	Year Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998 (unaudited)	Years Ended December 31, 1998	Years Ended December 31, 1997
Gray	$ (1,826)	$ (757)	$ (455)	$ 6,127	$ (844)
Rawlings	(1,770)	164	501	237	
iHigh.com	(706)				
Host	492	(149)	(53)	124	25
Capital	1,091	(255)	(139)	246	220
Other	21				
Total	$ (2,698)	$ (997)	$ (146)	$ 6,734	$ (599)

Investment in Gray and Gain on Issuance of Common Shares - As of June 30, 2000, the Company owned approximately 13.1% of Gray's outstanding common stock, shares of series A and series B preferred stock having an aggregate face value of $11,750 and warrants to purchase additional shares of Gray's class A and class B common stock. Gray is a communications company, based in Atlanta, Georgia, that operates thirteen network affiliated television stations, four daily newspapers, and other media properties. Certain executive officers of the Company are also executive officers of Gray.

In October 1999, Gray acquired three television stations for consideration that included 3,436 shares of Gray's class B common stock valued at approximately $49,500. As a result of such issuance, the Company's common equity ownership of Gray was reduced from 16.9% to 13.1% (resulting in a reduction in the Company's voting interest in Gray from 27.5% to 26.2%). As a result of this dilution, the Company recognized a $2,492 pretax gain on Gray's issuance of shares in the year ended June 30, 2000. In July 1998, Gray disposed of a television station and recognized an after-tax gain of approximately $43,000 in connection with the disposition. As a result, the Company's equity in Gray's earnings was favorably impacted by approximately $6,900 in 1998.

The Company provides consulting services to Gray from time to time in connection with Gray's acquisitions (including acquisition financing) and dispositions. As a result of the Company's 13.1% equity investment in Gray, approximately 13.1% of consulting fees charged to Gray is deferred and recognized as consulting fee income over 40 years. The Company recognized consulting fee income from Gray of $1,311 for the year ended June 30, 2000; $609 and $652 for the six months ended June 30, 1999 and 1998, respectively; and $1,618 and $681 for the years ended December 31, 1998 and 1997, respectively, for services rendered in connection with certain of Gray's acquisitions and dispositions. As of June 30, 2000 and 1999, income from additional consulting fees of $699 and $608, respectively, has been deferred and will be recognized as Gray amortizes goodwill associated with its acquisitions.

The Company owns all of Gray's series A preferred stock entitling the holder thereof to annual cash dividends of $800 per share, payable quarterly, which are cumulative. The Company also owns 50% of Gray's series B preferred stock entitling the holder thereof to annual dividends of $600 per share, payable quarterly, which are cumulative. Dividends on the series B preferred stock are payable in cash or in additional shares of series B preferred stock, at Gray's option. Total dividend income on Gray series A and B preferred stock recognized by the Company was $905 for the year ended June 30, 2000; $452 and $550 for the six months ended June 30, 1999 and 1998, respectively; and $1,072 and $1,100 for the years ended December 31, 1998 and 1997, respectively. In 1998, Gray redeemed $3,805 of the series B preferred stock held by the Company.

In connection with the Company's purchases of Gray's series A and series B preferred stock in 1996, the Company acquired warrants to purchase up to 731 shares of Gray's class A common stock at $11.92 per share and warrants to purchase up to 375 shares of Gray's class A common stock at $16.00 per share. Of the total warrants owned by the Company to purchase 1,106 shares of Gray's class A common stock, 990 are fully vested and exercisable as of June 30, 2000, with the remaining warrants vesting periodically through 2001. All warrants for Gray's class A common stock expire in 2006. The Company's warrants for 100 shares of Gray's class B common stock are described under "Investment in Tarzian" below.

Gray's class A and class B common stock is publicly traded on the New York Stock Exchange (symbols: GCS and GCS.B, respectively). The aggregate market value of Gray common stock owned by the Company, which excludes the value of the Company's investments in Gray preferred stock and warrants to purchase additional shares of Gray's common stock, was $19,913 on June 30, 2000 and $40,519 on June 30, 1999.

Investment in Tarzian - In January 1999, the Company acquired shares of the outstanding common stock of Tarzian for $10,000. The acquired shares represent 33.5% of the total outstanding common stock of Tarzian as of June 30, 2000, both in terms of the number of shares of common stock outstanding and in terms of voting rights, but such investment represents 73% of the equity of Tarzian for purposes of dividends, as well as distributions in the event of any liquidation, dissolution or other termination of Tarzian. Tarzian filed a complaint with the United States District Court for the Southern District of Indiana, claiming that it had a binding contract with the seller to purchase the shares from the seller prior to the Company's purchase of the shares, and requests judgment providing that the seller be required to sell the shares to Tarzian. The Company believes that a binding contract between Tarzian and the seller did not exist prior to the Company's purchase of the shares, and in any case, the Company's purchase agreement with the seller provides that in the event that a court of competent jurisdiction awards title to a person or entity other than the Company, the purchase agreement is rescinded, and the seller is required to pay the Company the full $10,000 purchase price, plus interest. Tarzian owns and operates two television stations and four radio stations: WRCB-TV Channel 3 in Chattanooga, Tennessee, an NBC affiliate; KTVN-TV Channel 2 in Reno, Nevada, a CBS affiliate; WGCL-AM and WTTS-FM in Bloomington, Indiana; and WAJI-FM and WLDE-FM in Fort Wayne, Indiana.

In March 1999, the Company executed an option agreement with Gray, whereby Gray has the option of acquiring the Tarzian investment from the Company for $10,000 plus related costs. Gray has the ability to extend the option period in 30-day increments at a fee of $67 per extension and as of June 30, 2000, has extended this option period through October 31, 2000. In addition, the Company receives a fee of $50 per month for services rendered in connection with the original investment in Tarzian. A portion of the option income and finders fee is deferred and recognized over 40 years as a result of the Company's equity investment position in Gray. The Company recognized option and finders fee income from Gray of $810 for the year ended June 30, 2000, and $222 for the six months ended June 30, 1999. As of June 30, 2000 and 1999, option and finder fee income of $152 and $45, respectively, has been deferred and will be recognized as Gray amortizes goodwill associated with its acquisitions.

The Company received from Gray warrants to acquire 100 shares of Gray's class B common stock at $13.625 per share, in connection with the option agreement. The warrants will vest immediately upon Gray's exercise of the option. The warrants expire 10 years following the date on which Gray exercises its option.

Investment in Rawlings - In November 1997, the Company entered into an Investment Purchase Agreement with Rawlings (the "Purchase Agreement"), a supplier of team sports equipment based near St. Louis, Missouri. Pursuant to the Purchase Agreement, the Company acquired warrants to purchase approximately 10% of Rawlings' common stock, and has the right, under certain circumstances, to acquire additional warrants. The Company's total cost to purchase the warrants pursuant to this agreement (excluding the additional warrants) was $2,842. Fifty percent of the purchase price, or $1,421, was paid to Rawlings upon execution of the agreement in November 1997. The remaining fifty percent, plus interest at 7% per annum from November 21, 1997 until the date of payment, will be due on the earlier of the date of exercise or the date of expiration of the warrants. In the event of a partial exercise of warrants, a pro rata portion of the purchase price with interest accrued thereon will be payable. The warrants have a four-year term and an exercise price of $12.00 per share, but are

exercisable only if Rawlings' common stock closes at or above $16.50 for twenty consecutive trading days during the four-year term. During the year ended June 30, 2000, the Company reduced the book value of its investment in the Rawlings warrant to zero, recognizing a $2,850 expense. Under the terms of the Purchase Agreement, the Company also acquired approximately 10.2% of Rawlings' outstanding common stock in the open market from November 1997 through January 1998. The Company has the right to appoint two members to Rawlings' board of directors, currently having a total of seven members.

The Company and Rawlings also entered into a Standstill Agreement, which, among other things, provides that, for a specified period, the Company will be restricted in acquiring additional shares of Rawlings' common stock or participating in certain types of corporate events relating to Rawlings, including proxy contests and tender offers, subject to certain exceptions. Pursuant to a Registration Rights Agreement, Rawlings has also granted the Company rights to have shares issuable upon the exercise of the warrants (and the additional warrants, if any) registered under the Securities Act of 1933 under certain circumstances.

In its fiscal quarter ended May 31, 2000, Rawlings recognized an after tax charge of $12,800 associated with its decision to sell its Vic hockey business. As a result, the Company's pretax equity in losses of Rawlings was negatively impacted in the year ended June 30, 2000 by approximately $1,300.

Rawlings' common stock is publicly traded on the Nasdaq Stock Market (symbol: RAWL). The aggregate market value of Rawlings common stock owned by the Company was $5,437 on June 30, 2000 and $8,260 on June 30, 1999.

Investment in Total Sports - In 1998, the Company acquired shares of Total Sports series C convertible preferred stock for $2,500. In January 1999, the Company invested an additional $1,000 for shares of series C1 convertible preferred stock. In December 1999 in connection with the Host-USA Acquisition, the Company acquired Total Sports common stock owned by Host valued at $3,651. Total Sports, based in Raleigh, North Carolina, is a web site services provider for amateur and professional sports organizations and conferences, college athletic departments, and selected corporations. Assuming conversion of all Total Sports preferred stock, the Company's investment equates to approximately a 10.6% share of Total Sports capital stock as of June 30, 2000. Dividends on the series C and series C1 convertible preferred stock are cumulative, and accrue at $.85 per share per annum and $1.14 per share per annum, respectively, from the issue date, and are payable quarterly at Total Sports' discretion. Accumulated and unpaid dividends on outstanding series C and series C1 preferred stock are to be paid in cash on July 31, 2003. Due to the speculative nature of the Company's investment in Total Sports, and due to the preference of series A and series B preferred shareholders with respect to Total Sports dividend rights, the Company has not recognized dividend income on its preferred stock investment in Total Sports.

In July 2000, Total Sports executed a definitive agreement with Quokka Sports, Inc. ("Quokka"), whereby Quokka would acquire Total Sports in a transaction that the companies currently expect to close during the Company's quarter ending December 31, 2000. Under the terms of the agreement, Quokka will issue approximately 15 million shares of its common stock in exchange for ownership of the privately-held Total Sports. As a result of this transaction, the Company would receive shares of Quokka in exchange for preferred stock and common stock of Total Sports currently held by the Company. Quokka's common stock is publicly traded on the Nasdaq Stock Market (symbol: QKKA). The number of shares of Quokka common stock ultimately received by the Company in exchange for its Total Sports capital stock will be determined based on the value of Quokka common stock at the closing date and the rights accorded Total Sports' preferred stockholders.

Investment in iHigh.com - In connection with the Host-USA Acquisition, the Company acquired 39.4% of the then outstanding common stock of iHigh.com valued at $6,122. Subsequently, iHigh.com issued additional shares such that the Company owns 37% of the outstanding common stock of iHigh.com as of June 30, 2000.

Investments in Host, USA and Capital - Prior to the Host-USA Acquisition effective December 17, 1999, the Company was effectively Host's largest stockholder, owning directly or indirectly approximately 32.5% of Host's outstanding common stock and 51.5% of Host's

preferred stock. The Company's indirect ownership of Host's common stock and Host's preferred stock was owned by Capital, in which the Company owned 51.5% of the outstanding common stock. The Company and Host together were the largest stockholders of USA, with the Company owning approximately 3% of USA's outstanding capital stock and Host owning approximately 33.8% of USA's outstanding capital stock. Capital's assets consisted solely of investments in Host's outstanding common stock and all of Host's 8% series B preferred stock.

The Company recognized its equity in earnings of Host on a six-month lag basis. In January 1999, USA sold its investment in broadcast.com, inc., a marketable security, recognizing an after-tax gain of approximately $40,000. As a result of Host's equity investment in USA and the Company's equity investment in Host reported on a six-month lag basis, the Company recognized approximately $1,900 as equity in earnings of affiliates in the year ended June 30, 2000 due to USA's gain on the disposal of broadcast.com, inc.

Summarized Aggregate Financial Information (unaudited) -

The aggregate financial position of affiliated companies accounted for by the equity method (reflecting Gray as of June 30, 2000, June 30, 1999 and December 31, 1998; combined, for the June 30, 2000 data only, with iHigh.com and certain other equity investments as of June 30, 2000; combined with Rawlings as of May 31, 2000, May 31, 1999 and November 30, 1998; combined, for the June 30, 1999 and December 31, 1998 data only, with Capital as of June 30, 1999 and December 31, 1998, and Host as of December 31, 1999 and June 30, 1998) is as follows:

	June 30,		December 31,
	2000	1999	1998
Current assets	$ 124,272	$ 148,446	$ 144,648
Property and equipment	90,124	71,665	70,614
Total assets	769,437	658,364	644,568
Current liabilities	100,099	64,514	59,699
Long-term debt	382,434	352,090	339,677
Total liabilities	568,274	477,219	462,833
Stockholders' equity	201,163	181,145	181,735

The aggregate operating results of affiliated companies accounted for by the equity method (reflecting Gray for the year ended June 30, 2000, the six months ended June 30, 1999 and 1998, and the years ended December 31, 1998 and 1997; combined with iHigh.com and certain other equity investments for the year ended June 30, 2000; combined with Rawlings for the year ended May 31, 2000, the six months ended May 31, 1999 and 1998, and the years ended November 30, 1998 and 1997; combined with Capital for the six months ended June 30, 1999 and 1998, and the years ended December 31, 1998 and 1997; combined with Host for the six months ended December 31, 1998 and 1997, and the years ended June 30, 1998 and 1997) is as follows:

	Year Ended June 30,	Six Months Ended June 30,		Years Ended December 31,	
	2000	1999	1998	1998	1997
Operating revenue	$ 369,374	$ 190,094	$ 185,708	$ 347,850	$ 294,583
Income from operations	24,708	15,284	24,047	37,351	34,106
Net income (loss)	(23,051)	(938)	5,062	47,546	4,845

Undistributed earnings of investments accounted for by the equity method amount to approximately $260 as of June 30, 2000.

7. PROPERTY AND EQUIPMENT

The Company's property and equipment consist of the following:

	June 30,	December 31,	
	2000	1999	1998
Land	$ 448	$	$
Building	950		
Leasehold and building improvements	560		
Machinery & equipment	2,274		
Office furniture and equipment	3,700	43	38
	7,932	43	38
Accumulated depreciation and amortization	1,064	21	24
	$ 6,868	$ 22	$ 14

8. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consist of the following:

	June 30,	December 31,	
	2000	1999	1998
Incurred unbilled costs	$ 2,279	$	$
Guaranteed rights fees and profit splits	6,879		
Deferred income	14,753		
Interest	1,030	579	396
Other	3,944	766	178
	$ 28,885	$ 1,345	$ 574

9. LONG-TERM DEBT AND NOTES PAYABLE

In connection with the Host-USA Acquisition the Company entered into a new credit agreement with a group of banks on December 17, 1999, as modified in 2000, providing for (a) two term loans (the "Term Loans") for borrowings totaling $95,000, bearing interest at either the banks' prime rate or the London Interbank Offered Rate ("LIBOR") plus 2.5%, requiring a minimum aggregate principal payment of $10,000 by December 17, 2000, with all amounts outstanding under the term loans due on December 17, 2001; and (b) a revolving loan commitment (the "Revolver") for borrowings of up to a maximum amount ranging from $25,000 to $35,000 through December 17, 2001, bearing interest at either the banks' prime rate or LIBOR plus 2.5%. Borrowings under the Revolver are limited to an amount not to exceed a percentage of eligible accounts receivable, determined monthly, and such borrowings may include up to $20,500 in outstanding letters of credit. As of June 30, 2000, borrowings of $19,200 and letters of credit totaling $3,835 were outstanding under the Revolver, and additional available borrowing capacity under the Revolver was $560 at that date. As of June 30, 2000, borrowings totaling $99,900 under the Term Loans and the Revolver were subject to a LIBOR-based rate of 9.31% and borrowings of $14,300 were subject to the banks' prime rate of 9.5%. Interest on prime rate advances is payable quarterly and at least quarterly on LIBOR-based borrowings. The credit agreement contains certain financial covenants, the most restrictive of which requires the maintenance of a debt service coverage ratio determined quarterly. Subsequent to June 30, 2000, the Company amended certain provisions of the credit agreement to, among other things, ease covenant restrictions. The Company will likely be required to sell certain of its investments in order to derive some portion of the $10,000 scheduled principal payment in December 2000. Long-term debt is collateralized by all of the Company's assets, including all of its investments in affiliated companies.

Also in connection with the Host-USA Acquisition, the Company issued subordinated notes on December 17, 1999, bearing interest at 8%, having an aggregate face value of $18,594. Interest is payable quarterly until maturity on January 17, 2003. Payment of interest and principal are subordinate to the bank credit agreement. The new bank credit agreement and the subordinated notes provided the necessary financing for the Host-USA Acquisition, and refinanced all existing bank indebtedness of the Company, Host and USA.

Prior to the Host-USA Acquisition, the Company had long-term debt agreements and notes with two banks providing for (a) two term notes payable to a bank under which $42,313 was outstanding on June 30, 1999 and December 31, 1998; (b) two term notes payable to a bank issued in 1999, under which $1,353 was outstanding on June 30, 1999; (c) a revolving bank credit facility for borrowings of up to $3,500, under which $3,392 was outstanding on June 30, 1999 and $2,536 was outstanding on December 31, 1998; (d) a term note, under which $3,500 was outstanding on June 30, 1999 and $4,000 was outstanding on December 31, 1998; (e) a revolving bank credit facility for borrowings of up to $5,000, under which $4,803 was outstanding on June 30, 1999 and $5,000 was outstanding on December 31, 1998; (f) a bank note in the amount of $10,000 outstanding as of June 30, 1999; and (g) a demand bank note for borrowings of up to $2,000, bearing interest at the bank's prime rate, under which $2,000 was outstanding as of June 30, 1999 and December 31, 1998. As a result of the potential for future covenant violations under the credit facilities, the Company classified all of its long-term debt as current as of June 30, 1999. As of June 30, 1999, the weighted average interest rate for the term notes was 6.91%, and the weighted average interest rate for the revolving bank notes and notes payable was 7.75%.

The Company is a party to two interest rate swap agreements, which effectively modify the interest characteristics of $45,000 of its outstanding long-term debt. The first agreement, effective January 1, 1999, involves the exchange of amounts based on a fixed interest rate of 8.58% for amounts currently based on a variable interest rate of LIBOR plus 2.5% through December 31, 2002, without an exchange of the $20,000 notional amount upon which the payments are based. The second agreement, effective January 5, 2000, involves the exchange of amounts based on a fixed interest rate of 9.21% for amounts currently based on a variable interest rate of LIBOR plus 2.5% through December 31, 2002 (or December 31, 2004, at the bank's option), without an exchange of the $25,000 notional amount upon which the payments are based. The differential paid or received as interest rates change is settled quarterly and is accrued and recognized as an adjustment of interest expense related to the debt.

In connection with the Company's bank credit facilities the Company's chairman of the board entered into a guarantee agreement in favor of the banks for up to $75,000, for which he received compensation from the Company during the year ended June 30, 2000 in the form of 305 restricted shares of the Company's common stock valued at $1,219. Such agreement provides that if the Company defaults on its bank loan, the chairman will repay the amount of such loan to the banks. If he is obligated to pay such amount, he would have the right to purchase certain of the Company's collateral under such loan as would be necessary for him to recoup his obligation, with such collateral including the Company's investments in Gray and Tarzian.

10. INCOME TAXES

The Company's income tax benefit (provision) attributable to continuing operations consists of the following:

	Year Ended June 30, 2000	Six Months Ended June 30,		Years Ended December 31,	
		1999	1998 (unaudited)	1998	1997
Current:					
Federal	$	$	$	$	$ 50
State	(271)				
	(271)				50
Deferred	3,010	944	542	(1,599)	982
	$ 2,739	$ 944	$ 542	$ (1,599)	$ 1,032

The principal differences between the federal statutory tax rate and the effective tax rate applicable to continuing operations are as follows:

	Year Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998 (unaudited)	Years Ended December 31, 1998	Years Ended December 31, 1997
Federal statutory tax rate	34.0%	34.0%	34.0%	34.0%	34.0%
Non-deductible goodwill amortization	(9.6)				
State income taxes,					
net of federal benefit	5.8				
Other, net	1.3	(1.9)	(2.7)	7.2	6.1
Effective tax rate	31.5%	32.1%	31.3%	41.2%	40.1%

Deferred tax liabilities (assets) associated with continuing operations are comprised of the following:

	June 30, 2000	June 30, 1999	December 31, 1998
Prepaid costs and expenses	$ 2,186	$	$
Investment in affiliated companies	6,877	6,578	6,971
Property and equipment	749		
Other, net	713	92	1
Gross deferred tax liabilities	10,525	6,670	6,972
Allowance for doubtful accounts	(809)		
Accrued expenses	(727)		
Deferred income	(570)	(262)	(263)
Nonqualified stock options outstanding	(1,293)		
Charitable contributions	(75)		
Net operating loss carryforward	(1,967)	(993)	(535)
Alternative Minimum Tax credit carryforward	(490)	(385)	(492)
Gross deferred tax assets	(5,931)	(1,640)	(1,290)
Total deferred taxes, net	$ 4,594	$ 5,030	$ 5,682

Income (loss) on the operations of the discontinued segment is presented net of a tax (provision) benefit of $10, $72, $(36), $(255) and $(92) for the year ended June 30, 2000, the six months ended June 30, 1999 and 1998, and the years ended December 31, 1998 and 1997, respectively. The loss on disposal of the discontinued segment for the year ended June 30, 2000 is presented net of an income tax benefit of $1,247.

As of June 30, 2000, the Company has a net operating loss carryforward for tax purposes of approximately $5,750 expiring beginning in 2018 to reduce Federal taxable income in the future. The Company also has as of June 30, 2000 an Alternative Minimum Tax ("AMT") credit carryforward of $490 and a business credit carryforward of $142, to reduce regular Federal tax liabilities in the future.

11. STOCK OPTIONS

The Company's 1994 Long Term Incentive Plan (the "1994 Plan") reserves 7,200 shares of the Company's common stock for issuance of stock options, restricted stock awards and stock appreciation rights, following shareholder approval on September 14, 1999 of an increase in the number of shares available for grant under the 1994 Plan. Certain options granted under the 1994 Plan are fully vested at the date of grant, and others vest over three to five year periods. Options granted under the 1994 Plan have terms ranging from five to ten years. In connection with the Host-USA Acquisition, options for an aggregate of 2,819 exercisable shares were granted to former holders of options for Host and USA shares, at exercise prices ranging from $.34 to $4.06 per share. As of June 30, 2000, June 30, 1999 and December 31, 1998, there were 2,207, 1,478 and 1,528 shares available for future option grants under the 1994 Plan, respectively.

The Company's Non-Employee Directors' 1994 Stock Option Plan (the "1994 Directors' Plan") reserves 350 shares of the Company's common stock for issuance of stock options. Options under the 1994 Directors' Plan are fully vested when granted. Shares available for future option grants under the 1994 Directors' Plan were 160 as of June 30, 2000 and 170 as of June 30, 1999 and December 31, 1998.

Information with respect to the Company's stock option plans follows:

	Option Shares	Option Price Range
Outstanding as of January 1, 1997	**2,035**	**$ .75 - $ 2.68**
Grants	135	$ 2.31 - $ 2.44
Exercised	(258)	$ .75 - $ 1.48
Forfeited	(30)	$ 2.44
Outstanding as of December 31, 1997	**1,882**	**$ .75 - $ 2.68**
Grants	50	$ 3.19 - $ 4.38
Exercised	(254)	$ .88 - $ .96
Outstanding as of December 31, 1998	**1,678**	**$ .75 - $ 4.38**
Grants	50	$ 3.69
Exercised	(198)	$ .88 - $ 2.68
Outstanding as of June 30, 1999	**1,530**	**$ .75 - $ 4.38**
Grants	3,004	$ .34 - $ 4.25
Exercised	(652)	$ .34 - $ 4.06
Forfeited	(24)	$ 2.31 - $ 2.41
Outstanding as of June 30, 2000	**3,858**	**$ .34 - $ 4.38**

Exercisable as of:		
December 31, 1997	1,287	$ .75 - $ 2.68
December 31, 1998	1,387	$ .75 - $ 4.38
June 30, 1999	1,363	$ .75 - $ 4.38
June 30, 2000	3,594	$ .34 - $ 4.38

The weighted average per share fair value of options granted was $1.85 for the year ended June 30, 2000, $1.98 for the six months ended June 30, 1999, and $1.59 and $1.26 for the years ended December 31, 1998 and 1997. As of June 30, 2000, the number of outstanding shares under option, weighted average option exercise price and weighted average remaining option contractual life is as follows: 75 exercisable shares at $.75 per share, expiring in 2.3 years; 526 exercisable shares at $.88 per share, expiring in 4.0 years; 150 exercisable shares at $1.50 per share, expiring in 4.3 years; 380 exercisable shares at $2.63 per share, expiring in 1.9 years; 45 shares at $2.40 per share, expiring in 6.5 years (23 shares of which were exercisable); 50 shares at $3.59 per share, expiring in 7.9 years (23 shares of which were exercisable); 60 shares at $3.73 per share expiring in 8.7 years (20 shares of which were exercisable); 2,397 exercisable shares at $1.03 per share expiring in 4.4 years; and 175 non-exercisable shares at $4.25 per share expiring in 9.8 years.

Pro forma net income and earnings per share required by FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("FAS 123") has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. The fair values for these options were estimated at the time of grant using a Black-Scholes option pricing model assuming a risk-free interest rate of 6.32%, dividend yield of 0.0%, a volatility factor of .453, and a weighted-average expected life for the options of four to six years. Had compensation cost been measured based on the fair value based accounting of FAS 123, net income (loss) would have been $(12,933), or $(.45) per share (basic and diluted), for the year ended June 30, 2000; $(2,303), or $(.10) per share (basic and diluted), for the six months ended June 30, 1999; $2,224, or $.10 per share (basic and diluted), for the year ended December 31, 1998; and $(1,900), or $(.09) per share (basic and diluted), for the year ended December 31, 1997. These pro forma results are provided for comparative purposes only and do not purport to be indicative of what would have occurred had compensation cost been measured under FAS 123 or of results that may occur in the future. Since FAS 123 is applicable only to options granted subsequent to December 31, 1994, its pro forma effect will not be fully reflected until at least the year ending June 30, 2001.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The aggregate fair value of the Company's investment in affiliated companies was approximately $63,000, compared to the carrying value of $77,935, as of June 30, 2000; $105,000, compared to the carrying value of $85,311, as of June 30, 1999; and $88,000, compared to the carrying value of $74,767, as of December 31, 1998. The estimate of fair value was based on, in the case of publicly-traded Gray and Rawlings, quoted market prices on the New York Stock Exchange and the Nasdaq Stock Market as of June 30, 2000 and 1999, and December 31, 1998; in the case of Tarzian, acquisition cost; in the case of Total Sports and iHigh.com, recent transactions in its capital stock; in the case of privately-held Host, USA and Capital, for June 30, 1999 and December 31, 1998, the negotiated Host-USA Acquisition per share purchase price for shares not then owned by the Company; and management estimates.

The fair value of the Company's interest rate swap agreements, having an aggregate notional amount of $45,000 as of June 30, 2000, $20,000 as of June 30, 1999 and $24,000 as of December 31, 1998, is not recognized in the financial statements. If, in the future, an interest rate swap agreement was terminated, any resulting gain or loss would be deferred and amortized to interest expense over the initial remaining life of the interest rate swap agreement. In the event of early extinguishment of a designated debt obligation, any realized or unrealized gain or loss from the swap would be recognized in the statement of operations coincident with the extinguishment. During the year ended June 30, 2000, the Company amended one of its agreements to change the termination date from December 31, 2007 to December 31, 2002, resulting in a cash settlement of $882, which was deferred and recognized as income ratably over the remaining term of the agreement. As of June 30, 2000, deferred income on the settlement to be recognized over the remaining 30 months of the agreement was $825. The estimated amount to be received on terminating the swap agreements, if the Company had elected to do so, was approximately $511 and $432 as of June 30, 2000 and 1999, respectively.

All other financial instruments, including cash, cash equivalents, receivables, payables and variable rate bank debt are estimated to have a fair value which approximates carrying value in the financial statements.

13. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Year Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998 (unaudited)	Years Ended December 31 1998	Years Ended December 31 1997
Income (loss) from continuing operations	$ (5,944)	$ (1,995)	$ (1,190)	$ 2,279	$ (1,539)
Income (loss) from discontinued operations	(6,839)	(266)	(92)	81	(234)
Net income (loss)	$ (12,783)	$ (2,261)	$ (1,282)	$ 2,360	$ (1,773)
Weighted average number of common shares outstanding for basic earnings (loss) per share	29,044	22,330	22,098	22,189	21,302
Effect of dilutive employee stock options				993	
Adjusted weighted average number of common shares and assumed conversions for diluted earnings (loss) per share	29,044	22,330	22,098	23,182	21,302
Basic earnings (loss) per share:					
Income (loss) from continuing operations	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)
Loss from discontinued operations	(.24)	(.01)	(.01)	.01	(.01)
Net income (loss)	$ (.44)	$ (.10)	$ (.06)	$ .11	$ (.08)
Diluted earnings (loss) per share:					
Income (loss) from continuing operations	$ (.20)	$ (.09)	$ (.05)	$ .10	$ (.07)
Loss from discontinued operations	(.24)	(.01)	(.01)	.00	(.01)
Net income (loss)	$ (.44)	$ (.10)	$ (.06)	$ .10	$ (.08)

The effect of potentially dilutive employee stock options not considered above because they were anti-dilutive is 1,831 shares for the year ended June 30, 2000; 927 shares and 1,084 shares for the six months ended June 30, 1999 and 1998, respectively; and 847 shares for the year ended December 31, 1997.

14. RETIREMENT PLANS

The Company has three 401(k) defined contribution benefit plans, two of which pertain to the employees of Host and USA, whereby employees of the Company may contribute a portion of their gross pay to the plan subject to limitations set forth by the Internal Revenue Service. The Company may make matching and/or discretionary contributions to the employees' accounts in amounts based on criteria set forth in the plan agreements. Total Company contributions to the plan were $349 for the year ended June 30, 2000 (including contributions made to the Host and USA plans subsequent to the Host-USA Acquisition effective date of December 17, 1999), $163 and $140 for the six months ended June 30, 1999 and 1998, respectively, and $252 and $208 for the years ended December 31, 1998 and 1997, respectively.

15. COMMITMENTS AND CONTINGENCIES

The Company commits under certain contracts, the nature and terms of which vary, to the payment of guaranteed rights fees. Future guaranteed rights fee commitments at June 30, 2000 total approximately $92,000.

The Company is also committed under contracts, the nature and terms of which vary, projects to share the net profits ("profit splits") with other parties to the contract. Profit split expense for the period December 17, 1999 (the effective date of the Host-USA Acquisition) through June 30, 2000 was $6,705.

The Company is obligated under its contract with the NCAA expiring August 31, 2002 to issue an irrevocable letter of credit in contractually determined amounts to guarantee the Company's payments to the NCAA for each contract period. As of June 30, 2000, the outstanding letter of credit for the benefit of the NCAA was $3,625. The maximum letter of credit contractual requirement during through the expiration of the NCAA contract in 2002 is $5,000.

The Company has a 25% interest and NBA Properties, Inc. ("NBA") has a 75% interest in a joint venture, Hall of Fame Properties, LLC ("HOFP"). Under a contract executed in 1998, HOFP was granted exclusive marketing rights by the Naismith Memorial Basketball Hall of Fame ("HOF") for the HOF. Under the terms of the contract, HOFP solicits advertising and sponsorship revenues for the HOF intended to supplement funding for the museum facility. In exchange for these exclusive marketing rights, HOFP pays HOF a guaranteed amount of $2,117 per year during the first six years of the 10-year contract. The agreement also includes a revenue sharing arrangement between the parties based on certain revenue thresholds achieved in excess of the initial guarantee by HOFP. The joint venture agreement with NBA provides that the Company's portion of the liabilities associated with this joint venture will not exceed $530 annually.

Bull Run's executive offices are leased from a company affiliated with a principal stockholder and director of the Company under an operating lease expiring in 2002. Host and USA have various operating leases for facilities and equipment expiring in 2001 through 2006. The Company's total rental expense was $1,843 for the year ended June 30, 2000, $226 and $263 for the six months ended June 30, 1999 and 1998, respectively, and $481 and $328 for the years ended December 31, 1998 and 1997, respectively. The minimum annual rental commitments under these and other leases with an original lease term exceeding one year are $2,687, $2,097, $1,484, $1,176 and $961 for the years ending June 30, 2001, 2002, 2003, 2004 and 2005, respectively, and $480 thereafter.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a significant effect on the Company's consolidated financial position or results of operations.

16. SEGMENT DATA (unaudited)

Following the Host-USA Acquisition, the Company had four business segments associated with its continuing operations that provide different products or services: (a) marketing and production services, which primarily includes services rendered in connection with college and high school athletics ("Affinity Marketing and Production Services"); (b) event management and marketing services ("Affinity Events"); (c) association management services ("Affinity Management Services"); and (d) consulting services ("Consulting"). A fifth business segment, associated with computer printer manufacturing and related sales and services, has been classified as a discontinued segment.

Information for each of the Company's segments associated with continuing operations is presented below. Operating results for the Collegiate, Affinity Events and Affinity Management Services segments only include results for the period December 17, 1999 (effective date of the Host-USA Acquisition) through June 30, 2000.

	Year Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998	Year Ended December 31, 1998	Year Ended December 31, 1997
Net revenues, continuing operations:					
Affinity Marketing and Production Services	$ 54,443	$	$	$	$
Affinity Events	11,312				
Affinity Management Services	4,934				
Consulting	1,311	609	652	1,618	681
	$ 72,000	$ 609	$ 652	$ 1,618	$ 681
Income (loss) from continuing operations:					
Affinity Marketing and Production Services	$ 4,354	$	$	$	$
Affinity Events	1,519				
Affinity Management Services	568				
Consulting	1,311	609	652	1,618	681
Amortization of acquisition intangibles	(2,460)				
Unallocated general and administrative costs	(3,010)	(693)	(691)	(1,312)	(1,039)
	$ 2,282	$ (84)	$ (39)	$ 306	$ (358)
Depreciation expense, continuing operations:					
Affinity Marketing and Production Services	$ 692	$	$	$	$
Affinity Events	176				
Affinity Management Services	181				
Unallocated general and administrative costs	5	2	2	4	4
	$ 1,054	$ 2	$ 2	$ 4	$ 4
Capital expenditures, continuing operations:					
Affinity Marketing and Production Services	$ 910	$			$
Affinity Events	47				
Affinity Management Services	182				
Unallocated general and administrative expenditures	7	10			12
	$ 1,146	$ 10			$ 12

	June 30, 2000	June 30, 1999
Total assets, continuing operations:		
Affinity Marketing and Production Services	$ 31,811	$
Affinity Events	20,306	
Affinity Management Services	9,917	
Investments in affiliated companies	77,935	85,311
Goodwill, customer base and trademarks	88,483	
Net assets of discontinued segment	10,671	17,545
Other	2,728	1,461
	$ 241,851	$ 104,317

SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

(Dollars and shares in thousands, except per share amounts)

	Quarters Ended			
	September 30, 1999	December 31, 1999	March 31, 2000	June 30, 2000
Revenue from services rendered	$ 670	$ 6,720	$ 39,426	$ 25,184
Operating income (loss)	270	(375)	3,246	(859)
Income (loss) from continuing operations	23	96	(640)	(5,423)
Income (loss) from discontinued operations	460	(56)	(141)	(7,102)
Net income (loss)	483	40	(781)	(12,525)
Income (loss) from continuing operations per share:				
Basic	$ .00	$ .00	$ (.02)	$ (.16)
Diluted	$ .00	$ .00	$ (.02)	$ (.16)
Earnings (loss) per share:				
Basic	$ .02	$ .00	$ (.02)	$ (.36)
Diluted	$ .02	$ .00	$ (.02)	$ (.36)
Weighted average number of shares:				
Basic	22,467	24,080	34,700	34,928
Diluted	23,310	25,321	34,700	34,928

	September 30, 1998	December 31, 1998	March 31, 1999	June 30, 1999
Revenue from services rendered	$ 964	$ 2	$ 195	$ 414
Operating income (loss)	657	(312)	(201)	117
Income (loss) from continuing operations	4,058	(589)	(1,074)	(921)
Loss from discontinued operations	(18)	191	17	(283)
Net income (loss)	4,040	(398)	(1,057)	(1,204)
Income (loss) from continuing operations per share:				
Basic	$ .18	$ (.03)	$ (.05)	$ (.04)
Diluted	$ .17	$ (.03)	$ (.05)	$ (.04)
Earnings (loss) per share:				
Basic	$ .18	$ (.02)	$ (.05)	$ (.05)
Diluted	$ .17	$ (.02)	$ (.05)	$ (.05)
Weighted average number of shares:				
Basic	22,283	22,277	22,264	22,396
Diluted	23,285	22,277	22,264	22,396

Stockholder Information

DIRECTORS

Gerald N. Agranoff - Managing general partner of SES Family Investment & Trading Partnership L.P., an investment partnership; member of Asher B. Edelman & Associates, LLC, a manager for a value oriented fund; general partner of, and general counsel to, Edelman Securities Company L.P., a registered broker-dealer, having been affiliated with such firm since 1982; Vice President, general counsel and a director of Dynacore Holdings Corporation, the successor company to Datapoint Corporation, engaged in computer and software related activities; director of Canal Capital Corporation and Atlantic Gulf Communities Corporation.

James W. Busby - President of Del Mar of Wilmington Corporation since 1997, a real estate development company; President of Datasouth Computer Corporation from 1984 through June 1997 and one of its founders in 1977.

W. James Host - Chief Executive Officer of Host Communications, Inc. since founding the company in 1972; director of Rawlings Sporting Goods Company, Inc.

Hilton H. Howell, Jr. - Vice President and Secretary of Bull Run Corporation; President and Chief Executive Officer of Atlantic American Corporation, an insurance holding company, since 1995 and Executive Vice President from 1992 to 1995; Executive Vice President and General Counsel of Delta Life and Delta Fire & Casualty Insurance Companies since 1991; director of Gray Communications Systems, Inc.

Robert S. Prather, Jr. - President and Chief Executive Officer of Bull Run Corporation; Executive Vice President of Gray Communications Systems, Inc. and a director; director of Rawlings Sporting Goods Company, Inc. and The Morgan Group, Inc.

J. Mack Robinson - Chairman of the Board of Bull Run Corporation; Chairman and President of Delta Life Insurance Company since 1958; Chairman of Atlantic American Corporation since 1974, and President from 1988 to 1995; President and CEO of Gray Communications Systems, Inc. and a director; director emeritus of Wachovia Corporation.

OFFICERS

J. Mack Robinson - Chairman of the Board
Robert S. Prather, Jr. - President and Chief Executive Officer
Hilton H. Howell, Jr. - Vice President and Secretary
Frederick J. Erickson - Vice President - Finance, Treasurer and Chief Financial Officer

STOCKHOLDER INFORMATION

CORPORATE HEADQUARTERS

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12039 West Alameda Parkway
Lakewood, CO 80228
Phone (800) 962-4284
Fax (303) 986-2444

INDEPENDENT AUDITORS

Ernst & Young LLP

STOCK EXCHANGE

Bull Run's common stock trades on The Nasdaq Stock Market under the symbol "BULL".

FORM 10-K

A copy of the Company's Annual Report on Form 10-K submitted to the U.S. Securities and Exchange Commission may be obtained by contacting Investor Relations at the Company's Corporate Headquarters.