

DOVER DOWNS GAMING & ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
In Thousands
(Unaudited)

	Three Months Ended March 31,	
	2007	2006
Operating activities:		
Net earnings	\$ 6,881	\$ 6,163
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	1,742	1,737
Amortization of credit facility origination fees	11	11
Stock-based compensation	216	196
Deferred income taxes	(123)	(81)
Changes in assets and liabilities:		
Accounts receivable	142	1,095
Due from State of Delaware	7,403	6,693
Inventories	4	71
Prepaid expenses and other	48	454
Accounts payable	2,486	436
Purses due horsemen	(6,074)	(5,852)
Accrued liabilities	(2,017)	(3,517)
Payable to/receivable from Dover Motorsports, Inc.	46	4
Income taxes payable/prepaid income taxes	4,873	1,927
Deferred revenue	73	(19)
Other liabilities	(187)	-
Net cash provided by operating activities	15,524	9,318
Investing activities:		
Capital expenditures	(9,981)	(2,322)
Net cash used in investing activities	(9,981)	(2,322)
Financing activities:		
Borrowings from revolving line of credit	33,325	93,210
Repayments of revolving line of credit	(39,750)	(64,510)
Dividends paid	(1,469)	(1,295)
Repurchase of common stock	(71)	(34,986)
Proceeds from stock options exercised	999	16
Excess tax benefit on stock awards	33	-
Net cash used in financing activities	(6,933)	(7,565)
Net decrease in cash	(1,390)	(569)
Cash, beginning of period	20,020	19,986
Cash, end of period	\$ 18,630	\$ 19,417