

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

	Years Ended December 31,	
	2006	2005
Operating activities:		
Net earnings	\$ 25,328	\$ 26,040
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	7,146	6,998
Amortization of credit facility origination fees	44	41
Stock-based compensation	732	214
Deferred income taxes	136	(356)
Cumulative effect of accounting change	(1,541)	-
Gain on sale of shopping center	-	(5,837)
Changes in assets and liabilities:		
Accounts receivable	(520)	(886)
Due from State of Delaware	(1,872)	980
Inventories	190	192
Prepaid expenses and other	118	(40)
Prepaid income taxes/income taxes payable	(3,834)	3,055
Accounts payable	79	(792)
Purses due horsemen	567	(750)
Accrued liabilities	269	758
Payable to/receivable from Dover Motorsports, Inc.	24	(13)
Deferred revenue	(75)	(83)
Net cash provided by operating activities	26,791	29,521
Investing activities:		
Capital expenditures	(22,065)	(5,512)
Proceeds from sale of shopping center, net	-	11,918
Net cash (used in) provided by investing activities	(22,065)	6,406
Financing activities:		
Borrowings from notes payable to banks	196,010	169,109
Repayments of notes payable to banks	(160,660)	(196,984)
Dividends paid	(5,510)	(5,737)
Repurchase of common stock	(35,052)	-
Proceeds from stock options exercised	470	4
Excess tax benefit on nonvested stock	50	-
Other	-	(21)
Net cash used in financing activities	(4,692)	(33,629)
Net increase in cash	34	2,298
Cash, beginning of year	19,986	17,688
Cash, end of year	\$ 20,020	\$ 19,986