

GTECH HOLDINGS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	<u>Nine Months Ended</u>	
	<u>November 26,</u>	<u>November 27,</u>
	<u>2005</u>	<u>2004</u>
	(Dollars in thousands)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 151,629	\$ 152,551
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	125,081	105,645
Intangibles amortization	7,945	9,127
Deferred income taxes	4,407	28,213
Tax benefit related to stock award plans	7,110	10,889
Minority interest	2,287	2,178
Equity in earnings of unconsolidated affiliates, net of dividends received	(612)	1,071
Gain on sale of investments	(751)	(10,924)
Other	16,718	12,695
Changes in operating assets and liabilities:		
Trade accounts receivable	2,532	(27,832)
Inventories	(25,884)	4,207
Accounts payable	(35,873)	(8,695)
Employee compensation	10,083	(10,433)
Advance payments from customers	12,628	(13,762)
Deferred revenue and advance billings	10,672	15,158
Income taxes payable	29,456	14,232
Other assets and liabilities	(8,906)	(5,844)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>308,522</b>	<b>278,476</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions (net of cash acquired)	(21,869)	(200,764)
Purchases of systems, equipment and other assets relating to contracts	(92,382)	(189,374)
Purchases of available-for-sale investment securities	(147,275)	(50,150)
Maturities and sales of available-for-sale investment securities	82,825	272,000
Purchases of property, plant and equipment	(6,712)	(9,134)
License fee	(1,750)	-
Investments in and advances to unconsolidated subsidiaries	(1,488)	(2,503)
(Increase) decrease in restricted cash	5,080	(5,138)
Proceeds from sale of investment	3,000	11,773
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(180,571)</b>	<b>(173,290)</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from issuance of long-term debt	-	343,254
Principal payments on long-term debt	(2,259)	(142,657)
Purchases of treasury stock	(32,051)	(100,536)
Dividends paid	(30,921)	(29,988)
Premiums and fees paid in connection with the early retirement of debt	-	(10,610)
Proceeds from stock options	9,406	11,810
Other	594	2,339
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<b>(55,231)</b>	<b>73,612</b>
Effect of exchange rate changes on cash	421	1,464
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>73,141</b>	<b>180,262</b>
Cash and cash equivalents at beginning of period	94,446	129,339
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 167,587</b>	<b>\$ 309,601</b>