

GTECH HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	Nine Months Ended	
	November 27, 2004	November 22, 2003
	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 152,551	\$ 135,369
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	105,645	81,449
Intangibles amortization	9,839	2,662
Deferred income taxes benefit	28,213	-
Tax benefit related to stock award plans	10,889	11,871
Non-cash gain from consolidation of West Greenwich Technology Associates, L.P.	-	(5,292)
Gain on sale of investment	(10,924)	-
Equity in earnings of unconsolidated affiliates, net of dividends received	1,071	(263)
Other	14,161	7,189
Changes in operating assets and liabilities:		
Trade accounts receivable	(27,832)	2,358
Inventories	4,207	22,879
Accounts payable	(8,695)	670
Employee compensation	(10,433)	(5,923)
Advance payments from customers	(13,762)	43,414
Deferred revenue and advance billings	15,158	(7,189)
Income taxes payable	14,232	11,437
Other assets and liabilities	(5,844)	9,305
NET CASH PROVIDED BY OPERATING ACTIVITIES	278,476	309,936
INVESTING ACTIVITIES		
Acquisitions (net of cash acquired)	(200,764)	(74,174)
Purchases of systems, equipment and other assets relating to contracts	(189,374)	(211,867)
Purchases of available-for-sale investment securities	(50,150)	-
Maturities and sales of available-for-sale investment securities	272,000	-
Proceeds from sale of investment	11,773	-
Purchases of property, plant and equipment	(9,134)	(8,506)
Increase in restricted cash	(5,138)	-
Investments in and advances to unconsolidated subsidiaries	(2,503)	(1,185)
Refundable performance deposit	-	(20,000)
License fee	-	(12,500)
NET CASH USED FOR INVESTING ACTIVITIES	(173,290)	(328,232)
FINANCING ACTIVITIES		
Net proceeds from issuance of long-term debt	343,254	251,138
Principal payments on long-term debt	(142,657)	(31,688)
Purchases of treasury stock	(100,536)	-
Dividends paid	(29,988)	(19,928)
Redemption premium paid in connection with the early retirement of debt	(10,610)	-
Proceeds from stock options	11,810	22,068
Other	2,339	(2,194)
NET CASH PROVIDED BY FINANCING ACTIVITIES	73,612	219,396
Effect of exchange rate changes on cash	1,464	3,262
INCREASE IN CASH AND CASH EQUIVALENTS	180,262	204,362
Cash and cash equivalents at beginning of period	129,339	116,174
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 309,601	\$ 320,536