

GTECH HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	February 25, 2006	February 26, 2005	February 28, 2004
	(Dollars in thousands)		
OPERATING ACTIVITIES			
Net income	\$ 211,045	\$ 196,394	\$ 183,200
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	166,768	145,999	115,324
Intangibles amortization	10,582	12,616	3,735
Other amortization	154	-	-
Deferred income taxes	11,309	34,740	59,457
Tax benefit related to stock award plans	6,670	11,254	10,432
Minority interest	1,673	3,799	4,502
Equity in earnings of unconsolidated affiliates, net of dividends received	582	3,461	1,672
Gain on sale of investments	(751)	(10,924)	-
Non-cash gain from consolidation of West Greenwich Technology Associates, L.P.	-	-	(5,292)
Other	26,991	16,438	10,726
Changes in operating assets and liabilities:			
Trade and other receivables, net	(17,420)	(42,745)	9,634
Inventories	(27,003)	28,522	3,030
Other current assets	(14,029)	1,654	(4,913)
Accounts payable	(4,854)	14,248	2,186
Employee compensation	8,295	(15,118)	(4,231)
Advance payments from customers	20,903	(33,994)	51,601
Deferred revenue and advance billings	(11,816)	15,037	(2,979)
Income taxes payable	54,675	11,484	(27,649)
Other assets and liabilities	(14,150)	(17,656)	4,632
NET CASH PROVIDED BY OPERATING ACTIVITIES	429,624	375,209	415,067
INVESTING ACTIVITIES			
Acquisitions (net of cash acquired)	(23,084)	(200,730)	(74,442)
Purchases of systems, equipment and other assets relating to contracts	(137,316)	(245,592)	(268,010)
Purchases of available-for-sale investment securities	(147,275)	(246,975)	(242,050)
Maturities and sales of available-for-sale investment securities	83,375	272,000	20,200
Purchases of property, plant and equipment	(9,656)	(12,875)	(12,772)
License fees	(1,750)	-	(12,500)
Investments in and advances to unconsolidated subsidiaries	(1,488)	(2,071)	(2,885)
Refundable performance deposit	8,000	-	(20,000)
(Increase) decrease in restricted cash	5,080	(5,112)	-
Proceeds from sale of investments	3,000	11,773	-
NET CASH USED FOR INVESTING ACTIVITIES	(221,114)	(429,582)	(612,459)
FINANCING ACTIVITIES			
Net proceeds from issuance of long-term debt	-	343,254	252,588
Principal payments on long-term debt	(2,302)	(167,692)	(33,293)
Purchases of treasury stock	(32,051)	(120,658)	-
Dividends paid	(41,672)	(39,830)	(29,977)
Premiums and fees paid in connection with the early retirement of debt	-	(10,610)	(731)
Proceeds from stock options	9,473	13,546	23,943
Other	(4,439)	(505)	(6,324)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(70,991)	17,505	206,206
Effect of exchange rate changes on cash	3,226	1,975	4,351
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	140,745	(34,893)	13,165
Cash and cash equivalents at beginning of year	94,446	129,339	116,174
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 235,191	\$ 94,446	\$ 129,339