

GTECH HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	(Unaudited)	
	Three Months Ended	
	May 27, 2006	May 28, 2005
	(Dollars in thousands, except per share amounts)	
Revenues:		
Services	\$ 290,175	\$ 291,364
Sales of products	25,671	35,035
	<u>315,846</u>	<u>326,399</u>
Costs and expenses:		
Costs of services	175,821	168,917
Costs of sales	15,051	21,604
	<u>190,872</u>	<u>190,521</u>
Gross profit	124,974	135,878
Selling, general and administrative	39,275	32,019
Research and development	10,797	12,938
Operating expenses	<u>50,072</u>	<u>44,957</u>
Operating income	74,902	90,921
Other income (expense):		
Interest income	4,389	2,045
Equity in earnings of unconsolidated affiliates	601	1,787
Other expense	(75)	(1,794)
Interest expense	(7,453)	(7,265)
	<u>(2,538)</u>	<u>(5,227)</u>
Income before income taxes	72,364	85,694
Income taxes	<u>26,702</u>	<u>30,850</u>
Net income	<u>\$ 45,662</u>	<u>\$ 54,844</u>
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.48</u>
Diluted earnings per share	<u>\$ 0.35</u>	<u>\$ 0.43</u>
Weighted average shares outstanding - basic	<u>127,279</u>	<u>114,646</u>
Weighted average shares outstanding - diluted	<u>130,436</u>	<u>129,707</u>
Cash dividends declared per common share	<u>\$ 0.085</u>	<u>\$ 0.085</u>