

GTECH HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	Six Months Ended	
	August 27, 2005	August 28, 2004
	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 103,796	\$ 106,696
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	83,523	68,504
Intangibles amortization	5,316	4,170
Deferred income taxes	7,000	13,904
Tax benefit related to stock award plans	6,827	6,615
Minority interest	1,264	1,518
Equity in earnings of unconsolidated affiliates, net of dividends received	205	908
Gain on sale of investments	(584)	(10,924)
Other	11,381	13,300
Changes in operating assets and liabilities:		
Trade accounts receivable	18,626	(18,552)
Inventories	(2,991)	(5,255)
Accounts payable	(35,900)	(9,111)
Employee compensation	4,234	(15,996)
Advance payments from customers	1,015	(5,904)
Deferred revenue and advance billings	(2,822)	17,700
Income taxes payable	21,009	15,664
Other assets and liabilities	(6,669)	(11,480)
NET CASH PROVIDED BY OPERATING ACTIVITIES	215,230	171,757
INVESTING ACTIVITIES		
Acquisitions (net of cash acquired)	(30)	(192,402)
Purchases of systems, equipment and other assets relating to contracts	(59,934)	(113,011)
Purchases of available-for-sale investment securities	(121,675)	(50,150)
Maturities and sales of available-for-sale investment securities	82,325	272,000
Purchases of property, plant and equipment	(5,198)	(6,359)
License fee	(1,750)	-
Investments in and advances to unconsolidated subsidiaries	(1,000)	(1,435)
(Increase) decrease in restricted cash	5,080	(5,112)
Proceeds from sale of investment	3,000	11,773
NET CASH USED FOR INVESTING ACTIVITIES	(99,182)	(84,696)
FINANCING ACTIVITIES		
Net proceeds from issuance of long-term debt	-	15,000
Principal payments on long-term debt	(1,358)	(92,249)
Purchases of treasury stock	(32,051)	(82,808)
Dividends paid	(20,287)	(20,135)
Premiums and fees paid in connection with the early retirement of debt	-	(10,610)
Proceeds from stock options	8,431	4,966
Other	2,623	739
NET CASH USED FOR FINANCING ACTIVITIES	(42,642)	(185,097)
Effect of exchange rate changes on cash	(33)	(1,036)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	73,373	(99,072)
Cash and cash equivalents at beginning of period	94,446	129,339
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 167,819	\$ 30,267