

GOLDMAN SACHS GROUP INC

Form 424B2

October 01, 2018

Filed Pursuant to Rule 424(b)(2)

Registration Statement No. 333-219206

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated September 28, 2018.

GS Finance Corp.

\$

Autocallable Contingent Coupon Index-Linked Notes due
guaranteed by

The Goldman Sachs Group, Inc.

If the closing level of either the Russell 2000[®] Index or the S&P 500[®] Index on any determination date is less than 60% of its initial level, you will not receive a coupon on the applicable payment date. The amount that you will be paid on your notes is based on the performances of the indexes. The notes will mature on the stated maturity date (expected to be November 2, 2028), unless automatically called on any determination date commencing in October 2019 to and including July 2028. Your notes will be automatically called if the closing level of each index on any such determination date is greater than or equal to its initial level (set on the trade date, expected to be October 26, 2018). If your notes are automatically called, you will receive a payment on the next payment date (the fifth business day after the relevant determination date) equal to the face amount of your notes plus a coupon (as described below).

Determination dates are expected to be the 26th day of each January, April, July and October, commencing in January 2019 and ending in October 2028. If on any determination date the closing level of each index is greater than or equal to 60% of its initial level, you will receive on the applicable payment date a coupon for each \$1,000 face amount of your notes equal to \$12.5.

The amount that you will be paid on your notes at maturity, if they have not been automatically called, in addition to the final coupon, if any, is based on the performance of the index with the lowest index return. The index return for each index is the percentage increase or decrease in the closing level of such index on the final determination date from its initial level.

At maturity, for each \$1,000 face amount of your notes, you will receive an amount in cash equal to:

if the index return of each index is greater than or equal to -40% (the final level of each index is greater than or equal to 60% of its initial level), \$1,000 plus a coupon calculated as described above; or

if the index return of any index is less than -40% (the final level of any index is less than 60% of its initial level), the sum of (i) \$1,000 plus (ii) the product of (a) the lesser performing index return times (b) \$1,000. You will receive less than 60% of the face amount of your notes and no coupon.

If the index return for any index is less than -40%, the percentage of the face amount of your notes you will receive will be based on the performance of the index with the lowest index return. In such event, you will receive less than 60% of the face amount of your notes and no coupon.

You should read the disclosure herein to better understand the terms and risks of your investment, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page S-10.

The estimated value of your notes at the time the terms of your notes are set on the trade date is expected to be between \$890 and \$940 per \$1,000 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.

Original issue date: expected to be October 31, 2018 Original issue price: 100% of the face amount*

Underwriting discount: % of the face amount* Net proceeds to the issuer: % of the face amount

*The original issue price will be % for certain investors; see "Supplemental Plan of Distribution" on page S-45.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal

offense. The notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

Goldman Sachs & Co. LLC

Prospectus Supplement No. dated , 2018.

Table of Contents

The issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this prospectus supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in notes will depend in part on the issue price you pay for such notes.

GS Finance Corp. may use this prospectus in the initial sale of the notes. In addition, Goldman Sachs & Co. LLC or any other affiliate of GS Finance Corp. may use this prospectus in a market-making transaction in a note after its initial sale. Unless GS Finance Corp. or its agent informs the purchaser otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.

Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is expected to be between \$890 and \$940 per \$1,000 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to \$ per \$1,000 face amount).

Prior to , the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to GS&Co.'s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis from the time of pricing through). On and after , the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models.

About Your Prospectus

The notes are part of the Medium-Term Notes, Series E program of GS Finance Corp. and are fully and unconditionally guaranteed by The Goldman Sachs Group, Inc. This prospectus includes this prospectus supplement and the accompanying documents listed below. This prospectus supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

Prospectus supplement dated July 10, 2017

Prospectus dated July 10, 2017

The information in this prospectus supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

Table of Contents

SUMMARY INFORMATION

We refer to the notes we are offering by this prospectus supplement as the “offered notes” or the “notes”. Each of the offered notes has the terms described below and under “Specific Terms of Your Notes” on page S-18. Please note that in this prospectus supplement, references to “GS Finance Corp.”, “we”, “our” and “us” mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to “The Goldman Sachs Group, Inc.”, our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to “Goldman Sachs” mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. Also, references to the “accompanying prospectus” mean the accompanying prospectus, dated July 10, 2017, and references to the “accompanying prospectus supplement” mean the accompanying prospectus supplement, dated July 10, 2017, for Medium-Term Notes, Series E, in each case of GS Finance Corp. and The Goldman Sachs Group, Inc. References to the “indenture” in this prospectus supplement mean the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the “GSFC 2008 indenture” in the accompanying prospectus supplement.

Key Terms

Issuer: GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Indices: the Russell 2000[®] Index (Bloomberg symbol, “RTY Index”), as published by FTSE Russell, and the S&P 500 Index (Bloomberg symbol, “SPX Index”), as published by S&P Dow Jones Indices LLC; see “The Indices” on page S-26

Specified currency: U.S. dollars (“\$”)

Face amount: each note will have a face amount equal to \$1,000; \$ _____ in the aggregate for all the offered notes the aggregate face amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this prospectus supplement

Denominations: \$1,000 and integral multiples of \$1,000 in excess thereof

Purchase at amount other than face amount: the amount we will pay you for your notes on a call payment date or the stated maturity date, as the case may be, will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to face amount and hold them to a call payment date or the stated maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at face amount. See “Additional Risk Factors Specific to Your Notes — If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” on page S-12 of this prospectus supplement

Supplemental discussion of U.S. federal income tax consequences: you will be obligated pursuant to the terms of the notes — in the absence of a change in law, an administrative determination or a judicial ruling to the contrary — to characterize each note for all tax purposes as an income-bearing pre-paid derivative contract in respect of the indices, as described under “Supplemental Discussion of Federal Income Tax Consequences” herein. Pursuant to this approach, it is the opinion of Sidley Austin LLP that it is likely that any coupon payment will be taxed as ordinary income in accordance with your regular method of accounting for U.S. federal income tax purposes. If you are a United States alien holder of the notes, we intend to withhold on coupon payments made to you at a 30% rate or at a lower rate specified by an applicable income tax treaty. In addition, upon the sale, exchange, redemption or maturity of your notes, it would be reasonable for you to recognize capital gain or loss equal to the difference, if any, between the amount of cash you receive at such time (excluding amounts attributable to any coupon payment) and your tax basis in your notes

Automatic call feature: if, as measured on any call observation date, the closing level of each index is greater than or equal to its initial index level, your notes will be automatically called. If your notes are automatically called on any call observation date, on the corresponding call payment date, in addition to the coupon then due, you will receive an amount in cash equal to \$1,000 for each \$1,000 face amount of your notes.

Cash settlement amount (on any call payment date): if your notes are automatically called on a call observation date because the closing level of each index is greater than or equal to its initial index level, for each \$1,000 face amount of

your notes, on the related call payment date, we will pay you an amount in cash equal to the sum of (i) \$1,000 plus (ii) the coupon then due

S-3

Table of Contents

Cash settlement amount (on the stated maturity date): if your notes are not automatically called, for each \$1,000 face amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

if the index return of each index is greater than or equal to -40%, \$1,000 plus the related coupon or

if the index return of any index is less than -40%, the sum of (i) \$1,000 plus (ii) the product of (a) the lesser performing index return times (b) \$1,000. You will receive less than 60% of the face amount of your note and no coupon

Lesser performing index return: the index return of the lesser performing index

Lesser performing index: the index with the lowest index return

Coupon (to be set on the trade date): subject to the automatic call feature, on each coupon payment date, for each \$1,000 face amount of your notes, we will pay you an amount in cash equal to:

if the closing level of each index on the related coupon determination date is greater than or equal to its coupon trigger level, \$12.5 or

if the closing level of any index on the related coupon determination date is less than its coupon trigger level, \$0

Initial index level (set on the trade date): with respect to each index, the closing level of such index on the trade date

Final index level: with respect to each index, the closing level of such index on the determination date, except in the limited circumstances described under “Specific Terms of Your Notes — Consequences of a Market Disruption Event or a Non-Trading Day” on page S-20

Coupon trigger level: for each index, 60% of its initial index level

Closing level: with respect to each index on any trading day, the closing level of such index, as further described under “Specific Terms of Your Notes — Special Calculation Provisions — Closing Level” on page S-22

Index return: with respect to each index on the determination date, the quotient of (i) the final index level minus the initial index level divided by (ii) the initial index level, expressed as a positive or negative percentage

Defeasance: not applicable

No listing: the offered notes will not be listed or displayed on any securities exchange or interdealer market quotation system

Business day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Business Day” on page S-22

Trading day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Trading Day” on page S-22

Trade date: expected to be October 26, 2018

Original issue date (settlement date) (set on the trade date): expected to be October 31, 2018

Stated maturity date (set on the trade date): expected to be November 2, 2028, subject to adjustment as described under “Specific Terms of Your Notes — Stated Maturity Date” on page S-19

Determination date (set on the trade date): expected to be October 26, 2028, subject to adjustment as described under “Specific Terms of Your Notes — Determination Date” on page S-19

Call observation dates (set on the trade date): expected to be each coupon determination date commencing in October 2019 and ending in July 2028, subject to adjustment as described under “Specific Terms of Your Notes — Call Observation Dates” on page S-20

Call payment dates: expected to be the fifth business day after each call observation date subject to adjustment as described under “Specific Terms of Your Notes — Call Payment Dates” on page S-20

Coupon determination dates (set on the trade date): expected to be the 26th day of each January, April, July and October, commencing in January 2019 and ending in October 2028 subject to adjustment as described under “Specific Terms of Your Notes — Coupon Determination Dates” on page S-20

Coupon payment dates (set on the trade date): expected to be the fifth business day after each coupon determination date to and including the stated maturity date, subject to adjustment as described under “Specific Terms of Your Notes — Coupon and Coupon Payment Dates” on page S-20

Regular record dates: the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

Calculation agent: GS&Co.

CUSIP no.: 40056E4N5

S-4

Table of Contents

ISIN no.: US40056E4N55

FDIC: the notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank

S-5

Table of Contents

HYPOTHETICAL EXAMPLES

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate (i) the impact that various hypothetical closing levels of the indices on a coupon determination date could have on the coupon payable on the related coupon payment date and (ii) the impact that various hypothetical closing levels of the lesser performing index on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant. The examples below are based on a range of index levels that are entirely hypothetical; no one can predict what the index level of any index will be on any day throughout the life of your notes, what the closing level of any index will be on any coupon determination date or call observation date, as the case may be, and what the final index level of the lesser performing index will be on the determination date. The indices have been highly volatile in the past — meaning that the index levels have changed substantially in relatively short periods — and their performance cannot be predicted for any future period.

The information in the following examples reflects the hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to a call payment date or the stated maturity date. If you sell your notes in a secondary market prior to a call payment date or the stated maturity date, as the case may be, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the indices, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see “Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes” on page S-10 of this prospectus supplement. The information in the examples also reflect the key terms and assumptions in the box below.

Key Terms and Assumptions

Face amount	\$1,000
Hypothetical initial index level of the Russell 2000® Index	1,700
Hypothetical initial index level of the S&P 500® Index	2,900
Coupon	\$12.5

The notes are not automatically called, unless otherwise indicated below

Neither a market disruption event nor a non-trading day occurs on any originally scheduled coupon determination date or call observation date or the originally scheduled determination date

No change in or affecting any of the index stocks or the method by which the applicable index sponsor calculates any index

Notes purchased on original issue date at the face amount and held to a call payment date or the stated maturity date

Moreover, we have not yet set the initial index levels that will serve as the baseline for determining the coupon payable on each coupon payment date, if any, if the notes will be automatically called, the index returns and the amount that we will pay on your notes, if any, on the call payment date or at maturity. We will not do so until the trade date. As a result, the actual initial index levels may differ substantially from the index levels prior to the trade date. They may also differ substantially from the index levels at the time you purchase your notes.

For these reasons, the actual performance of the indices over the life of your notes, the actual index levels on any call observation date or coupon determination date, as well as the coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical index levels shown elsewhere in this prospectus supplement. For information about the index levels during recent periods, see “The Indices — Historical Closing Levels of the Indices” on page S-37. Before investing in the notes, you should consult publicly available information to determine the index levels between the date of this prospectus supplement and the date of your

purchase of the notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the index stocks.

S-6

Table of Contents

Hypothetical Coupon Payments

The examples below show hypothetical performances of each index as well as the hypothetical coupons, if any, that we would pay on each coupon payment date with respect to each \$1,000 face amount of the notes if the closing level of each index on the applicable coupon determination date were the hypothetical closing levels shown and the hypothetical coupon trigger levels were 1,020 and 1,740 for the Russell 2000® Index and the S&P 500® Index, respectively.

Scenario 1

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the Russell 2000® Index	Hypothetical Closing Level of the S&P 500® Index	Hypothetical Coupon
First	750	1,250	\$0
Second	750	1,250	\$0
Third	1,400	3,000	\$12.5
Fourth	750	1,250	\$0
Fifth	750	1,250	\$0
Sixth	1,500	2,900	\$12.5
Seventh	1,200	1,000	\$0
Eighth	1,800	750	\$0
Ninth	750	1,250	\$0
Tenth	750	1,250	\$0
Eleventh	1,200	1,000	\$0
Twelfth - Fortieth	1,700	750	\$0
		Total Hypothetical Coupons	\$25

In Scenario 1, the hypothetical closing level of each index increases and decreases by varying amounts on each hypothetical coupon determination date. Because the hypothetical closing level of each index on the third and sixth hypothetical coupon determination dates is greater than or equal to its hypothetical coupon trigger level, the total of the hypothetical coupons in Scenario 1 is \$25. Because the hypothetical closing level of at least one index on all other coupon determination dates is less than its hypothetical coupon trigger level, no further coupons will be paid, including at maturity.

Scenario 2

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the Russell 2000® Index	Hypothetical Closing Level of the S&P 500® Index	Hypothetical Coupon
First	1,050	1,000	\$0
Second	1,750	1,130	\$0
Third	1,050	1,250	\$0
Fourth	1,050	1,250	\$0
Fifth	750	2,250	\$0
Sixth	850	3,000	\$0
Seventh	700	2,000	\$0
Eighth	1,000	750	\$0
Ninth	1,050	1,250	\$0
Tenth	1,050	1,250	\$0
Eleventh	750	2,250	\$0
Twelfth - Fortieth	850	3,000	\$0

Total Hypothetical Coupons \$0

In Scenario 2, the hypothetical closing level of each index increases and decreases by varying amounts on each hypothetical coupon determination date. Because in each case the hypothetical closing level of at least one index on the related coupon determination date is less than its hypothetical coupon trigger level, you will not receive a coupon payment on the applicable hypothetical coupon payment date. Since this occurs on every hypothetical coupon determination date, the overall return you earn on your notes will be less than zero. Therefore, the total of the hypothetical coupons in Scenario 2 is \$0.

Scenario 3

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the Russell 2000® Index	Hypothetical Closing Level of the S&P 500® Index	Hypothetical Coupon
First	750	750	\$0
Second	700	800	\$0
Third	950	1,050	\$0
Fourth	1,900	3,000	\$12.5
		Total Hypothetical Coupons	\$12.5

S-7

Table of Contents

In Scenario 3, the hypothetical closing level of each index is less than its hypothetical coupon trigger level on the first three hypothetical coupon determination dates, but increases to a level that is greater than its initial index level on the fourth hypothetical coupon determination date. Because the hypothetical closing level of each index is greater than or equal to its hypothetical initial index level on the fourth hypothetical coupon determination date (which is also the first hypothetical call observation date), your notes will be automatically called. Therefore, on the corresponding hypothetical call payment date, in addition to the hypothetical coupon of \$12.5, you will receive an amount in cash equal to \$1,000 for each \$1,000 face amount of your notes.

Hypothetical Payment at Maturity

If the notes are not automatically called on any call observation date (i.e., on each call observation date the closing level of any index is less than its initial index level), the cash settlement amount we would deliver for each \$1,000 face amount of your notes on the stated maturity date will depend on the performance of the lesser performing index on the determination date, as shown in the table below. The table below assumes that the notes have not been automatically called on a call observation date, does not include the final coupon, if any, and reflects hypothetical cash settlement amounts that you could receive on the stated maturity date. If the final index level of the lesser performing index (as a percentage of the initial index level) is less than 60%, you will not be paid a final coupon at maturity.

The levels in the left column of the table below represent hypothetical final index levels of the lesser performing index and are expressed as percentages of the initial index level of the lesser performing index. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final index level of the lesser performing index (expressed as a percentage of the initial index level of the lesser performing index), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each \$1,000 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final index level of the lesser performing index (expressed as a percentage of the initial index level of the lesser performing index) and the assumptions noted above.

The Notes Have Not Been Automatically Called

Hypothetical Final Index Level of the Lesser Performing Index (as Percentage of Initial Index Level)	Hypothetical Cash Settlement Amount at Maturity if the Notes Have <u>Not</u> Been Automatically Called on a Call Observation Date (as Percentage of Face Amount)
200.000%	100.000%*
175.000%	100.000%*
150.000%	100.000%*
125.000%	100.000%*
100.000%	100.000%*
80.000%	100.000%*
60.000%	100.000%*
59.999%	59.999%
50.000%	50.000%
25.000%	25.000%
0.000%	0.000%

*Does not include the final coupon

If, for example, the notes have not been automatically called on a call observation date and the final index level of the lesser performing index were determined to be 25.000% of its initial index level, the cash settlement amount that we would deliver on your notes at maturity would be 25.000% of the face amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the face amount and held them to the stated maturity date, you would lose 75.000% of your investment (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment). In addition, if the final index level of the lesser performing index were determined to be 200.000% of its initial index level, t

(0.54

)

0.01

Diluted - net income (loss) attributable to owners of the parent

(0.54

)

0.01

(thousands)	For the year ended December 31,	
	2014	2013
Service revenue	2,815,410	2,783,727
Product sales	254,243	279,107
Total revenue	3,069,653	3,062,834
Raw materials, services and other costs	1,548,934	1,585,303
Personnel	571,618	568,266
Depreciation	249,477	254,599
Amortization	206,336	189,684
Impairment loss (recovery), net	(2,195)	6,058
Capitalization of internal construction costs - labor and overhead	(100,788)	(100,208)
Unusual expense, net	29,242	
	2,502,624	2,503,702
Operating income	567,029	559,132
Interest income	3,658	3,334
Equity loss, net	(1,514)	(965)
Other income	4,007	1,131
Other expense	(79,977)	(11,177)
Foreign exchange loss, net	(1,413)	(2,309)
Interest expense	(204,211)	(163,074)
	(279,450)	(173,060)
Income before income tax expense	287,579	386,072
Income tax expense	189,970	180,837
Net income	97,609	205,235
Attributable to:		
Owners of the parent	83,309	175,434
Non-controlling interests	14,300	29,801
	97,609	205,235
Earnings per share/ADRs		
Basic - net income attributable to owners of the parent	0.48	1.01
Diluted - net income attributable to owners of the parent	0.48	1.01

GTECH S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS**Non-current assets**

Systems, equipment and other assets related to contracts, net	910,095	899,536
Property, plant and equipment, net	77,394	76,382
Goodwill	3,402,201	3,095,466
Intangible assets, net	1,151,472	1,257,297
Investments in associates and joint ventures	24,474	26,894
Other non-current assets	75,495	48,777
Non-current financial assets	21,557	28,886
Deferred income taxes	22,026	14,000
Total non-current assets	5,684,714	5,447,238

Current assets

Inventories	152,042	146,406
Trade and other receivables, net	757,444	904,248
Other current assets	255,288	190,517
Current financial assets	10,386	12,273
Income taxes receivable	5,459	3,574
Cash and cash equivalents	261,184	419,118
Total current assets	1,441,803	1,676,136

TOTAL ASSETS

7,126,517 7,123,374

EQUITY AND LIABILITIES**Equity attributable to owners of the parent**

Issued capital	174,976	173,992
Share premium	1,651,498	1,717,261
Treasury shares	(40,211)	
Retained earnings	171,065	292,847
Other reserves	378,947	15,812
	2,336,275	2,199,912
Non-controlling interests	281,814	403,620
Total equity	2,618,089	2,603,532

Non-current liabilities

Long-term debt, less current portion	1,725,738	2,641,260
Deferred income taxes	177,296	134,278
Long-term provisions	13,038	17,499
Other non-current liabilities	57,728	62,098
Non-current financial liabilities	60,518	60,600
Total non-current liabilities	2,034,318	2,915,735

Current liabilities

Accounts payable	1,022,194	978,598
Short-term borrowings	8,895	851
Other current liabilities	356,414	361,740
Current financial liabilities	275,019	21,503
Current portion of long-term debt	786,878	214,496
Short-term provisions	991	1,185
Income taxes payable	23,719	25,734

Total current liabilities	2,474,110	1,604,107
TOTAL EQUITY AND LIABILITIES	7,126,517	7,123,374

GTECH S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,	
Cash flows from operating activities		
Income before income tax expense	287,579	386,072
Adjustments for:		
Depreciation	249,477	254,599
Intangibles amortization	206,427	189,774
Interest expense	204,211	163,074
Make-whole paid in connection with the early extinguishment of debt	72,999	
Share-based payment expense	7,768	8,611
Disposal of goodwill	7,752	
Provisions	(655)	(5,304)
Impairment loss (recovery), net	(2,195)	6,058
Non-cash foreign exchange (gain) loss, net	(3,081)	938
Interest income	(3,658)	(3,334)
Other non-cash items	14,288	12,197
Cash foreign exchange loss, net	4,494	1,372
Income tax paid	(161,508)	(170,943)
Cash flows before changes in operating assets and liabilities	883,898	843,114
Changes in operating assets and liabilities:		
Inventories	3,312	14,423
Trade and other receivables	127,234	(108,594)
Accounts payable	(396)	(45,220)
Other assets and liabilities	(33,437)	(7,474)
Net cash flows from operating activities	980,611	696,249
Cash flows from investing activities		
Purchases of systems, equipment and other assets related to contracts	(191,895)	(183,878)
Acquisitions, net of cash acquired	(26,230)	(7,345)
Purchases of intangible assets	(24,689)	(134,919)
Purchases of property, plant and equipment	(7,892)	(10,370)
Interest received	3,791	7,307
Investment in associate		(19,800)
Other	8,609	7,434
Net cash flows used in investing activities	(238,306)	(341,571)
Cash flows from financing activities		
Principal payments on long-term debt	(1,058,420)	(102,810)
Interest paid	(158,577)	(143,390)
Dividends paid	(130,525)	(125,920)
Make-whole paid in connection with the early extinguishment of debt	(72,999)	
Acquisition of non-controlling interest	(72,328)	
Return of capital - non-controlling interest	(55,163)	(40,087)
Payments on bridge facility	(52,713)	
Treasury shares purchased	(40,211)	
Dividends paid - non-controlling interest	(33,079)	(34,062)
Capital increase - non-controlling interest	6,188	71,973
Net proceeds from (repayments of) short-term borrowings	8,079	(170)
Proceeds from financial liabilities	47,823	
Proceeds from issuance of long-term debt	737,788	
Other	(26,034)	(3,987)

Edgar Filing: GOLDMAN SACHS GROUP INC - Form 424B2

Net cash flows used in financing activities	(900,171)	(378,453)
Net decrease in cash and cash equivalents	(157,866)	(23,775)
Effect of exchange rate changes on cash	(68)	(12,869)
Cash and cash equivalents at the beginning of the year	419,118	455,762
Cash and cash equivalents at the end of the year	261,184	419,118

GTECH S.P.A. AND SUBSIDIARIES

KEY FINANCIAL INDICATOR COMPARISONS

	2014	December 31, 2013	For the three months ended 2013	Change	%
Revenue	809,486		773,120	36,366	4.7
EBITDA	261,061		244,612	16,449	6.7
Operating income	96,971		103,785	(6,814)	(6.6)
Net income (loss) attributable to owners of the parent	(92,810)		1,277	(94,087)	>200.0
Diluted earnings (loss) per share	(0.54)		0.01	(0.55)	>200.0
EBITDA					
Operating income	96,971		103,785	(6,814)	(6.6)
Depreciation	66,388		66,463	(75)	(0.1)
Amortization	54,825		48,196	6,629	13.8
Impairment loss (recovery), net	(1,091)		8,083	(9,174)	(113.5)
Restructuring costs	8,299		15,104	(6,805)	(45.1)
Unusual expense, net	30,306			30,306	
Other	5,363		2,981	2,382	79.9
	261,061		244,612	16,449	6.7

	December 31,		For the year ended	
	2014	2013	Change	%
Revenue	3,069,653	3,062,834	6,819	0.2
EBITDA	1,078,433	1,036,709	41,724	4.0
Operating income	567,029	559,132	7,897	1.4
Net income attributable to owners of the parent	83,309	175,434	(92,125)	(52.5)
Diluted earnings per share	0.48	1.01	(0.53)	(52.5)
EBITDA				
Operating income	567,029	559,132	7,897	1.4
Depreciation	249,477	254,599	(5,122)	(2.0)
Amortization	206,336	189,684	16,652	8.8
Unusual expense, net	29,242		29,242	
Restructuring costs	18,398	20,544	(2,146)	(10.4)
Impairment loss (recovery), net	(2,195)	6,058	(8,253)	(136.2)
Other	10,146	6,692	3,454	51.6
	1,078,433	1,036,709	41,724	4.0

	December 31,		Change	
	2014	2013		%
Net financial position	2,585,478	2,507,319	78,159	3.1

GTECH S.P.A. AND SUBSIDIARIES

OPERATING SEGMENT RESULTS

(thousands)	December 31, 2014				For the three months ended December 31, 2013				Change			
	Italy	Americas	International	Total	Italy	Americas	International	Total	Italy	Americas	International	Total
Service revenue												
Lottery	201,997	163,661	51,023	416,681	199,645	149,265	45,308	394,218	2,352	14,396	5,715	22,463
Lottery Management Services		18,715		18,715		30,521		30,521		(11,806)		(11,806)
Total Lottery	201,997	182,376	51,023	435,396	199,645	179,786	45,308	424,739	2,352	2,590	5,715	10,657
Product sales												
Machine Gaming	147,428	22,766	6,382	176,576	150,613	17,826	7,059	175,498	(3,185)	4,940	(677)	1,078
Sports Betting	35,715	1,892	2,146	39,753	44,440	574	1,405	46,419	(8,725)	1,318	741	(6,666)
Commercial Services	30,198	9,081	4,368	43,647	34,960	9,607	4,941	49,508	(4,762)	(526)	(573)	(5,861)
Interactive Gaming	18,457	2,594	6,934	27,985	19,917	1,520	4,712	26,149	(1,460)	1,074	2,222	1,836
Total service revenue	433,795	218,709	70,853	723,357	449,575	209,313	63,425	722,313	(15,780)	9,396	7,428	1,044
Total segment revenue												
Purchase accounting				147				132				15
Total revenue				809,486				773,120				36,366
Segment operating income												
Corporate support (1)	92,515	25,191	34,717	152,423	114,568	20,484	10,242	145,294	(22,053)	4,707	24,475	7,129
Purchase accounting				(39,710)				(27,383)				(12,327)
				(15,742)				(14,126)				(1,616)
				96,971				103,785				(6,814)

**Operating
income**

**Segment
operating
margin**

21.3%	9.6%	30.6%	18.8%	25.5%	8.6%	12.1%	18.8%
-------	------	-------	-------	-------	------	-------	-------

**Operating
income
margin**

12.0%	13.4%
-------	-------

(1) Corporate support expenses are principally comprised of general and administrative expenses and other expenses that are managed at the corporate level, including Restructuring, Corporate Headquarters and Board of Directors expenses.

Edgar Filing: GOLDMAN SACHS GROUP INC - Form 424B2

(thousands)	December 31, 2014				For the year ended December 31, 2013				Change		
	Italy	Americas	International	Total	Italy	Americas	International	Total	Italy	Americas	International
Service revenue											
Lottery	795,097	606,521	170,568	1,572,186	785,046	588,406	175,730	1,549,182	10,051	18,115	(5,162)
Lottery Management Services		95,467		95,467		91,402		91,402		4,065	
Total Lottery	795,097	701,988	170,568	1,667,653	785,046	679,808	175,730	1,640,584	10,051	22,180	(5,162)
Machine Gaming											
Sports Betting	178,533	2,944	7,864	189,341	158,739	2,463	5,937	167,139	19,794	481	1,927
Commercial Services	127,677	36,209	18,161	182,047	132,111	37,907	19,234	189,252	(4,434)	(1,698)	(1,073)
Interactive Gaming	71,407	6,612	23,163	101,182	77,476	5,882	19,981	103,339	(6,069)	730	3,182
Total service revenue	1,742,632	827,564	244,666	2,814,862	1,734,246	800,959	247,980	2,783,185	8,386	26,605	(3,314)
Product sales											
Lottery		56,154	27,290	83,444		35,480	20,219	55,699		20,674	7,071
Machine Gaming	2,548	104,985	54,879	162,412	2,844	157,646	58,862	219,352	(296)	(52,661)	(3,983)
Sports Betting			6,147	6,147			3,390	3,390			2,757
Interactive Gaming			2,240	2,240			666	666			1,574
Total product sales	2,548	161,139	90,556	254,243	2,844	193,126	83,137	279,107	(296)	(31,987)	7,419
Total segment revenue	1,745,180	988,703	335,222	3,069,105	1,737,090	994,085	331,117	3,062,292	8,090	(5,382)	4,105
Purchase accounting				548				542			
Total revenue				3,069,653				3,062,834			
Segment operating income											
Corporate support (1)				(83,170)				(56,065)			(27,105)
Purchase accounting				(55,623)				(57,283)			(2,660)
Operating income				567,029				559,132			(7,897)
Segment operating margin											
	31.1%	9.0%	22.0%	23.0%	28.8%	12.3%	15.3%	22.0%			
				18.5%				18.3%			

**Operating
income
margin**

(1) Corporate support expenses are principally comprised of general and administrative expenses and other expenses that are managed at the corporate level, including Restructuring, Corporate Headquarters and Board of Directors expenses.

GTECH S.P.A. AND SUBSIDIARIES

AMERICAS SEGMENT

The following tables set forth changes in service revenue and product sales in the three months ended December 31, 2014 compared to the same period in 2013, on a constant currency basis:

(thousands)	Constant Currency	Service Revenue Change Foreign Currency	Change
Lottery Management Services	(13,167)	1,361	(11,806)
Commercial Services	(330)	(196)	(526)
Lottery	261	14,135	14,396
Interactive Gaming	1,054	20	1,074
Sports Betting	1,283	35	1,318
Machine Gaming	3,179	1,761	4,940
	(7,720)	17,116	9,396

(thousands)	Constant Currency	Product sales Change Foreign Currency	Change
Machine Gaming	15,459	961	16,420
Lottery	(2,648)	(86)	(2,734)
	12,811	875	13,686

(thousands)	2014	December 31, 2013	For the three months ended 2013	Change	%
Lottery Same-Store Revenues	131,972	132,271	(299)	(0.2)	
Wins	1,018		1,018		
Gaming & Other	51,395	46,667	4,728	10.1	
Lottery Management Services	17,208	30,375	(13,167)	(43.3)	
Foreign Exchange Impact	17,116		17,116		
Total Service Revenue	218,709	209,313	9,396	4.5	

Edgar Filing: GOLDMAN SACHS GROUP INC - Form 424B2

The following tables set forth changes in service revenue and product sales in the year ended December 31, 2014 compared to the same period in 2013, on a constant currency basis:

(thousands)	Service Revenue Change		Change
	Constant Currency	Foreign Currency	
Lottery	17,789	326	18,115
Lottery Management Services	5,721	(1,656)	4,065
Machine Gaming	5,589	(677)	4,912
Commercial Services	1,126	(2,824)	(1,698)
Interactive Gaming	897	(167)	730
Sports Betting	515	(34)	481
	31,637	(5,032)	26,605

(thousands)	Product Sales Change		Change
	Constant Currency	Foreign Currency	
Machine Gaming	(48,611)	(4,050)	(52,661)
Lottery	23,637	(2,963)	20,674
	(24,974)	(7,013)	(31,987)

(thousands)	December 31,		For the year ended		Change	%
	2014	2013				
Lottery Same-Store Revenues	515,719	514,278		1,441	0.3	
Wins	6,115			6,115		
Gaming & Other	213,639	195,279		18,360	9.4	
Lottery Management Services	97,123	91,402		5,721	6.3	
Foreign Exchange Impact	(5,032)			(5,032)		
Total Service Revenue	827,564	800,959		26,605	3.3	

GTECH S.P.A. AND SUBSIDIARIES**INTERNATIONAL SEGMENT**

The following tables set forth changes in service revenue and product sales in the three months ended December 31, 2014 compared to the same period in 2013, on a constant currency basis:

(thousands)	Constant Currency	Service Revenue Change Foreign Currency	Change
Lottery	2,652	3,063	5,715
Interactive Games	2,123	99	2,222
Sports Betting	636	105	741
Machine Gaming	(428)	(249)	(677)
Commercial Services	(517)	(56)	(573)
	4,466	2,962	7,428

(thousands)	Constant Currency	Product Sales Change Foreign Currency	Change
Lottery	12,321	345	12,666
Machine Gaming	7,626	31	7,657
Interactive Games	987	68	1,055
Sports Betting	(70)	147	77
	20,864	591	21,455

(thousands)	2014	December 31, 2013	For the three months ended 2013	Change	%
Lottery Same Store Revenue	28,215	26,773	1,442	5.4	
Wins	659	659	659		
Gaming & Other	39,017	36,652	2,365	6.5	
Foreign Exchange Impact	2,962	2,962	2,962		
Total Service Revenue	70,853	63,425	7,428	11.7	

Edgar Filing: GOLDMAN SACHS GROUP INC - Form 424B2

The following tables set forth changes in service revenue and product sales in the year ended December 31, 2014 compared to the same period in 2013, on a constant currency basis:

(thousands)	Service Revenue Change		
	Constant Currency	Foreign Currency	Change
Lottery	(7,605)	2,443	(5,162)
Machine Gaming	(1,315)	(873)	(2,188)
Commercial Services	(1,096)	23	(1,073)
Sports Betting	1,537	390	1,927
Interactive Gaming	2,797	385	3,182
	(5,682)	2,368	(3,314)

(thousands)	Product Sales Change		
	Constant Currency	Foreign Currency	Change
Lottery	6,692	379	7,071
Sports Betting	2,337	420	2,757
Interactive Gaming	1,528	46	1,574
Machine Gaming	(4,691)	708	(3,983)
	5,866	1,553	7,419

(thousands)	December 31,		For the year ended	
	2014	2013	Change	%
Lottery Same Store Revenue	106,411	104,286	2,125	2.0
Wins	3,235		3,235	
Gaming & Other	132,652	143,694	(11,042)	(7.7)
Foreign Exchange Impact	2,368		2,368	
Total Service Revenue	244,666	247,980	(3,314)	(1.3)

GTECH S.P.A. AND SUBSIDIARIES

ITALY SEGMENT

(thousands)	December 31,		For the three months ended	
	2014	2013	Change	%
Service revenue				
Lotto	105,360	103,555	1,805	1.7
Instant tickets	96,637	96,090	547	0.6
Lottery	201,997	199,645	2,352	1.2
Lotto (millions)				
Core wagers	1,652.8	1,477.7	175.1	11.8
Wagers for late numbers	93.3	200.2	(106.9)	(53.4)
	1,746.1	1,677.9	68.2	4.1
Instant Tickets				
Total sales (in millions)	2,436.5	2,408.6	27.9	1.2
Total tickets sold (in millions)	496.1	483.3	12.8	2.6
Average price point	4.91	4.98	(0.07)	(1.4)
Machine Gaming (millions)				
VLT wagers	1,429.8	1,578.8	(149.0)	(9.4)
AWP wagers	1,182.9	1,192.2	(9.3)	(0.8)
Total wagers	2,612.7	2,771.0	(158.3)	(5.7)
<i>(Installed at the end of December)</i>				
VLT s installed	10,956	10,596	360	3.4
AWP machines installed	65,316	70,203	(4,887)	(7.0)
Total machines installed	76,272	80,799	(4,527)	(5.6)
Sports Betting (millions)				
Fixed odds sports betting and other wagers	250.4	233.8	16.6	7.1
Interactive Gaming (millions)				
Interactive gaming wagers	456.2	525.4	(69.2)	(13.2)

(thousands)	December 31,		For the year ended	
	2014	2013	Change	%
Service revenue				
Lotto	424,932	407,612	17,320	4.2
Instant tickets	370,165	377,434	(7,269)	(1.9)
Lottery	795,097	785,046	10,051	1.3
Lotto (millions)				
Core wagers	6,170.6	5,678.5	492.1	8.7
Wagers for late numbers	458.7	654.2	(195.5)	(29.9)
	6,629.3	6,332.7	296.6	4.7
Instant Tickets				
Total sales (in millions)	9,403.3	9,573.8	(170.5)	(1.8)
Total tickets sold (in millions)	1,902.9	1,970.8	(67.9)	(3.4)
Average price point	4.94	4.86	0.08	1.6
Machine Gaming (millions)				
VLT wagers	5,599.9	6,458.5	(858.6)	(13.3)
AWP wagers	4,510.9	4,532.4	(21.5)	(0.5)
Total wagers	10,110.8	10,990.9	(880.1)	(8.0)
<i>(Installed at the end of December)</i>				
VLT s installed	10,956	10,596	360	3.4
AWP machines installed	65,316	70,203	(4,887)	(7.0)
Total machines installed	76,272	80,799	(4,527)	(5.6)
Sports Betting (millions)				
Fixed odds sports betting and other wagers	893.3	778.5	114.8	14.7
Interactive Gaming (millions)				
Interactive gaming wagers	1,812.2	1,990.9	(178.7)	(9.0)

GTECH S.P.A. AND SUBSIDIARIES

NET FINANCIAL POSITION

(thousands)	2014	December 31, 2013	Change
Cash at bank	256,757	416,787	(160,030)
Cash on hand	4,427	2,331	2,096
Cash and cash equivalents	261,184	419,118	(157,934)
Current financial receivables	10,386	12,273	(1,887)
Capital Securities	747,658	46,406	701,252
Dividends payable	129,594		129,594
Other	193,613	190,444	3,169
Current financial debt	1,070,865	236,850	834,015
Net current financial debt (cash)	799,295	(194,541)	993,836
Facilities	721,938	150,446	571,492
2010 Notes (due 2018)	484,837	496,128	(11,291)
2012 Notes (due 2020)	472,229	492,851	(20,622)
Capital Securities	45,207	743,803	(698,596)
2009 Notes (due 2016)		756,558	(756,558)
Other	61,972	62,074	(102)
Non current financial debt	1,786,183	2,701,860	(915,677)
Net financial position	2,585,478	2,507,319	78,159

GTECH S.P.A. AND SUBSIDIARIES

DEBT

(thousands)	December 31,	
	2014	2013
Long-term debt, less current portion		
Revolving Credit Facilities	721,938	
2010 Notes (due 2018)	484,837	496,128
2012 Notes (due 2020)	472,229	492,851
Capital Securities	45,280	743,803
2009 Notes (due 2016)		756,558
Facilities		150,446
Other	1,454	1,474
	1,725,738	2,641,260
Short-term borrowings		
Short-term borrowings	8,895	851
	8,895	851
Current portion of long-term debt		
Capital Securities	747,585	46,406
2010 Notes (due 2018)	24,549	24,549
2012 Notes (due 2020)	14,408	14,408
Revolving Credit Facilities	189	
Facilities		125,901
2009 Notes (due 2016)		2,926
Other	147	306
	786,878	214,496
Total debt	2,521,511	2,856,607

GTECH S.P.A. AND SUBSIDIARIES

INTEREST EXPENSE

(thousands)	For the three months ended December 31,		For the year ended December 31,	
	2014	2013	2014	2013
Capital Securities	(16,133)	(16,133)	(64,531)	(64,531)
Bridge facility	(24,524)		(41,753)	
2009 Notes (due 2016)	(6,651)	(9,374)	(34,501)	(37,395)
2010 Notes (due 2018)	(7,238)	(6,928)	(28,041)	(27,696)
2012 Notes (due 2020)	(4,945)	(4,631)	(18,852)	(18,509)
Facilities	(1,997)	(2,889)	(9,183)	(11,360)
Revolving Credit Facilities	(2,280)		(2,280)	
Other	(1,237)	(1,971)	(5,070)	(3,583)
	(65,005)	(41,926)	(204,211)	(163,074)

OPERATING SEGMENT INFORMATION

(thousands)	Third-party revenue For the three months ended December 31,		For the year ended December 31,	
	2014	2013	2014	2013
Operating Segments				
Italy	434,490	450,104	1,745,180	1,737,090
Americas	261,474	238,392	988,703	994,085
International	113,375	84,492	335,222	331,117
	809,339	772,988	3,069,105	3,062,292
Purchase accounting	147	132	548	542
	809,486	773,120	3,069,653	3,062,834

(thousands)	Operating income For the three months ended December 31,		For the year ended December 31,	
	2014	2013	2014	2013
Operating Segments				
Italy	92,515	114,568	543,467	499,661
Americas	25,191	20,484	88,599	122,164
International	34,717	10,242	73,756	50,655
	152,423	145,294	705,822	672,480
Corporate support	(39,710)	(27,383)	(83,170)	(56,065)
Purchase accounting	(15,742)	(14,126)	(55,623)	(57,283)
	96,971	103,785	567,029	559,132

GTECH S.P.A. AND SUBSIDIARIES

OPERATING SEGMENT INFORMATION

(thousands)	Depreciation			
	For the three months ended December 31,		For the year ended December 31,	
	2014	2013	2014	2013
Operating Segments				
Italy	20,145	21,304	74,280	75,395
Americas	36,086	33,799	135,730	136,566
International	5,484	4,907	19,507	18,885
	61,715	60,010	229,517	230,846
Corporate support	3,886	4,865	14,940	16,321
Purchase accounting	787	1,588	5,020	7,432
	66,388	66,463	249,477	254,599

(thousands)	Amortization			
	For the three months ended December 31,		For the year ended December 31,	
	2014	2013	2014	2013
Operating Segments				
Italy	37,546	36,559	145,639	139,977
Americas	1,642	1,452	6,136	1,452
International	154	1	154	3
	39,342	38,012	151,929	141,432
Corporate support	380	96	832	406
Purchase accounting	15,103	10,088	53,575	47,846
	54,825	48,196	206,336	189,684

(thousands)	Impairment loss (recovery), net			
	For the three months ended December 31,		For the year ended December 31,	
	2014	2013	2014	2013
Operating Segments				
International	(1,091)	5,470	229	3,445
	(1,091)	5,470	229	3,445
Purchase accounting		2,613	(2,424)	2,613
	(1,091)	8,083	(2,195)	6,058

GTECH S.P.A. AND SUBSIDIARIES

GEOGRAPHIC INFORMATION

(thousands)	For the year ended December 31,	
	2014	2013
Total Revenue		
Italy	1,753,422	1,752,545
United States	800,396	719,918
United Kingdom	77,732	72,843
Canada	33,352	117,860
Other	404,751	399,668
	3,069,653	3,062,834

(thousands)	December 31,	
	2014	2013
Non-Current Assets		
United States	3,668,770	3,298,051
Italy	1,622,020	1,784,834
United Kingdom	94,960	60,177
Sweden	71,651	80,533
Other	159,256	153,863
	5,616,657	5,377,458

GTECH S.p.A.

STATEMENT OF FINANCIAL POSITION

(thousand of euro)

	December 31, 2014	December 31, 2013
ASSETS		
Not current assets		
System, equipment and other assets related to contracts, net	59,113	80,093
Goodwill	436,662	622,897
Intangible assets, net	20,156	20,799
Investments in associates and other companies	3,631,727	3,739,733
Equity investments	896	632
Other non-current assets	275,480	601,052
Total non-current assets	4,424,035	5,065,205
Current assets		
Inventories	1,825	2,395
Trade and other receivables	1,553,841	96,413
Current financial assets	158,362	193,731
Other current assets	24,686	10,241
Cash and cash equivalents	10,038	158,559
Total current assets	1,748,753	461,338
TOTAL ASSETS	6,172,787	5,526,543
LIABILITIES		
Equity		
Share capital	174,976	173,992
Legal Reserve	34,798	34,491
Share premium reserve	1,651,498	1,717,261
Treasury shares	(40,211)	
Other reserves	1,061,975	75,586
Profit (loss) carried forward	7,549	27,198
Net income	142,730	34,339
Total equity	3,033,315	2,062,867
Not current liabilities		
Long-term debt, less current portion	1,158,633	2,586,794
Staff severance fund (TFR fund)	7,156	6,144
Deferred income taxes	99,224	89,738
Long-term provisions	1,184	170
Total non-current liabilities	1,266,197	2,682,846
Current liabilities		
Trade and other payables	146,182	118,336
Short-term borrowings	855,086	519,474
Current portion of long-term debt	785,170	88,290
Other current liabilities	70,870	51,288
Income taxes payable	15,967	3,443
Total current liabilities	1,873,275	780,831

TOTAL EQUITY AND LIABILITIES

6,172,787

5,526,543

- GTECH S.p.A.**INCOME STATEMENTS***(thousand of euro)*

	December 31, 2014	December 31, 2013
Revenues	418,962	402,784
Other revenues	162,309	141,273
Total revenues	581,271	544,057
Capitalization of internal construction costs - labour	(1,475)	(2,839)
Raw material, services and other costs	199,198	202,334
Personnel costs	120,197	116,983
Depreciations and amortizations	38,024	30,116
Credit writedown	(3)	60
Total costs	355,941	346,654
Unusual operating costs	7,169	
Operating income	218,162	197,403
Dividends	203,079	42,390
Equity income (loss)	914	659
Interest incomes and other incomes	22,820	22,391
Interest expenses and other expenses	(182,086)	(165,656)
Foreign exchange gains (loss)	129	(111)
Unusual financial expenses, net	(64,678)	(100,327)
Financial assets value adjustments	(3,833)	
Gross income	194,507	97,076
Income tax expense	(51,777)	(62,737)
Net income	142,730	34,339

GTECH S.p.A.

CASH FLOW STATEMENT

(Euros)

	For the year ended December 31,	
	2014	2013
Net cash flows from operating activities	217,781,936	168,946,220
Cash flows from investing activities		
Dividends collected from reserves		45,695,516
Dividends collected from net income	203,729,262	43,189,813
Unpaid purchases	7,309,392	19,251,113
Proceeds from sale of assets	45,456	266,836
Guarantees	35,280	150,301
Venture capital investment	(1,374,424)	(793,552)
Reserve payments to Related Parties	54,272,396	(4,100,000)
Purchases last exercises, paid in the current exercise	(10,048,756)	(8,225,246)
Purchases of intangible assets	(10,023,735)	(14,400,467)
Purchases of fixed assets	(5,818,101)	(20,989,646)
Capital increases	(30,690,000)	
Companies constitution	(638,885)	
Piano di Buy Back	(40,211,262)	
Net cash flow from investing activities	166,586,623	60,044,668
Cash flows from financing activities		
Related party receivables	371,349,560	(129,250,047)
Dividends paid	(130,525,003)	(125,919,946)
Interests paid on Capital Securities	(61,875,000)	(61,875,000)
Interests paid on Euro Bond 750 (due 2016)	(40,313,000)	(40,312,500)
Interests paid on Euro Bond 500 (due 2018)	(26,875,000)	(26,875,000)
Redemption Euro Bond 750 (due. 2016)	(810,402,000)	
Related party liabilities	88,849,636	(8,932,104)
Financial lease paid	(6,972,394)	(7,201,516)
Interests paid on Euro Bond 500 (due 2020)	(17,500,000)	(4,315,000)
Revolver Facility commissions	(1,793,637)	(1,282,828)
Other interests paid	(921,778)	(827,600)
SW Holding S.p.A. quotes	(72,183,236)	
Revolver line	150,000,000	
Debt related to Bridge Facility not paid	13,972,910	
Interests paid on Revolver Facility		(29,500)
Bank liabilities	8,201,793	703,298
Interests on receivables	279,272	789,978
Swap option collected		4,131,529
Stock options	3,818,826	15,745,330
Net cash flow from (used in) financing activities	(532,889,051)	(385,450,906)
Net increase (decrease) in cash and cash equivalents	(148,520,492)	(156,459,479)
Cash and cash equivalents at the beginning of the year	158,558,735	315,018,214
Cash and cash equivalents at the end of the year	10,038,243	158,558,735