

CORPORATE GOVERNANCE GUIDELINES

GTECH HOLDINGS CORPORATION

A. Functions of the Board of Directors

The Board of Directors, which is elected by the shareholders to oversee management and to assure that the interests of shareholders are being served, is the ultimate decision-making body of the Company, except with respect to those matters reserved to the shareholders. The Board selects the Chief Executive Officer and the Chief Executive Officer selects the Senior Management team, subject to the Board's approval. The Chief Executive Officer, together with the other members of the Senior Management Team, is charged with the conduct of the Company's business. The Board approves all officers of the Company. The Board acts as an advisor and counselor to senior management and ultimately monitors management's performance.

In fulfilling its mandate to supervise and direct Senior Management in the interest of and for the benefit of the Company's shareholders, the Board has the following duties:

- reviewing, approving and monitoring the Company's strategic plan as presented by Senior Management;
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- reviewing, approving and monitoring the Company's major financial and other objectives, plans and actions taking into account all critical accounting and financial reporting considerations;
- overseeing the Audit Committee's determination of major auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- identifying and assessing major risks relating to the Company and its performance and evaluating those risks in proportion to the strategic and financial benefits to the Company;

- evaluating the performance and approving the compensation of the Chief Executive Officer annually;
- planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other key executives; and
- instilling and adhering to appropriate corporate governance principles throughout the Company.

The Board has delegated to the Chief Executive Officer the authority and responsibility for managing the business of the Company in a manner consistent with the standards of the Company, and in accordance with any specific plans, instructions or determinations of the Board.

Working with the Chief Executive Officer, the Board has established limits and guidelines on which matters must be presented to the Board for review and/or approval.

B. Composition and Size of the Board of Directors

The Board of Directors should be engaged, independent and broadly diverse.

Directors should possess significant experience in areas of importance to the company. Directors should possess integrity, independence of thought and judgment, energy, forthrightness, skills and a commitment to devote the necessary time and attention to the Company's affairs. Directors should possess a willingness to challenge and stimulate management and the ability to work as part of a team in an environment of trust.

Directors will be committed to representing the interests of all shareholders.

GTECH's By-Laws provide that the Board shall consist of not less than six nor more than twelve Directors, with the exact number of Directors to be designated from time to time by resolution of the Board. Generally, the Board believes that having eight to ten Directors allows for sufficient size and diversity to address the important issues facing the Company while remaining small enough to encourage personal involvement and discussion.

Any Director whose principal occupation substantially changes following his or her initial election or re-election as a Director of the Company should promptly notify the Nominating Committee of such change. The Nominating Committee will, after consultation with the Chairman of the Board, recommend to the Board whether such Director should be asked to remain as a Director, not stand for re-election when his or her term expires, or resign immediately.

There shall be no limit on the number of other boards on which Directors of the Company may serve, although all Directors (including the Chief Executive Officer) shall inform the Chairman of the Board before accepting any other board position. The Board expects individual Directors

to use their judgment in accepting directorships of other corporations or non-profit organizations so as to allow sufficient time to Company matters.

The Board believes that much of the knowledge of the Company's operations, management and businesses is cumulative, and as long as a Director is deemed to meet the criteria for Board service, there shall be no limit on the number of terms to which a Director may be re-elected.

Any Director who has held the office of Chief Executive Officer of the Company shall retire from the Board effective upon his or her resignation as Chief Executive Officer unless requested by a majority of the independent Directors to continue to serve as a Director.

C. Board Leadership

In accordance with the requirements of GTECH's By-Laws, and in order to aid in the independent oversight of Senior Management by the Board, the position of Chief Executive Officer shall be separate from the position of Chairman of the Board, except as may be necessary on an interim basis in the event of a vacancy in the office of Chairman or Chief Executive Officer. The Chairman's responsibilities may be modified by the Board from time to time and include the following:

- Chairing all meetings of the Board and the Annual Shareholders Meeting;
- Coordinating the activities of the Board;
- Setting the agenda for Board meetings in consultation with the Chief Executive Officer and Committee Chairs;
- Developing the agenda for and chairing meetings of the independent Directors;
- Serving as ex-officio member of all Board Committees, but not as chairman;
- Acting as the liaison between the independent Directors and the Chief Executive Officer, when appropriate;
- Assuring that all appropriate written material is distributed to the Board;
- Providing the CEO with counsel, advice, and guidance, as needed, as well as a confidential sounding board for thoughts and ideas;
- Working with the Chair of the Corporate Governance and Compliance Committee to assure strict adherence to GTECH's Corporate Governance Guidelines by the Board and Senior Management;
- Working with the Chair of the Human Resources and Compensation Committee, and prior to issuance of the Compensation Committee's recommendation to the Board,

working to identify the CEO's MBO goals, short and long-term quantitative and qualitative objectives, and annual compensation targets;

- Reviewing and monitoring CEO performance with the Human Resources and Compensation Committee;
- Working with the Nominating Committee to recommend committee chairs and committee assignments to the Board;
- Leading the process to identify and select the successor Chairman;
- Monitoring and reviewing the Senior Management succession plan jointly with the Board; and
- Representing the Board and/or the Company as and when appropriate.

The Board shall establish and maintain a description of the roles and responsibilities for the Chief Executive Officer.

D. Director Independence

The Board believes that a significant majority of its Directors should be independent from the Company and Senior Management. For a Director to be deemed "independent," the Board shall affirmatively determine that the Director has no material relationship with the Company or its affiliates or any member of the Senior Management of the Company, or his or her affiliates. This determination shall be disclosed in the proxy statement for each annual meeting of shareholders. In addition to any other considerations that the Board shall consider relevant, and any other standards required by then applicable New York Stock Exchange listing standards in making this determination, the Board shall not deem a Director to be independent if he or she:

- has been employed by GTECH or any of its affiliates within the preceding three years (except that employment as an interim Chief Executive Officer shall not, by itself, disqualify a Director from being considered independent following that employment);
- has been employed by or affiliated with any past or present independent public auditor of the Company within the preceding three years;
- currently participates, or has participated within the past three years, in an interlocking directorate in which an executive officer of the Company or any of its affiliates serves on the compensation committee of a company that currently employs the Director;
- receives, or has received in any of the past three years, any direct compensation from the Company, its affiliates, any member of Senior Management or any affiliate of any member of Senior Management, other than director and committee fees and pension or

other deferred compensation for prior service (provided such compensation is not contingent on continued service);

- is an executive officer, director or employee of another entity that makes payments to, or receives payments from, the Company or its affiliates for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1,000,000 or 2% of the consolidated gross revenues of the Company or the other entity, or which has made or received such payments within the past three years;
- is an executive officer, director or employee of a tax-exempt or non-profit entity that receives significant contributions (meaning more than 2% of the annual contributions received by that entity or more than \$50,000 in a single fiscal year, whichever is lower) from the Company, any of its affiliates, any member of Senior Management or any affiliate of a member of Senior Management; or
- is a member of the immediate family of any person who would not qualify as independent under the foregoing standards.

The Board shall undertake an annual review of the independence of all non-employee Directors. In advance of the meeting at which this review occurs, each non-employee Director shall be asked to provide the Board with information, in response to a series of questions asked by the Company of each Director, in order to enable the Board to evaluate the Director's independence.

Each Director has an affirmative obligation to inform the Board of any material changes in his or her circumstances or relationships that may affect his or her designation by the Board as "independent."

E. Business Relationships with Directors

For the purpose of minimizing the risk of actual or perceived conflicts of interest (but without affecting any determination of Director independence pursuant to the preceding provisions), any monetary arrangement between a Director (including any member of a Director's immediate family) and the Company or any of its affiliates or members of Senior Management or their affiliates for goods or services requires prior approval by the Board.

F. Stock Ownership by Directors

The Board believes that each Director, consistent with the responsibilities of the Directors to shareholders, should have a substantial personal investment in the Company. As a result, each Director is required to own shares of stock in the Company valued at a multiple of three times the then annual fees paid to Directors. This requirement shall phase in proportionately over the next five years. To achieve this threshold, Directors may include shares acquired in the open market or received by Directors in lieu of cash compensation as well as any vested restricted shares or shares received upon exercise of options granted to Directors under applicable long-term incentive plans.

G. Senior Management Succession and Review

The Chief Executive Officer of the Company shall meet with the independent Directors annually to discuss potential successors as Chief Executive Officer. The independent Directors shall then meet in executive session to consider such discussions. The Chief Executive Officer shall also maintain a confidential written procedure for the timely and efficient transfer of his or her responsibilities in the event of his or her sudden incapacitation or departure, including recommendations for longer-term succession arrangements. The Chief Executive Officer shall review this procedure periodically with the Human Resource & Compensation Committee.

The Chief Executive Officer shall also review periodically with the independent Directors the performance of, and potential succession arrangements for, key members of Senior Management.

H. Board Meetings

The Chairman, in consultation with the Chief Executive Officer and other members of the Board, shall determine the timing and length of Board meetings. The Board expects that five to six regular meetings at appropriate intervals over the course of the fiscal year are desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, Board meetings may be called as needed upon appropriate notice at any time, in a manner consistent with the By-Laws. Each Director may suggest the inclusion of items on the agenda, request the presence of or a report by any member of Senior Management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The agendas for Board meetings shall provide opportunities for members of Senior Management to make presentations to the Board during the course of the year. At one meeting each year, Senior Management will present to the Board the long-term strategic plan for the Company and the principal issues that the Company expects to face in the future for approval by the Board.

At each regularly scheduled Board meeting, the Board shall meet in executive session, without the participation of the Chief Executive Officer or other members of Senior Management, to review such matters as the Chairman and independent Directors may deem appropriate. The Board shall not take formal actions at such sessions, although the participating Directors may make recommendations for consideration by the Board. Additional executive sessions may be scheduled from time to time as determined by the Chairman or by a majority of the independent Directors in consultation with the Chairman.

Directors are encouraged to keep themselves informed with respect to the Company's affairs between meetings of the Board through direct individual contacts with members of Senior Management.

I. Board Materials

Directors shall receive information and data that are important to their understanding of the business of the Company, in writing, and, except in unusual circumstances, in sufficient time to prepare for meetings or sufficiently in advance of any action to be taken by written consent. This material shall permit the Board to be appropriately informed of material matters to be considered at each meeting, including all materials relating to activities of Board committees.

J. Board Committees

Committees shall be established by the Board to facilitate and assist in the execution of its responsibilities. Committees may be standing or *ad hoc*. Generally, a committee shall be constituted to address issues that, because of their complexity, technical nature, level of detail, time requirements and/or sensitivity, are best addressed outside the normal agenda for meetings of the Board.

There are currently four standing committees: Audit, Human Resources and Compensation, Corporate Governance and Compliance, and Nominating.

Each standing committee shall have a written charter that shall periodically be reviewed and approved by the Board. The current charters and key practices of these committees are and shall be published on the GTECH website, and will be mailed to shareholders on written request.

K. Committee Membership

The Nominating Committee and the Chairman shall report recommendations for committee chairs and committee assignments to the Board for consideration and approval. In addition to the requirement that a majority of the Board satisfy the independence standards discussed under “Director Independence” above, members of the Audit Committee must also satisfy additional NYSE independence requirements. Specifically, they may not directly or indirectly receive any compensation from the Company other than their directors’ compensation, and they must not be an “affiliated person” of the Company or its subsidiaries (as defined by SEC rules and regulations). Furthermore, the Board will also apply this additional requirement to members of the Human Resources and Compensation Committee, the Nominating Committee and the Corporate Governance and Compliance Committee.

L. Committee Meetings

Each committee chair, in consultation with the Chairman of the Board, shall establish agendas and set meetings at the frequency and length appropriate and necessary to carry out the committee’s responsibilities.

Any independent Director who is not a member of a particular committee may attend any committee meeting with the concurrence of the committee chair.

M. Annual Evaluations

The Board shall conduct an annual review and evaluation of its conduct, performance and effectiveness. The Chairman of the Board shall establish the process for conducting this assessment. This assessment should specifically review areas in which the Board believes a better contribution could be made, and shall include a discussion by the full Board of the results and any actions that should be taken. The purpose of this assessment is to increase the effectiveness of the Board. The Corporate Governance and Compliance Committee shall have responsibility for ensuring that the annual review and evaluation are conducted. Each committee of the Board will also conduct an annual evaluation of its own effectiveness. The results of these evaluations will be discussed with the Board.

N. Director Compensation

The Human Resources and Compensation Committee shall have the responsibility for recommending to the Board of Directors compensation for non-employee Directors. Director compensation should fairly pay Directors for work required based on competitive factors and compensation should align Directors' interests with the long-term interest of shareholders. The Board believes that this is accomplished by a combination of annual retainers, committee chair fees, restricted stock awards and option grants pursuant to long-term incentive plans approved by shareholders.

O. Selection of Directors

The Board and its Nominating Committee shall be responsible for selecting members of the Board and recommending them for election by shareholders. The Board has delegated the selection and initial evaluation of potential directors to its Nominating Committee, but the Board retains final approval of all nominations. It is the Board's desire and intention to select people who are independent and diverse in a very broad sense – people with a variety of backgrounds, experiences, cultures and skills who will bring individual talents or contribute to the needs of the Board and the Company. It is also the Board's objective to select for nomination candidates who are able to work in a collaborative and collegial fashion with other Directors and Senior Management, in a manner consistent with the current operating practices of the Board.

The Nominating Committee will consider candidates recommended by third parties, including shareholders, and will evaluate those proposed candidates in a manner consistent with the evaluation of all potential nominees based on the considerations set forth above. Third parties wishing to recommend candidates for consideration by the Nominating Committee may do so in writing by providing the recommended candidate's name, biographical data, qualifications and a statement describing the basis for the recommendation to the Chairman of the Nominating Committee at the Company.

P. Director Orientation and Continuing Education

All new Directors shall be provided an orientation program designed to familiarize them with the scope of the Company's business and the key challenges facing the Company.

The Board and Senior Management shall similarly work together to develop and implement appropriate continuing educational programs for all Directors, including strategy reviews, visits to Company facilities, business briefings and attendance at industry or Company sponsored conferences. Directors are also encouraged to participate in third-party seminars or institutes relating to service as directors.

Q. Communications with Directors

The Board believes it is important to enable shareholders to communicate with the Board, and as a result the Company will maintain several means of communication that shall be disclosed in the Company's annual proxy statement. The means of communications shall include written communications, electronic mail messages and telephonic messages.

The Company's "whistleblower" policy prohibits the Company or any of its employees from retaliating or taking any adverse action against anyone for providing accurate information about conduct that is illegal, against Company standards or otherwise inappropriate. If a shareholder or employee nonetheless prefers to raise his or her concern in a confidential or anonymous manner, the concern may be directed to the Chairman of the Board, the Chief Executive Officer or any Director.