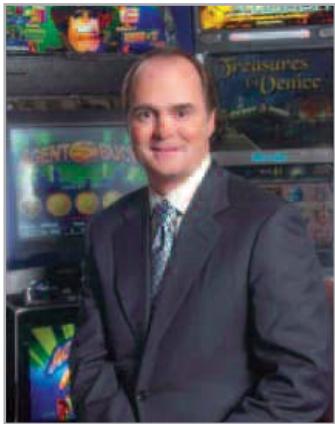


The New GTECH

– An Interview with GTECH CEO W. Bruce Turner



After several months of work, Lottomatica S.p.A. and GTECH Holdings Corporation satisfied all conditions in the merger agreement, and Lottomatica completed its previously-announced acquisition of GTECH.

The combination of Lottomatica, the exclusive license holder and operator of Italy's Lotto, one of the world's largest lotteries, and GTECH, a leading gaming and technology services company, creates one of the world's leading gaming solutions providers, with significant global market presence and the broadest portfolio of lottery technology, services, and content solutions. The combined company has operations in over 50 countries worldwide and approximately 6,300 employees.

The merger was the brainchild of De Agostini CEO Lorenzo Pellicoli and GTECH CEO W. Bruce Turner.

Public Gaming International (PGI) recently had the opportunity to talk with Mr. Turner about the sale and what this transition will mean to GTECH and its many customers around the world.

PGI: You and Mr. Pellicoli have been discussing this transaction for a long time. What is your shared vision for the new Lottomatica owned GTECH?

Bruce Turner (BT): We did start talking about this over a year ago. Interestingly, GTECH was not looking to do a transaction at that time – that wasn't something we were contemplating. Our discussions focused on whether or not our companies had shared values, had similar philosophies as far as focus on the customer, focus on the employees and had similar visions for the long term.

What we found out was that, indeed, we did have a very close alignment around those core principals.

Finances were not discussed for a long time, because, really, those were secondary.

The vision is very simple. It is basically the same vision that we at GTECH had, and that will now be the collective vision of the new Lottomatica. That is, our strategic goals are to amass the greatest range of world-class products and services possible, such that we can conveniently provide the best products and services in the world to our customers. That doesn't change.

We certainly believe strongly, and we've said this on many occasions, that our industry will face more change in the next five years than we

have in the last two decades. The market leadership will be defined by innovation and companies that anticipate the requirements of this changing marketplace during the next three to five years. Such that we can amass that range of solutions so that whenever our customers are ready, we are ready to meet their needs. That does require us to be thinking about how this industry is changing so that we can be prepared for that future.

PGI: How does the sale of GTECH to Lottomatica make GTECH stronger?

BT: On many dimensions, and I'll talk in a moment about why strength matters, this transaction combines two companies that have very complementary companies. Lottomatica is the largest commercial operator of lotteries in the world. Obviously, the Italian National Lottery and the games that they run on behalf of the government are quite successful. The Lotto game itself has been operating in Italy for 400 years, and is the most successful single game in the world.

They've done a great job in a very large lottery – 44,000 retailers. Just to give you some perspective, that's almost twice the size of the U.K., and roughly three times the size of New York – it's a big business. They've been able to operate it very effectively.

You combine their operation skills with GTECH's technology and content skills and you create the only vertically-integrated company of its kind in the world. It really does come together nicely.

From our perspective at GTECH, it will also give us a very valuable insight into the daily dynamics of running a lottery that I hope, over time, will make us and our solutions that much better. We will stand in

the shoes of our customers, because we will be one every day. That combination comes together nicely in those respects.

In terms of size, obviously we will have a scale and mass that's just about four times larger than anyone in our business. That by itself simply means that we're big. Why does that matter?

It matters because of the convergence we see between the opportunity set for products and services in the commercial gaming space and where our governments are going in terms of expanding their umbrella of socially-responsible and politically-acceptable games into more dynamic areas. That includes faster-paced games like Keno, VLTs, or movement into the interactive channels – and the Internet mobile telephony or interactive television. All of those areas, and others, represent the future of our business. The companies that are successful at providing services must have the financial capability to selectively consolidate world-class companies such that we can put that full package together for our customers. That's going to take size.

So this combination does create enhanced critical mass and I hope that over time, if we're wise about our investments, it will give us the capability to further consolidate on a global scale a variety of companies that can enhance the portfolio of products and services that we make available to lotteries.

PGI: *How will the acquisition benefit GTECH's North American customers?*

BT: Certainly we will have the opportunity with a very large operation in Italy to use it, in essence, as a laboratory for a variety of innovative products and services that, with the support of the regulator there, we can validate in the marketplace. That validation enhances the likelihood of success if we take those products or derivatives of those products into the North American market.

PGI: *How real was the fear that, given GTECH's change of ownership, U.S. lotteries or legislators might have terminated their contracts due to the change of ownership, or the prospect of doing business with a foreign company?*

BT: It was certainly a question. Bear in mind that this transaction, in its simplest description, replaces the public shareholders of GTECH today, which are almost all international institutional money managers and asset managers, with the public shareholders of Lottomatica, which are international institutions and money managers. It is true that we, as a public company, will trade on the Milan exchange in Europe, as opposed to the New York Stock Exchange, but GTECH as a company will not change. The only difference is that GTECH is now an indirect wholly-owned subsidiary of Lottomatica. We are still incorporated as a U.S./Delaware corporation and organized under U.S. law.

GTECH's leadership will run the combined new Lottomatica, GTECH will continue to be what it is today, will continue to be headquartered in Rhode Island, so from our customers perspective, they won't see meaningful change – quite the contrary. They've indicated to us that if this works properly, this should help us as a vendor understand their needs better, and that's only good for them.

We haven't gotten any negative feedback about the change of public company ownership impacting our ability to provide the

types of services we always have.

PGI: *It was very interesting to hear that Lottomatica would keep the GTECH management team intact and put you in control of the combined entity. Was that a point that GTECH lobbied for or was it a point that Lottomatica conceded from the beginning?*

BT: It is unusual for a transaction of this type to be one involved where the management of the acquired company becomes the management of the combined company. That is not the normal and ordinary path.

Who would run the company was never a discussion point in the process. I candidly had no expectations that they would offer me the ability to run the company, nor did I lobby for that. As they have pointed out in numerous public meetings, when they looked at it, it became quite clear. Lottomatica is an outstanding company with just over 1,000 professionals. They have a great track record, but their expertise is unique to Italy. They were not structured to be a global company. They are not a technology company. It was the belief of the De Agostini Group and their shareholders that the most logical solution was to buy GTECH and have GTECH's management run the combined Lottomatica. That was their opening expectation. They made it quite clear that if GTECH's management had been unwilling to run the combined company they would not have done the transaction.

PGI: *Would GTECH have considered the sale if it meant its management team would be dissolved and the company would be run by Lottomatica?*

BT: Yes. It wouldn't have been our choice. As a fiduciary in a public company, you cannot put your personal goals and desires ahead of those of shareholders. If this transaction had occurred and they'd said we intend to put our management in, then that's what would have happened. In a transaction like this, you have to do what is in the best interest of the company. You really do have to put your personal interest on the shelf. They are not relevant to the decision-making process.

PGI: *Would you have considered the sale if it meant it GTECH would have had to leave Rhode Island?*

BT: Again, as a fiduciary of a company, you must consider the totality of the offer. Candidly, as a result of our 20-year master contract in Rhode Island, it would have been impossible on a financial basis, and illogical for the buyer not to want to honor and respect our obligations to Rhode Island. If we were to attempt to terminate our obligations, which we could do, they would terminate our 20-year contract. That's not a good business conclusion, so that was not ever really discussed. Not even once.

GTECH's corporate headquarters will remain in Rhode Island. I will spend a good amount of time in Rome at Lottomatica's headquarters, but as you think about it, we've got outstanding leadership in Italy. They don't need me there to help them run the operation. My role, as well as all of our senior staff, will be to help the combined company allocate capital, focus on the customer and ensure that we maintain a leading position in the industry for many years to come. ♦