

GTECH HOLDINGS CORPORATION

AUDIT COMMITTEE CHARTER

Purpose.

The purpose of the Audit Committee (also referred to below as the "Committee") is to:

- (i) assist the Board of Directors (the "Board") of GTECH Holdings Corporation (the "Company") in discharging its oversight responsibility relating to: (A) the accounting, reporting, and financial practices of the Company and its subsidiaries, including the integrity of the Company's financial statements; (B) the administration of the Company's financial controls and the Company's compliance with legal and regulatory requirements; (C) the outside auditor's qualifications and independence; and (D) the performance of the Company's Internal Audit Department, and the Company's outside auditor;
- (ii) prepare the report required by the rules of the Securities and Exchange Commission ("SEC") to be included in the Company's annual proxy statement; and
- (iii) assist the Board respecting such other matters as may be delegated to the Committee from time to time.

Composition.

The Board shall appoint an Audit Committee of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson. For purposes hereof, the term "independent director" shall mean a director who meets the SEC and New York Stock Exchange ("NYSE") definitions of "independence," as determined by the Board. Each member of the Committee must be financially literate and at least one member must be an "audit committee financial expert," as defined by SEC rules and as determined by the Board. Once appointed, members of the Committee shall serve (unless the Board otherwise determines) until the Board meeting immediately following the next annual meeting of the Company's shareholders, or until their respective successors are appointed.

Members may not serve on the audit committees of more than three public companies at one time, without the prior approval of the Board.

Responsibilities and Processes.

The Audit Committee shall generally endeavor to help set the overall "tone" for quality financial reporting, sound business practices and ethical behavior by the Company. Among its specific duties and responsibilities, the Committee shall, in accordance with all applicable SEC, NYSE and other requirements:

- (i) be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the work of the outside

auditor. In this regard, the Audit Committee shall appoint and retain, subject to ratification by the Company's shareholders, or terminate, when appropriate, the outside auditor, which shall report directly to the Committee;

- (ii) obtain and review, at least annually, a report by the outside auditor describing: the internal quality-control procedures respecting the outside auditor's business and operations; and any material issues raised by the most recent internal quality-control review, or peer review, of the outside auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;
- (iii) approve in advance all audit engagement services and the terms of all audit and permissible non-audit services to be provided by the outside auditor;
- (iv) establish policies and procedures for the engagement of the outside auditor to provide permissible non-audit services, which shall include pre-approval of all permissible non-audit services to be provided by the outside auditor;
- (v) at least annually, obtain and review a report by the outside auditor describing any relationships between the outside auditor and the Company or any other relationships that may adversely affect the independence of the auditor; and discuss with the outside auditor any such disclosed relationships and their impact on the auditor's independence;
- (vi) having taken into account the opinions of the Company's management and Internal Audit Department, consider, at least annually and in light of the reports by the outside auditor described in Sections 3(ii) and 3(v), the qualifications, performance and independence of the outside auditor, including, in such connection, a review and evaluation of the lead partner of the outside auditor and an analysis as to whether the outside auditor's performance of permissible non-audit services, if any, is compatible with the auditor's independence; and thereafter, the Audit Committee shall present its conclusions with respect to the outside auditor to the full Board;
- (vii) review and discuss with the outside auditor: (A) the scope of the audit, the results of the annual audit examination by the auditor, any difficulties the auditor encountered in the course of its audit work, including any restrictions on the scope of the outside auditor's activities or on access to requested information, any significant disagreements with management, and any other matters described in Statement of Auditing Standards ("SAS") No. 61 (which requires the outside auditor to discuss a number of matters with the Audit Committee); (B) any reports of the outside auditor with respect to interim periods, and (C) the responsibilities, budget and staffing of the Company's Internal Audit Department;
- (viii) at least annually, prior to the filing of the Company's Annual Report on Form 10-K (or the distribution of the annual report to shareholders, if distributed prior

to the filing of the Form 10-K), obtain and review a report by the outside auditor describing:

- (A) all critical accounting policies and practices;
 - (B) all alternative treatments of financial information within generally accepted accounting principles (“GAAP”) that have been discussed with Company management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the outside auditor; and
 - (C) other material written communications between the outside auditor and Company management, such as any management letter or schedule of unadjusted differences;
- (ix) review and discuss with management and the outside auditor, prior to filing with the SEC the Company’s Annual Report on Form 10-K, the annual audited financial statements of the Company including with respect to: (A) the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,”; (B) the steps that the Company is taking to review and assess its internal control over financial reporting in anticipation of filing the “internal control of management” report; (C) major issues regarding the Company’s accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles and major issues as to the adequacy of the Company’s internal controls and any special audit steps adopted in light of material control deficiencies; (D) analyses prepared by management and/or the outside auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effect of alternative GAAP methods on the financial statements; (E) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and (F) the transparency of the disclosures in the financial statements. In addition, the Audit Committee shall review the results of the annual audit and consider with the outside auditors any other matters required to be discussed under professional standards;
- (x) review and discuss with management and the outside auditor, prior to filing with the SEC the Company’s Quarterly Report on Form 10-Q, the quarterly financial statements of the Company, including with respect to: (A) “Management’s Discussion and Analysis of Financial Condition and Results of Operations”; (B) the results of the quarterly review; (C) the transparency of the disclosures in the financial statements; and (D) any other matters required to be communicated to the Audit Committee under generally accepted auditing standards;
- (xi) review with management, the Company’s Internal Audit Department and the outside auditors the quality, adequacy and degree of aggressiveness or

conservatism of the accounting principles and estimates used or proposed to be used by the Company;

- (xii) recommend to the Board, based on the review and discussion described in paragraphs (v) – (xi) above, whether the audited financial statements should be included in the Company’s Annual Report on Form 10-K (or in the annual report to the Company’s shareholders, if distributed prior to the filing of such Form 10-K);
- (xiii) review with management, the Internal Audit Department and the outside auditors, and discuss the adequacy and effectiveness of the Company’s internal controls (with particular emphasis on the scope and performance of the Internal Audit Department, including the adequacy of the Internal Audit Department’s staffing, its degree of independence and its access to and cooperation from the highest levels of management in the performance of its duties), including any significant deficiencies or material weaknesses in internal controls and significant changes in such controls reported to the Audit Committee by the outside auditor or management;
- (xiv) review and discuss the adequacy and effectiveness of the Company’s disclosure controls and procedures, internal control over financial reporting, and management reports thereon;
- (xv) review and discuss with the head of the Internal Audit Department, the scope and results of the internal audit plan;
- (xvi) work to resolve any disagreements between management and the outside auditors regarding financial reporting;
- (xvii) prepare the audit committee report required by the rules of the SEC to be included in the Company’s annual proxy statement;
- (xviii) review and discuss corporate policies with respect to earnings press releases (paying particular attention to any use of “pro forma” or “adjusted” non-GAAP information), as well as financial information and earnings guidance provided to analysts and ratings agencies;
- (xix) review and discuss with the Company’s management all areas of material financial risk exposure, including the risk of fraud, and the steps taken to monitor and manage these risks, including: (A) at least annually, in respect of all guidelines and policies which govern the Company’s risk assessment and risk management processes, and (B) as soon as practicable after the start of each fiscal year, in respect of the Company’s Internal Audit Department’s annual risk assessment process and annual audit plan for such fiscal year (with regular status updates thereafter);
- (xx) establish procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential,

anonymous submission of concerns by employees regarding accounting and auditing matters;

- (xxi) establish policies for the hiring of employees and former employees of the outside auditor;
- (xxii) determine that the outside auditor has a process in place to address the rotation of the lead audit partner and the other audit partners serving the account, as required by relevant SEC rules; and
- (xxiii) evaluate, at least annually, the performance of the Committee, and assess the adequacy of the Committee Charter.

Investigations; Access; Consultants and Advisors.

The Audit Committee is empowered to investigate any matter brought to its attention and shall have full access to all books, records, facilities and personnel of the Company. The Audit Committee shall have the sole authority to retain (including the sole authority to approve fees and other retention terms) and terminate such consultants and other advisors as it determines is appropriate to assist the Committee in the performance of its functions. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for the payment of fees to any such consultants and advisors.

Operational Matters

The Audit Committee shall meet at such times, either in person or telephonically, and at such places as the Committee shall determine. The Audit Committee shall meet separately in executive session, periodically, with each of management, the head of the Internal Audit Department of the Company and the outside auditor. The Audit Committee shall report periodically to the Board concerning the material activities of the Committee. The majority of the members of the Committee shall constitute a quorum. The Audit Committee may delegate its pre-approval responsibilities (described above in Section (iii) under “Responsibilities and Processes”) to a subcommittee consisting of one or more members of the Committee, in which case such subcommittee shall report to the full Committee with regard to any pre-approval granted, or other action taken, not later than the next Committee meeting thereafter.