

UNITED STATES DISTRICT COURT  
DISTRICT OF RHODE ISLAND

SANDRA KAFENBAUM and STEVEN  
SCHULMAN, individually and on behalf of  
all others similarly situated,

Plaintiffs,

vs.

GTECH HOLDINGS CORPORATION,  
WILLIAM Y. O'CONNOR, STEPHEN P.  
NOWICK and W. BRUCE TURNER,

Defendants.

CA 00 413L

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR  
ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARING**

**IF YOU BOUGHT GTECH HOLDINGS CORPORATION ("GTECH") COMMON STOCK  
DURING THE PERIOD FROM JULY 13, 1998 THROUGH AUGUST 29, 2000, INCLU-  
SIVE, YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT.**

**A FEDERAL COURT AUTHORIZED THIS NOTICE. THIS IS NOT A SOLICITA-  
TION FROM A LAWYER.**

- The Settlement will provide a \$10,250,000 Settlement Fund for the benefit of investors who bought shares of GTECH common stock between July 13, 1998 and August 29, 2000, inclusive (the "Class Period"), and suffered a loss.
- The Settlement resolves a lawsuit over whether GTECH misled investors about its financial condition, business, and operations.
- Your legal rights are affected whether you act, or don't act. Read this Notice carefully.

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:**

**SUBMIT A CLAIM FORM** The only way to get a payment.

**EXCLUDE YOURSELF** Get no payment. This is the only option that allows you to ever be part of any other lawsuit against GTECH or the other Defendants about the legal claims in this case.

**OBJECT** Write to the Court about why you don't like the Settlement, the Plan of Allocation or the Motion for Attorneys' Fees.

**GO TO A HEARING** Ask to speak in Court about the fairness of the Settlement, the Plan of Allocation or the Motion for Attorneys' Fees.

**DO NOTHING** Get no payment. Give up rights.

- These rights and options — and the deadlines to exercise them — are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after appeals, if any, are resolved. Please be patient.

## SUMMARY OF NOTICE

### Statement of Plaintiff Recovery

Pursuant to the Settlement described herein, a fund consisting of \$10,250,000 in cash, plus interest (the "Gross Settlement Fund"), has been established. Plaintiffs estimate that there were approximately 29.1 million shares of GTECH common stock traded during the Class Period which may have been damaged. Plaintiffs estimate that the average recovery per damaged share of GTECH common stock under the Settlement is \$0.35 per damaged share before deduction of Court-awarded attorneys' fees and expenses. A Class Member's actual recovery will be a portion of the Net Settlement Fund determined by his, her or its Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim.

### Statement of Potential Outcome of Case

The parties disagreed on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. The Defendants deny that they are liable to the Plaintiffs or the Class and deny that Plaintiffs or the Class have suffered any damages.

### Statement of Attorneys' Fees and Costs Sought

Plaintiffs' Counsel are moving the Court to award attorneys' fees not to exceed one-third (33⅓%) of the Gross Settlement Fund, and for reimbursement of expenses incurred in connection with the prosecution of this Action in the approximate amount of \$225,000 plus interest. The requested fees and expenses would amount to an average of 12.5¢ per damaged share in total for fees and expenses. Plaintiffs' Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. If Plaintiffs' Counsel had not obtained any recovery for the Class, they would not have received any compensation for their services. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

### Further Information

Further information regarding the Action and this Notice may be obtained by contacting Plaintiffs' Co-Lead Counsel: James E. Tullman, Esq., Weiss & Yourman, 551 Fifth Avenue, Suite 1600, New York, New York 10176, Telephone: (212) 682-3025; or Richard H. Weiss, Esq., Milberg Weiss Bershad & Schulman LLP, One Pennsylvania Plaza, New York, New York 10119-0165, Telephone (212) 594-5300.

### Reasons for the Settlement

Plaintiffs' Counsel have conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint. Plaintiffs' Counsel have analyzed the evidence adduced during pretrial discovery and have researched the applicable law with respect to the claims of Plaintiffs and the Class against the Defendants and the potential defenses thereto. Plaintiffs, by their counsel, have conducted discussions and arm's-length negotiations with counsel for Defendants, including a formal mediation, with respect to a compromise and settlement of the Action with a view to settling the issues in dispute and achieving the best relief possible consistent with the interests of the Class. Based upon Plaintiffs' Counsel's investigation, extensive pretrial discovery as set forth herein, consultation with experts, negotiations with the Defendants, and the mediation sessions, Plaintiffs' Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to Plaintiffs and the Class, and in their best interests, and have agreed to settle the claims raised in the Action pursuant to the terms and provisions of this Stipulation, after considering: (1) the substantial and immediate benefits that Plaintiffs and the members of the Class will receive from settlement of the Action; (2) the attendant risks, delays, and costs of litigation; and (3) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

Although Defendants deny any liability or wrongdoing, Defendants have chosen to settle and compromise the Action to avoid further substantial expense and the inconvenience and distraction of protracted and burdensome litigation. Defendants have also taken into account the uncertainty and risks inherent in any litigation especially in complex cases like this Action. Defendants have, therefore, without conceding any infirmity in the defenses they have asserted or could assert in the Action, determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation.

### **BASIC INFORMATION**

#### **1. Why did I get this Notice package?**

You or someone in your family may have purchased shares of GTECH common stock between July 13, 1998 and August 29, 2000, inclusive.

The Court directed that this Notice be sent to you because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it and after objections and appeals, if any, are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the District of Rhode Island, and the case is known as *Sandra Kafanbaum and Steven Schulman v. GTECH Holdings Corporation, et al.*, Case No. 00-413L. The people who sued are called Plaintiffs, and the company and the persons they sued, GTECH, William O'Connor, Stephen P. Nowick, and W. Bruce Turner are called the Defendants.

#### **2. What is this lawsuit about?**

GTECH is the leading global supplier of systems and services to the lottery and gaming/entertainment industries. The Complaint alleges that during the Class Period Defendants issued to the investing public a series of materially false and misleading statements concerning GTECH's financial condition, business, and operations. These statements were alleged to have been intended to and did cause the publicly traded price of GTECH's common stock to become and remain artificially inflated throughout the Class Period, thereby damaging purchasers of GTECH's common stock.

The Defendants vigorously deny any wrongdoing whatsoever and the Settlement is not and will not be construed or deemed to be evidence of or an admission or concession on the part of any Defendant of any liability or wrongdoing or damage whatsoever. The giving of this Notice is not an admission of liability or wrongdoing by Defendants nor is it an admission of any infirmity or weakness in the claims or defenses asserted in the Action.

#### **3. Why is this a class action?**

In a class action, one or more people called Class Representatives sue on behalf of people who have similar claims. All these people are a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. This case was assigned to United States District Judge Ronald R. Lagueux.

4. Why is there a Settlement?

The Court did not ultimately decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a Settlement. That way, they avoid the risks, cost and delay of a trial, and the people affected will get compensation. The Plaintiffs and the attorneys think the Settlement is best for all Class members.

**WHO IS IN THE SETTLEMENT**

To see if you will get money from this Settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the Settlement?

The Court decided that everyone who fits this description is a Class Member: All persons who purchased shares of GTECH common stock from July 13, 1998 through August 29, 2000, inclusive.

6. Are there exceptions to being included?

Excluded from the Class are the Defendants in this Action, members of the immediate family (parents, spouses, siblings, and children) of each of the Individual Defendants, the officers, directors, parents, subsidiaries and affiliates of GTECH, any person, firm, trust, corporation, or any other entity in which any excluded person has a controlling interest, and the legal representatives, heirs, successors in interest or assigns of any excluded party.

If one of your mutual funds own shares of GTECH stock, that alone does not make you a Class Member. You are a Class Member only if you purchased shares of GTECH stock individually. Contact your broker to see if you have or held GTECH stock.

If you sold GTECH common stock between July 13, 1998 and August 29, 2000, that alone does not make you a Class Member. You are a Class Member only if you bought shares during the Class Period.

7. I'm still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help by contacting the Claims Administrator for more information at GTECH Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914; by phone at (800) 766-3330; by fax at 516-931-0810; or visit [www.berdonllp.com/claims](http://www.berdonllp.com/claims). Or you can fill out and return the claim form described in question 10 to see if you qualify.

**THE SETTLEMENT BENEFITS — WHAT YOU GET**

8. What does the Settlement provide?

Defendants have agreed to create a Settlement Fund of \$10,250,000, plus interest, for the benefit of Class Members. Defendants have also agreed to pay for the costs of giving notice to the Class of this Settlement.

If the proposed Settlement is approved, the Court will enter a Judgment dismissing all Settled Claims against the Released Parties (as defined below), and the Class Members will no longer be able to assert any of such claims against the Released Parties. The Judgment will provide that neither the fact of the Settlement nor the terms thereof may be used against the Released Parties in any action or proceeding, except to enforce the Judgment.

The Settlement is conditioned upon a number of events (which are described in detail in the Stipulation). If any one of those conditions is not met, the Stipulation might be terminated, in which case the parties will be restored to their respective positions as of the date of the Stipulation.

9. How much will my payment be?

Your share of the fund will depend on the number of valid claim forms that Class Members send in, how many shares of GTECH stock you bought, and when you bought and sold them. The proposed Plan of Allocation is set forth at the end of this Notice.

By following the instructions in the section entitled “Understanding Your Payment” beginning on page 9 of this Notice, you can calculate what is called your Recognized Claim. It’s unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their claim forms, the payment you get will reflect your Recognized Claim in relation to the total of everyone’s Recognized Claims. See the instructions on page 9 for more information on your Recognized Claim.

Generally, those who bought more shares and have a larger Recognized Claim will get more money, and those who bought fewer shares and have a smaller Recognized Claim will get less.

The number of claimants who send in claims varies widely from case to case. If less than 100% of the Class sends in a claim form, you could get more money.

**HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM**

10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is being circulated with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it **postmarked no later than October 22, 2004**.

11. When would I get my payment?

The Court will hold a hearing on **September 22, 2004, at 2:00 p.m.** to decide whether to approve the Settlement. If the Court approves the Settlement after that, there may be appeals. It’s always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that, if the Settlement is approved, you will release all “Settled Claims” (as defined below) against the “Released Parties” (as defined below).

“Settled Claims” means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and unknown claims: (1) that have been asserted in this Action by the Class Members or any of them against any of the Released Parties; or (2) that could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which arise out of, are based

upon, or in any way relate to any allegations, transactions, facts, matters or occurrences, actions or failures to act, statements, representations or omissions that were or could have been alleged in the Action and that relate to the purchase or sale of shares of the common stock of GTECH during the Class Period.

In releasing the “Settled Claims,” Plaintiffs and the Class will be deemed to have expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

“Released Parties” means any and all of the Defendants, their past or present subsidiaries, parents, successors and predecessors, affiliates, officers, directors, controlling shareholders, agents, employees, attorneys, advisors, and investment advisors, auditors, accountants, insurance carriers, and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest or assigns of the Defendants.

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you, whether or not you submit a Proof of Claim form.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you don’t want a payment from this Settlement, but you want to keep the right to sue or continue to sue GTECH or the other Defendants, on your own, about the legal issues in this case, then you must take steps to get out. This is called excluding yourself — or is sometimes referred to as “opting out” of the Settlement Class. Defendants may withdraw from and terminate the Settlement if in excess of a certain amount of claimants exclude themselves from the Class.

#### 13. How do I get out of the Settlement?

To exclude yourself from the Settlement, you must send a letter by mail stating that you “request exclusion from the Class in *Sandra Kafenbaum and Steven Schulman v. GTECH*.” Your letter should include the date(s), price(s), and number(s) of shares of all purchases and sales of GTECH common stock during the Class Period. In addition, be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request **postmarked no later than September 8, 2004** to:

GTECH Securities Litigation Exclusions  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) GTECH in the future.



14. If I don't exclude myself, can I sue GTECH for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue GTECH and the other Defendants for the claims that this Settlement resolves. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, **the exclusion deadline is September 8, 2004.**

15. If I exclude myself, can I get money from this Settlement?

No. If you exclude yourself, do not send in a claim form to ask for any money. But, you may sue, continue to sue, or be part of a different lawsuit against GTECH.

### **THE LAWYERS REPRESENTING YOU**

16. Do I have a lawyer in this case?

The Court ordered that the law firms of Weiss & Yourman and Milberg Weiss Bershad & Schulman LLP, both in New York, New York, will represent you and the other Class Members. These lawyers are called Plaintiffs' Co-Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Plaintiffs' Counsel are moving the Court to award of attorneys' fees from the Settlement Fund in an amount not greater than one-third (33⅓%) of the Gross Settlement Fund and for reimbursement of their expenses in the approximate amount of \$225,000, plus interest at the same rate as earned by the Settlement Fund. Plaintiffs' Counsel, without further notice to the Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the Settlement proceeds to the members of the Class and any proceedings subsequent to the Settlement Fairness Hearing.

Plaintiffs are also moving the Court to award a payment totaling not more than \$10,000 to Lead Plaintiffs Sandra Kafenbaum and Steven Schulman for reimbursement of their reasonable costs and expenses relating to the prosecution of this Action.

### **OBJECTING TO THE SETTLEMENT**

You can tell the Court that you don't agree with any part of the Settlement, the Plan of Allocation or the Motion for Attorneys' Fees.

18. How do I tell the Court that I don't like the Settlement?

If you're a Class Member, you can object to the Settlement, the Plan of Allocation or the Motion for Attorneys' Fees, if you don't like them or any part of them. You can give reasons why you think the Court should not approve them. The Court will consider your views. To object, you must send a letter saying that you object to the proposed Settlement, the Plan of Allocation and/or the Motion for Attorneys' Fees in *Sandra Kafenbaum and Steven Schulman v. GTECH*. Be sure to include your name, address, telephone number, your

signature, and the reasons you object to the Settlement, the Plan of Allocation or the Motion for Attorneys' Fees. Mail the objection to these three different places **postmarked no later than September 8, 2004:**

**COURT**

Clerk of the Court  
United States District Court  
District of Rhode Island  
One Exchange Terrace  
Federal Building & Courthouse  
Providence, RI 02903

**CO-LEAD COUNSEL**

James E. Tullman  
Weiss & Yourman  
551 Fifth Avenue – Suite 1600  
New York, NY 10176  
– or –  
Richard H. Weiss  
Milberg Weiss Bershad &  
Schulman LLP  
One Pennsylvania Plaza  
New York, NY 10119

**DEFENSE COUNSEL**

William H. Paine  
Hale and Dorr, LLP  
60 State Street  
Boston, MA 02109

19. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the Settlement, the Plan of Allocation or the Motion for Attorneys' Fees. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

**THE COURT'S FAIRNESS HEARING**

The Court will hold a hearing to decide whether to approve the Settlement, the Plan of Allocation and the Motion for Attorneys' Fees. You may attend and you may ask to speak, but you don't have to.

20. When and where will the Court decide whether to approve the Settlement, the Plan of Allocation and the Motion for Attorneys' Fees?

The Court will hold a Fairness Hearing at **2:00 p.m. on September 22, 2004** at the United States District Court for the District of Rhode Island, One Exchange Terrace, Federal Building & Courthouse, Providence, RI. At this hearing the Court will consider whether the Settlement, the Plan of Allocation and the Motion for Attorneys' Fees are fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Plaintiffs' Counsel. After the hearing, the Court will decide whether to approve the Settlement, the Plan of Allocation and the Motion for Attorneys' Fees. We do not know how long these decisions will take.

21. Do I have to come to the hearing?

No. Plaintiffs' Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

22. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear in *Sandra Kafenbaum and Steven Schulman v. GTECH*



*Holdings Corporation, et al.*” Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be **postmarked no later than September 8, 2004**, and be sent to the Clerk of the Court, Plaintiffs’ Counsel, and Defense Counsel, at the addresses identified in this Notice. You cannot speak at the hearing if you excluded yourself.

### **IF YOU DO NOTHING**

23. What happens if I do nothing at all?

If you do nothing, you’ll get no money from this Settlement. But, unless you exclude yourself, you won’t be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against GTECH or the other Defendants about the legal issues in this case, ever again.

### **GETTING MORE INFORMATION**

24. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in a Stipulation and Agreement of Settlement dated June 3, 2004 (the “Stipulation”). You can get a copy of the Stipulation by writing to James E. Tullman, Weiss & Yourman, 551 Fifth Avenue, Suite 1600, New York, NY 10176; or Richard H. Weiss, Milberg Weiss Bershad & Schulman LLP, One Pennsylvania Plaza, New York, NY 10119-0165.

You also can contact the Claims Administrator at (800) 766-3330 toll free; write to GTECH Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914, or visit [www.berdonllp.com/claims](http://www.berdonllp.com/claims).

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the District of Rhode Island, One Exchange Terrace, Federal Building & Courthouse, Providence, RI 02903, during regular business hours.

### **UNDERSTANDING YOUR PAYMENT**

#### **Plan of Allocation of Net Settlement Fund Among Class Members**

The \$10,250,000 Cash Settlement Amount and the interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the “Net Settlement Fund”) shall be distributed to Class Members who submit acceptable Proofs of Claim (“Authorized Claimants”).

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Claim.” The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The following proposed Plan of Allocation reflects the proposition that the Plaintiffs in this case have asserted, but the Defendants have denied, that the decreases in the price of GTECH common stock occurring upon the revelations made by GTECH on July 6, 2000 and August 22, 2000 reflected the elimination of the artificial inflation that the Defendants' alleged misrepresentations may have caused. On July 5, 2000, GTECH's common stock closed at \$22.75 per share. On the next day following GTECH's disclosures July 6, 2000, GTECH common stock closed at \$19.81 per share, a \$2.94 drop. On August 22, 2000, GTECH common stock closed at \$20.19 per share. On August 23, 2000 after further GTECH disclosures, GTECH common stock closed at \$18.00 per share, a \$2.19 drop. The total of these drops, \$5.13 per share, is the maximum loss that will be recognized for purposes of the Settlement.

"Recognized Claims" will be calculated for purposes of the Settlement as follows:

For shares of GTECH common stock purchased during the period July 13, 1998 through and including July 5, 2000, and:

Sold at a loss on or before the close of trading on July 5, 2000, an Authorized Claimant's "Recognized Claim" shall mean 10%<sup>1</sup> of **the lesser of: (a) \$5.13 per share, or (b) the purchase price (including commissions, etc.) less the sales proceeds received (net of commissions, etc.);**

Sold at a loss during the period July 6, 2000 through the close of trading on August 22, 2000, an Authorized Claimant's "Recognized Claim" shall mean **the lesser of: (a) \$2.94 per share, or (b) the purchase price (including commissions, etc.) less the sales proceeds received (net of commissions, etc.);**

Held at the close of trading on August 22, 2000, an Authorized Claimant's "Recognized Claim" shall mean **the least of: (a) \$5.13 per share, (b) the purchase price (including commissions, etc.) or less 18.00 per share, or (c) if the shares were sold during the period August 23, 2000 through and including November 24, 2000 at a sale price of \$18.00 per share or higher, the purchase price (including commissions, etc.) less the sales proceeds received (net of commissions, etc.).**

For shares of GTECH common stock purchased during the period July 6, 2000, through and including August 22, 2000, and:

Sold at a loss on or before August 22, 2000 an Authorized Claimant's "Recognized Claim" shall mean 10% of **the lesser of: (a) \$2.19 per share, or (b) the purchase price (including commissions, etc.) less the sales proceeds received (net of commissions, etc.); or**

Held at the close of trading on August 22, 2000, Authorized Claimant's "Recognized Claim" shall mean **the least of: (a) \$2.19 per share, (b) the purchase price (including commissions, etc.) less \$18.00 per share, or (c) if the shares were sold during the period August 23, 2000 through and including November 24, 2000 at a sale price of \$18.00 per share or higher, the purchase price (including commissions, etc.) less the sales proceeds received (net of commissions, etc.).**

For shares of GTECH common stock purchased during the period August 23, 2000, through and including August 29, 2000<sup>2</sup>, and:

Sold at a loss on or before August 29, 2000 an Authorized Claimant's "Recognized Claim" shall mean 5% of the purchase price (including commissions, etc.) less the sales proceeds received (net of commissions, etc.); **or**

<sup>1</sup> This discount reflects the relatively greater difficulty a claimant faces in proving a claim where both purchase and sale were made while the same alleged misrepresentations were in effect.

<sup>2</sup> Although these purchases are within the Class Period, they are after the allegedly corrective disclosures and they are heavily discounted.

Held at the close of trading on August 29, 2000, an Authorized Claimant's "Recognized Claim" shall mean **the least of: (a)** \$0.05 per share, **(b)** the purchase price (including commissions, etc.) less \$18.00 per share, **or (c)** if the shares were sold during the period August 30, 2000 through and including November 24, 2000 at a sale price of \$18.00 per share or higher, the purchase price (including commissions, etc.) less the sales proceeds received (net of commissions, etc.).

To the extent a Claimant had a gain from his, her or its overall transactions in GTECH common stock during the Class Period, the value of the Recognized Claim will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in GTECH common stock during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in GTECH common stock during the Class Period or suffered a loss, the Claims Administrator shall: (1) total the amount paid for all GTECH common stock purchased during the Class Period by the claimant (the "Total Purchase Amount"); (2) match any sales of GTECH common stock during the Class Period first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (3) total the amount received for sales of the remaining shares of GTECH common stock sold during the Class Period (the "Sales Proceeds"); (4) ascribe an \$18.00 per share holding value for the number of shares of GTECH common stock purchased during the Class Period and still held at the end of the Class Period ("Holding Value").

The difference between (1) the Total Purchase Amount and the (2) sum of the Sales Proceeds and Holding Value will be deemed a Claimant's gain or loss on his, her or its overall transactions in GTECH common stock during the Class Period.

Each Authorized Claimant will be allocated a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants.

Class Members who do not submit acceptable Proofs of Claim will not share in the Settlement proceeds. Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim will nevertheless be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Action.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be redistributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such redistribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such redistribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiffs' Co-Lead Counsel.

Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

**SPECIAL NOTICE TO  
SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased or acquired common stock of GTECH during the period from July 13, 1998 through and including August 29, 2000 for the beneficial interest of a person or organization other than yourself, the Court has directed that, within seven (7) days of your receipt of this Notice and Proof of Claim form ("Notice"), you either (1) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased such stock during such time period, **preferably on computer-generated mailing labels or, electronically, in MS Word or WordPerfect files (label size Avery® # 5162), or in an MS Excel data table setting forth (a) title/registration, (b) street address, (c) city/state/zip;** or (2) request additional copies of this Notice, which will be provided to you free of charge, and within seven (7) days mail the Notice directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (2), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed.

You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid after written request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator at:

GTECH Securities Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914  
Telephone: (800) 766 3330  
Fax: (516) 931-0810  
Website: [www.berdonllp.com/claims](http://www.berdonllp.com/claims)

Dated: Providence, Rhode Island  
June 25, 2004

BY ORDER OF:  
THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF RHODE ISLAND