

International Game Technology PLC
EIN: 98-1193882
Form 8937 Regarding Merger Effective April 7, 2015
Statements 14, 15, and 16 - Revised May 20, 2015

Form 8937, Part II: Question 14, Organizational Action

Effective April 7, 2015, Georgia Worldwide Corporation (“US Merger Sub”), a wholly-owned subsidiary of International Game Technology PLC (“Holdco”), merged with and into International Game Technology (“IGT”). In the merger, each outstanding share of IGT stock was cancelled in exchange for \$14.3396 of cash and 0.1819 shares of Holdco stock, with cash received in lieu of fractional shares.

Form 8937, Part II: Question 15, Quantitative Effect

Each IGT shareholder that is subject to U.S. tax and that surrendered IGT stock in exchange for the merger consideration is responsible for determining such shareholder’s own gain and allowable loss resulting from the exchange. Holdco is supplying this information to assist the IGT shareholders to determine the amount of gain or loss that must be recognized as a result of the exchange. **Holdco urges each IGT shareholder to consult a tax advisor to properly determine the amount of gain or loss that such shareholder recognized as a result of the exchange.**

A. IGT Shareholders Surrendering IGT Stock Having a Gain

Based on the structure of the merger and the source of the merger consideration, each IGT shareholder received a portion of the merger consideration from Holdco (i.e., IRC section 367(a) requires gain, but not loss, to be recognized on exchanges of IGT stock for cash and Holdco stock sourced from Holdco) and received the remaining portion of the merger consideration from IGT (i.e., IRC section 302(a) requires gain or loss to be recognized on exchanges of IGT stock for cash sourced from IGT). Regardless of the source of the merger consideration, an IGT shareholder that is a U.S. taxpayer must recognize all of the gain, if any, in each share of IGT stock surrendered in the exchange. Each share of Holdco stock received in exchange for IGT stock having a gain (as described above) will have a basis equal to such share’s fair market value (determined on the date of the exchange) and a holding period that starts on the date of the exchange.

B. IGT Shareholders Surrendering IGT Stock Having a Loss

However, based on the U.S. tax law applicable to the merger, only a portion of the loss in each share of IGT stock surrendered in the exchange may be recognized as a result of such merger for U.S. tax purposes. The reason that only a portion of such loss may be recognized is because an IGT shareholder may not recognize a loss on the surrender of IGT stock to Holdco for the merger consideration paid by Holdco (i.e., IRC section 367(a) defers such loss on exchanges of IGT stock for cash and Holdco stock sourced from Holdco). On a per-share basis, approximately \$6.4214 in cash (i.e., approximately 35.6899 percent of the merger consideration paid per IGT share) was supplied directly by IGT, and the remaining approximately \$7.9182 in cash and 0.1819 shares of Holdco stock (approximate value of \$11.5708, or approximately 64.3101 percent of the merger consideration paid per IGT share) was supplied directly by Holdco.¹

¹ The portion of each share of IGT stock surrendered by an IGT shareholder to IGT and to Holdco is based on the trading price of the Holdco stock as of the close of the trading day on April 7, 2015, the effective date of the merger (the “Effective Date Trading Price”). This amount was \$20.08. If instead the high-low mean trading price

Based on this proportional split in the source of merger consideration as between IGT and Holdco, approximately 35.6899 percent of each IGT share was surrendered to IGT for cash and approximately 64.3101 percent of each IGT share was surrendered to Holdco for cash and Holdco stock. As a result of the surrender of approximately 35.6899 percent of each IGT share to IGT solely in exchange for cash, approximately 35.6899 percent of the loss in such IGT share may be recognized. As a result of the surrender of approximately 64.3101 percent of each IGT share to Holdco solely in exchange for cash and Holdco stock, approximately 64.3101 percent of the loss in such IGT share may not be recognized, but is instead preserved in the basis of the Holdco shares received in the merger and recovered when those shares are sold (including the disposition of any fractional share interest). The holding period for such Holdco shares would include the period during which the IGT shares exchanged therefor were owned.

C. Example of IGT Gain and Loss Shares

1. Gain Shares – A holder of 100 IGT shares with, for example, \$15.00 adjusted U.S. tax basis per share (i.e., \$1,500.00 total tax basis) would have received \$1,433.96 of total cash (i.e., approximately \$642.14 cash consideration received from IGT, plus approximately \$791.82 cash consideration received from Holdco) and 18.19 Holdco shares received from Holdco in the merger. Based on the Effective Date Trading Price of \$20.08, such holder would have received total proceeds of approximately \$1,799.22 (i.e., \$1,433.96 of cash, plus 18.19 shares of Holdco stock with an exchange date value of \$365.26) and his aggregate basis in the IGT stock surrendered was \$1,500.00 (i.e., \$15.00 x 100 shares), so he must recognize a taxable gain of approximately \$299.22 (i.e., \$1,799.22 less \$1,500.00). The sale of the 0.19 fractional share would result in no additional gain or loss when sold for the Effective Date Trading Price. Such holder would take a fair market value basis in each share of Holdco stock received in the merger, which would be \$20.08 for each whole share of Holdco stock actually received in the merger,² and his holding period for each such share begins on April 7, 2015.

2. Loss Shares – A holder of 100 IGT shares with, for example, \$21.00 adjusted U.S. tax basis per share (i.e., \$2,100.00 total tax basis) would have also received \$1,433.96 of total cash (i.e., approximately \$642.14 cash consideration received from IGT, plus approximately \$791.82 cash consideration received from Holdco), and 18.19 Holdco shares received from Holdco in the merger.

(continued...)

of approximately \$19.60 were to be used as the Effective Date Trading Price, the portion of each share of IGT stock surrendered to IGT and to Holdco would differ, and the resulting gain, loss, and tax basis amounts would also differ.

² Alternatively, as set forth in the SEC Form F-4 for this transaction, the aggregate basis in the Holdco shares received is equal to the basis of the IGT shares surrendered to Holdco, less the amount of cash received from Holdco, plus the amount of gain recognized on the exchange with Holdco. Under the facts of this example, this amount would be equal to \$1,500.00 x 64.3101 percent, less \$791.82 of cash received from Holdco, plus \$299.22 of gain x 64.3101 percent, or \$365.26, leading to a per-share basis of \$20.08 (i.e., \$365.26/18.19).

For the reasons described above, this holder may recognize a loss of approximately \$107.35 in the aggregate (i.e., \$2,100.00 less \$1,799.22, the result of which is multiplied by 35.6899 percent) on the surrender of 35.6899 percent of each of his 100 IGT shares to IGT for cash consideration received from IGT. The remaining 64.3101 percent of the loss (i.e., approximately \$193.43 of loss in the aggregate) may not be recognized as a result of the merger, before taking into account a loss on any fractional shares. This unrecognized loss is preserved in the tax basis of the 18.19 shares of Holdco stock received in the merger, and will be available to offset any proceeds received in the future in exchange for such Holdco stock (such as the disposition of the fractional share interest). The disposition of the 0.19 Holdco shares (the fractional share interest) will produce an additional allowable loss of approximately \$2.02, provided such fractional share sale proceeds are approximately \$3.82 (i.e., $0.19 \times$ the \$20.08 Effective Date Trading Price), because that fractional share interest will take an approximately \$5.84 tax basis determined as follows: before the disposition of the fractional share interest, the tax basis in the 18.19 Holdco shares would have been approximately \$558.69, which is 64.3101 percent of the \$2,100.00 tax basis of the 100 IGT shares surrendered in the exchange (i.e., approximately \$1,350.51), less the cash received from Holdco (i.e., \$791.82), leaving the tax basis attributable to the 0.19 fractional share interest at \$5.84 (i.e., 0.19 divided by 18.19 , the result of which is multiplied by the total \$558.69 tax basis). After accounting for the disposition of the fractional share, the remaining basis of the 18 whole shares of Holdco stock received by such holder in the merger is approximately \$552.85 (i.e., \$558.69 less \$5.84), or approximately \$30.71 per share (i.e., \$552.85 divided by 18 shares). Based on a future selling price of \$20.08 per share for the 18 shares of Holdco stock (or \$361.44 for all 18 shares) the deferred loss of approximately \$191.41 in the 18 whole shares would be recognized when such Holdco stock is sold, and such holder's holding period for such 18 shares would include the holding period of the IGT stock exchanged therefor.

Form 8937, Part II: Question 16, Supporting Calculation

Pursuant to the Agreement and Plan of Merger governing the merger, as amended on September 23, 2014, the consideration to be paid per share of IGT stock was equal to \$13.69 of cash and a number of Holdco shares equal in value to \$4.56 divided by the average trading price of the GTECH S.p.A. stock on 10 random trading days out of the 20 consecutive trading days ending on the second-to-last trading day before the merger (this average trading price was determined to be \$20.2379, referred to below as the "Gold Trading Price"). However, the Amended Agreement and Plan of Merger contained a collar provision providing that if the number of Holdco shares to be issued for each IGT share would exceed 0.1819, the Holdco stock portion of the consideration would be fixed at 0.1819 Holdco shares for each IGT share. To compensate for this reduced value of Holdco stock consideration, the cash portion of the consideration would be increased to partially offset this reduced stock consideration value. As a result of the collar going into effect, the stock portion of the consideration became fixed at 0.1819 Holdco shares per IGT share, or \$3.6813 of Holdco stock per share of IGT stock based on the Gold Trading Price (i.e., 0.1819 multiplied by \$20.2379). This reduction in the value of Holdco stock caused an increase in the cash portion of the merger consideration. In this case, based on a Gold Trading Price of \$20.2379, the cash portion of the merger consideration per IGT share was increased pursuant to the Amended Agreement and Plan of Merger provided in the SEC Form F-4 for this transaction by \$0.6496 ($\20.2379 multiplied by 0.0321) from \$13.69 to \$14.3396.