U.S. federal income tax considerations for non-U.S. holders

1. Introduction

The following is a discussion of certain United States federal income tax consequences of the ownership and disposition of CHESS Depository Interests ("**CDIs**") by a Non-U.S. holder (as defined below), and is relevant to Australian resident holders (among others). The tax consequences for CDI holders in respect of CDIs are generally the same as for holders of shares of the underlying common stock ("**Shares**"). Accordingly, references to Shares should also be read in this discussion as a reference to CDIs in respect of the Shares. A "**Non-U.S. holder**" means a beneficial owner of the CDIs (other than an entity treated as a partnership for U.S. federal income tax purposes) that is not, for U.S. federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

A Non-U.S. holder does not include a nonresident alien individual present in the United States for 183 days or more in the taxable year of its disposition of the CDIs, or former citizens or residents of the United States for United States federal income tax purposes. Such persons should consult their own tax adviser regarding the United States federal income tax consequences of the ownership and disposition of CDIs.

This discussion is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "**Code**"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all of which are subject to differing interpretation or changes subsequent to the date thereof, that may affect the tax consequences described herein, possibly with retroactive effect. This discussion is limited to Non-U.S. holders that hold CDIs as a "capital asset" within the meaning of Section 1221 of the Code. This discussion does not describe all of the tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, including alternative minimum tax and Medicare contribution tax consequences and does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income and estate taxes. In addition, it does not represent a detailed description of the U.S. federal income and estate tax consequences applicable to Non-U.S. Holders subject to special treatment under the U.S. federal income tax laws (including if Non-U.S. Holders are a foreign pension fund, "controlled foreign corporation" or "passive foreign investment company," bank or other financial institution, insurance company, tax exempt or governmental organization, dealer or trader in securities, holder that elects to mark its securities to market or holds CDIs as part of a straddle, conversion or other integrated transaction, holder deemed to sell CDIs under the constructive sale provisions of the Code, holder subject to special tax accounting rules as a result of any item of gross income with respect to CDIs being taken into account in an applicable financial statement or holder who acquired shares of CDIs as compensation or in connection with the performance of services).

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds CDIs or underlying Shares, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding CDIs or underlying Shares should consult its tax adviser with regard to the United States federal income tax treatment of an investment in CDIs or underlying Shares.

Non-U.S. holders should consult a tax adviser regarding the United States federal income tax consequences of acquiring, holding and disposing of CDIs or underlying Shares in their particular circumstances, as well as any tax consequences that may arise under the laws of any state, local or foreign taxing jurisdiction.

2. Dividends

If Light & Wonder, Inc. ("**Company**") makes a distribution of cash or other property (other than certain distributions of its stock) in respect of CDIs and underlying Shares, the distribution generally will be treated as a dividend to the extent of the Company's current or accumulated earnings and profits, as determined under United States federal income tax principles. Any portion of a distribution that exceeds the Company's current and accumulated earnings and profits will generally be treated first as a tax-free return of capital, on a share-by-share basis, to the extent of a Non-U.S. Holder's tax basis in the CDIs and underlying Shares (and will reduce Non-U.S. Holders' basis in such CDIs and underlying Shares, but not below zero), and, to the extent such portion exceeds Non-U.S. Holders' tax basis in the CDIs and underlying Shares, the excess will be treated as gain from the taxable disposition of CDIs and underlying Shares, the tax treatment of which is discussed below in Section 3.

Except as described below, if Non-U.S. Holders hold CDIs and underlying Shares, dividends paid to Non-U.S. Holders are subject to withholding of United States federal income tax at a 30% rate or at a lower rate if Non-U.S. Holders are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if Non-U.S. Holders are eligible for a lower treaty rate, the Company or other payors will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividend payments to Non-U.S. Holders, unless Non-U.S. Holders have furnished to the Company or another payor:

- a valid U.S. Internal Revenue Service ("**IRS**") Form W-8 or an acceptable substitute form upon which Non-U.S. Holders certify, under penalties of perjury, their status as a Non-United States person and their entitlement to the lower treaty rate with respect to such payments; or
- in the case of payments made outside the United States to an offshore account (generally, an account maintained by Non-U.S. Holders at an office or branch of a bank or other financial institution at any location outside the United States), other documentary evidence establishing Non-U.S. Holders' entitlement to the lower treaty rate in accordance with U.S. Treasury regulations.

If Non-U.S. Holders are eligible for a reduced rate of United States withholding tax under a tax treaty, they may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the IRS.

If dividends paid to Non-U.S. Holders are "effectively connected" with their conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment that Non-U.S. Holders maintain in the United States, the Company and other payors generally are not required to withhold tax from the dividends, provided that such Non-U.S. Holders have furnished to the Company or another payor a valid IRS Form W-8ECI or an acceptable substitute form upon which they represent, under penalties of perjury, that:

- they are a Non-United States person; and
- the dividends are effectively connected with their conduct of a trade or business within the United States and are includible in their gross income.

"Effectively connected" dividends are taxed at rates applicable to United States citizens, resident aliens and domestic United States corporations.

"Effectively connected" dividends received by corporate Non-U.S. Holders may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if Non-U.S. Holders are eligible for the benefits of an income tax treaty that provides for a lower rate.

3. Gain On Disposal of CDIs and Underlying Shares

Subject to the discussions below in this Section 3 and Section 4, Non-U.S. holders generally will not be subject to United States federal income tax on any gain recognized on a disposition of CDIs and underlying Shares unless:

- the gain is "effectively connected" with the Non-U.S. holder's conduct of a trade or business within the United States, and the gain is attributable to a permanent establishment that the Non-U.S. holder maintains in the United States, if that is required by an applicable income tax treaty as a condition for subjecting the Non-U.S. holder to United States taxation on a net income basis; or
- the Company is or has been a "United States real property holding corporation" (as described below), at any time within the five-year period preceding the disposition or the Non-U.S. holder's holding period, whichever period is shorter, the Non-U.S. holder is not eligible for a treaty exemption, and either (i) the CDIs and underlying Shares are not regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs or (ii) the Non-U.S. holder owned or is deemed to have owned, at any time within the five-year period preceding the disposition or its holding period, whichever period is shorter, more than 5% of the CDIs and underlying Shares.

If a Non-U.S. holder has gain from the taxable disposition of CDIs and underlying Shares that is "effectively connected" with the Non-U.S. holder's conduct of a trade or business within the United States (and, if required by a tax treaty, the gain is attributable to a permanent establishment in the United States), such Non-U.S. holder will be subject to tax on the net gain derived from the sale at rates applicable to United States citizens, resident aliens and domestic United States corporations. A corporate Non-U.S. holder's "effectively connected" gains may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if such Non-U.S. holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

The Company will be a United States real property holding corporation at any time that the fair market value of its "United States real property interests", as defined in the Code and applicable Treasury Regulations, equals or exceeds 50% of the aggregate fair market value of the Company's worldwide real property interests and other assets used or held for use in a trade or business (all as determined for the U.S. federal income tax purposes). While there can be no assurances, the Company does not believe that it is a United States real property holding corporation.

4. Backup Withholding and Information Reporting

The Company and other payors are required to report payments of dividends to Non-U.S. Holders on IRS Form 1042-S even if the payments are exempt from withholding. Non-U.S. Holders are otherwise generally exempt from backup withholding and information reporting requirements with respect to dividend payments and the payment of the proceeds from the sale of CDIs and underlying Shares effected at a United States office of a broker provided that either (i) the payor or broker does not have actual knowledge or reason to know that a Non-U.S. Holder is a United States person and such Non-U.S. Holders have furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a Non-United States person or (ii) Non-U.S. Holders otherwise establish an exemption.

Payment of the proceeds from the sale of CDIs and underlying Shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited

against Non-U.S. Holders' U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders are encouraged to consult their tax advisors regarding any information reporting and backup withholding requirements with respect to their ownership and disposition of the CDIs or underlying Shares.

5. FATCA Withholding

Pursuant to Sections 1471 through 1474 of the Code, commonly known as the Foreign Account Tax Compliance Act ("**FATCA**"), a 30% withholding tax ("**FATCA withholding**") may be imposed on certain payments to certain foreign financial institutions (which is broadly defined for this purpose and generally includes investment vehicles) and certain other Non-U.S. entities receiving payments on a Non-U.S. holder's behalf, unless certain U.S. information reporting and due diligence requirements have been satisfied or an exemption applies. Payments of dividends that the Non-U.S. holder receives in respect of CDIs and underlying Shares could be affected by this withholding if the Non-U.S. holder is subject to the FATCA information reporting requirements and fails to comply with them or if the Non-U.S. holder holds CDIs and underlying Shares through a Non-U.S. person (e.g. a foreign bank or broker) that fails to comply with these requirements (even if payments to Non-U.S. Holders would not otherwise have been subject to FATCA withholding). In addition, although a 30% withholding tax would have applied under FATCA to payments of gross proceeds of dispositions of the CDIs, proposed U.S. Treasury regulations eliminate this 30% withholding tax on payments of gross proceeds. Taxpayers may rely on these proposed U.S. Treasury regulations until final U.S. Treasury regulations are issued. Non-U.S. Holders should consult their own tax advisors regarding the relevant U.S. law and other official guidance on FATCA withholding. Holders should consult their own tax advisers regarding the relevant U.S. law and other official guidance on FATCA withholding.