



**LIGHT & WONDER, INC.**

**DIRECTOR INDEPENDENCE GUIDELINES**

The Board of Directors has adopted these Guidelines as a basis for determining that individual Directors are “independent,” meaning that the Director has no relationship which, in the opinion of the Board of Directors, would interfere with his or her exercise of independent judgment in carrying out the responsibilities of a Director of the Company. This determination, to be made annually, will help assure the quality of the Board’s oversight of management, reduce the possibility of damaging conflicts of interest, and comply with the Nasdaq Stock Market Rules and the Securities Exchange Act of 1934, as amended.

A majority of the members of the Board of Directors must qualify as independent under these Guidelines.

***Director Independence.*** The following persons, among others, will not be considered independent:

- (A) a Director who is, or at any time during the past three years was, employed by the Company or by any subsidiary of the Company, other than service as an interim executive officer, if such service was for less than one year;
- (B) a Director who accepted or who has a Family Member (as defined in the Nasdaq rules) who accepted any compensation (including any political contribution to a Director or Family Member) from the Company or any subsidiary of the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
  - (i) compensation for Board or Board committee service;
  - (ii) compensation paid to a Family Member who is an employee (other than an executive officer) of the Company or a subsidiary of the Company;
  - (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation; or
  - (iv) compensation for service as an interim executive officer, if such service was for less than one year.
- (C) a Director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company or by any subsidiary of the Company as an executive officer;
- (D) a Director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization (including charitable organizations) to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenues for that year, or \$200,000, whichever is more, other than (i) payments arising solely from investments in the Company’s securities; or (ii) payments under non-discretionary charitable contribution matching programs;
- (E) a Director of the Company who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee of such other entity; or

- (F) a Director who is, or has a Family Member who is, a current partner of the Company’s outside auditor, or was a partner or employee of the Company’s outside auditor who worked on the Company’s audit at any time during any of the past three years.

**Board Committee Member Independence.** Directors who serve on the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are required to be independent, as determined under the foregoing Guidelines, except as may be permitted now or in the future under exemptions adopted by the Securities and Exchange Commission or Nasdaq, subject to appropriate action by the Board.

Further, each Director who serves on the Audit Committee must not:

- (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary of the Company, other than for Board or Board committee service or fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service);
- (ii) be an “affiliated” person of the Company or any subsidiary of the Company; or
- (iii) have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

Directors who serve on the Compensation Committee must meet the following additional independence requirements:

- (i) The Director must qualify as a “Non-Employee Director” as defined in Rule 16b-3 under the Securities Exchange Act of 1934;
- (ii) The Director must qualify as an “outside director” as defined in regulations under Section 162(m) of the Internal Revenue Code; and
- (iii) The Director must not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary of the Company, other than for Board or Board committee service or fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).

**Procedures.** The Board of Directors will make its determinations as to Director independence annually at the time a Director is proposed for election or re-election to the Board of Directors. The Board may request a written report or documentation from the General Counsel or other appropriate officers collecting and summarizing information relevant to its determination of a Director’s independence.

**Effect if Director Not Determined to be Independent.** In the event a member of the Board of Directors is not determined to be independent under these Guidelines for one or more purposes, no inference should be drawn that the Board has concluded that the Director in fact has a conflict of interest or that the Director is in any way impaired in performing the responsibilities of a Director in accordance with his or her fiduciary duty of loyalty, nor shall it prejudice the Board in considering whether the Director is independent at any later time or for any other purpose.

Last Updated – July 2019