



PRESS RELEASE

**LOTTOMATICA GROUP ANNOUNCES
SOLID 2010 OPERATIONAL PERFORMANCE**

Consolidated Financial Highlights

- **2010 Revenues of €2.3 billion and EBITDA of €812 million, up 6% and 4%, respectively, versus prior year**
- **2011 in-kind distribution of treasury shares to shareholders, with ratio of one share to every 50 shares owned**
- **Double-digit 4Q growth provides momentum into 2011**
- **Early 2011 performance confirms positive 4Q trend**
- **Proposed two new stock-based incentive plans and certain amendments to by-laws**

Lottomatica Group 2010 Fourth-Quarter and Full-Year Results Comparison

Consolidated Income Statement (€/M)	4Q 2010	4Q 2009	% chg	Full-Year 2010	Full-Year 2009	% chg
Revenues	642.7	584.7	9.9	2,314.1	2,176.9	6.3
EBITDA	215.2	187.3	14.9	812.3	783.7	3.6
Operating Income	45.9	20.9	119.6	386.0	366.4	5.3
Net Income (Loss) Attributable to Parent	(50.6)	(39.0)	29.6	0.5	68.1	(99.3)

EBITDA represents operating income plus depreciation, amortization, impairment, and other non-cash items. EBITDA is considered an alternative performance measure that is not a defined measure under International Financial Reporting Standards ("IFRS") and may not take into account the recognition, measurement and presentation requirements associated with IFRS. We believe that EBITDA assists in explaining trends in our operating performance, provides useful information about our ability to incur and service indebtedness and is a commonly used measure of performance by securities analysts and investors in the gaming industry. EBITDA should not be considered as an alternative to operating income as an indicator of our performance or to cash flows as a measure of our liquidity. As we define it, EBITDA may not be comparable to other similarly titled measures used by other companies.

ROME (ITALY) – PROVIDENCE, RHODE ISLAND (US), March 10, 2011 – Lottomatica Group S.p.A.'s Board of Directors, chaired by Mr. Lorenzo Pellicoli, today approved the consolidated financial statements for the full year which ended December 31, 2010, and reviewed 2010 fourth-quarter results.

Marco Sala, CEO of Lottomatica Group, said, "Lottomatica Group had a good year in 2010. Our results are in-line with expectations. We achieved double digit growth in the fourth quarter driven by strong performance in Italy from VLTs, Lotto, and the new Scratch & Win game launches, as well as improved same-store revenues for GTECH. We are encouraged by the momentum we have going into 2011 and are confident in our guidance."

"During the first two months of 2011, our Italian operations benefited from a strong performance of 10eLotto, late numbers, and the launch of new €20 and €3 Scratch & Win tickets. VLT wagers in Italy are also above our expectations, and GTECH's same-store revenues continued their solid growth," said Stefano Bortoli, CFO of Lottomatica Group. "Based upon this preliminary trend, we have confidence in the Group's ability to grow free cash flow in 2011."

For the fourth quarter ended December 31, 2010, **Revenues** totaled €642.7 million, compared to €584.7 million in the fourth quarter of 2009, up 9.9%.

(€/M)	4Q 2010	4Q 2009	% chg
Service Revenues	586.8	525.7	11.6
Product Sales	55.9	59.0	(5.3)
Total	642.7	584.7	9.9

EBITDA was €215.2 million in the fourth quarter of 2010, up 14.9% compared to €187.3 million in the same period last year. The increase in EBITDA was primarily driven by the performance of Lotto and *10eLotto*, higher revenues and profits from Machine Gaming in Italy, and by the weakening of the Euro against the U.S. dollar. This increase was partially offset by lower EBITDA from Sports Betting in Italy.

Operating Income was €45.9 million in the fourth quarter of 2010, compared to €20.9 million in the same period last year.

Net result attributable to the parent was a loss of €50.6 million, which includes €55.7 million of costs associated with the refinancing of the Group's debt.

Net **Cash Flows** from Operating Activities was €240.7 million in the fourth quarter of 2010, compared to €243.5 million in the fourth quarter of 2009.

Revenues by Segment

Group Revenues (€/M)	4Q 2010	4Q 2009	Increase /Decrease	% chg
Italian Operations	366.4	322.6	43.8	13.6
GTECH Lottery	216.4	191.9	24.5	12.7
Gaming Solutions	60.8	53.2	7.6	14.1
GTECH G2	20.7	18.8	1.9	10.1
Subtotal	664.3	586.5	77.8	13.3
Eliminations/Other	(21.6)	(1.8)	(19.8)	--
Total	642.7	584.7	58.0	9.9

Italian Operations

Total revenues from Italian operations grew 13.6% to €366.4 million, from €322.6 million in the fourth quarter of 2009. Instant-ticket wagers were approximately €2.34 billion in the fourth quarter of 2010, up 2.3% versus the same period last year. To further drive sales, a new €10 ticket was introduced in early October, the sales of which are encouraging. Approximately 592 million Scratch & Win tickets were sold in the fourth quarter of 2010, with an average price point of €3.96.

Lotto wagers increased approximately 9.0% to €1.56 billion, from €1.43 billion in the fourth quarter of last year. The improvement was primarily due to more favorable late numbers patterns and *10eLotto*.

Wagers from sports betting in Italy, including pool games, totaled €292.8 million in the fourth quarter of 2010, compared to €244.8 million in the fourth quarter of last year, up 19.6%. Sports betting revenue in the fourth quarter of 2010 was €31.7 million versus €65.5 million in the same period last year. Wagers and revenue performance were attributable to a higher payout percentage in the fourth quarter of 2010 versus the fourth quarter of last year.

Machine gaming wagers were €1.34 billion in the fourth quarter of 2010, up 26.4% over the fourth quarter of 2009. Revenues from machine gaming were €101.3 million in the fourth quarter, compared to €50.5 million in the same period last year. In terms of the number of connected machines, Lottomatica is the second largest operator in the Italian market.

Wagers from the Interactive segment totaled €104.8 million, versus €113.3 million in the fourth quarter of 2009. Revenues in the 2010 fourth quarter were €11.6 million, compared to €10.3 million in the same period last year.

GTECH Lottery

Total GTECH lottery revenues for the fourth quarter of 2010 grew 12.8% over the same period last year to €216.4 million. Service revenue grew 8.2% to €186.9 million, when compared to the fourth quarter of 2009, primarily due to fluctuations in foreign currency. GTECH same store revenue in the fourth quarter was up approximately 2% year over year. Product sale revenue grew to €29.5 million from €19.2 million in the same period last year, driven primarily by lottery equipment sales in Israel.

During the fourth quarter of 2010, GTECH received new lottery contracts with customers in Texas, France, and Israel, as well as contract extensions in Florida and Mexico. After the close of the quarter, GTECH, as part of the Northstar Lottery Group, signed the 10-year private management agreement with the Illinois Lottery, as well as contracts with lottery customers in Madagascar and Luxembourg.

Gaming Solutions

Fourth-quarter revenues in the Gaming Solutions segment, when compared to the same period last year, were up 14.1% to €60.7 million. Product sale revenue in the quarter grew to €43.7 million, up 11.8% versus the fourth quarter of 2009, principally due to intersegment sales of VLTs to the Italian Operations segment.

In the fourth quarter of 2010, Marim S.r.l. signed an agreement to be the exclusive distributor of ATRONIC's AWP multi-games and cabinets in Italy. Additionally, ATRONIC signed an agreement with distribution partner, Nalibic, to place up to 1,000 "participation-based" machines in Mexico casinos during 2011. The machine-base in Mexico is expected to grow over time.

GTECH G2

Fourth-quarter revenue contributions from GTECH G2 were €20.7 million, up 10.1% versus the same period last year, primarily due to fluctuations in foreign currency.

The GTECH G2 companies are leveraging off SPIELO's and GTECH's presence in Canada, where G2 has supported the launch of a Canadian poker network offered by two provincial lotteries. G2 is also continuing its support of Lottomatica's Italian interactive operations.

Additional Information: 2010 Full-Year Results Revenue Comparison

Revenues by Segment

Group Revenues (€/M)	Full-Year 2010	Full-Year 2009	Increase /Decrease	% chg
Italian Operations	1,254.5	1,176.1	78.4	6.7
GTECH Lottery	842.1	783.1	59.0	7.5
Gaming Solutions	190.2	152.5	37.7	24.7
GTECH G2	74.5	71.1	3.4	4.7
Subtotal	2,361.3	2,182.8	178.5	8.2
Eliminations/Other	(47.2)	(5.9)	(41.3)	--
Total	2,314.1	2,176.9	137.2	6.3

For the year ended December 31, 2010, **Revenues** increased across all business segments. Revenues totaled €2.31 billion, compared to €2.18 billion in 2009, up 6.3%. Service revenue grew 6.4% to €2.15 billion and product sales grew 4.5% to €168.6 million.

EBITDA increased 3.6% in 2010 to €812.3 million versus €783.7 million last year. The increase in EBITDA was driven by higher revenues and profits from Machine Gaming in Italy.

Operating Income was €386.0 million in 2010, compared to €366.4 million last year, up 5.3%.

Net income attributable to the parent was break-even, compared to net income of €68.1 million in 2009. This is due to pre-tax impairment losses of approximately €48.4 million, which are primarily associated with the GTECH G2 segment in 2010; approximately €55.7 million of costs associated with the refinancing of bank facilities finalized in December; and €41.4 million of foreign exchange losses. The €41.4 million of foreign exchange losses were principally associated with derivative instruments which hedged a portion of the Group's U.S. dollar denominated debt. No further exposure on such derivative instruments exists at December 31, 2010.

Net **Cash Flows** from Operating Activities generated €768.3 million in 2010, compared to €695.4 million in 2009.

During the year, **Investing Activities** totaled €1.2 billion, compared to €417.2 million in 2009. Investing activities in 2010 included €800.0 million and €80.7 million for the Italian Scratch & Win concession and the Italian VLT licenses, respectively.

At December 31, 2010, Consolidated Shareholders' Equity totaled €2.4 billion. Lottomatica Group had a **Net Financial Position** (NFP) of €2.98 billion, compared to €2.42 billion as of December 31, 2009. The change in NFP was principally due to the payments for the Italian Scratch & Win concession and VLT licenses, net of capital contributions from the Group's partners.

Italian Operations

Total revenues from Italian operations were approximately €1.25 billion in 2010, compared to €1.18 billion in 2009, up 6.7%. Lottery revenues from Italian operations totaled €677.4 million, compared to €695.7 million last year. The decline in lottery revenues was due to the corresponding decline in Lotto wagers, partially offset by an increase in wagers from *10eLotto*. Lotto wagers for the year were €5.23 billion, compared to €5.66 billion last year, while instant-ticket wagers were approximately €9.32 billion in 2010, compared to €9.37 billion in 2009.

Wagers from sports betting in Italy increased 9.9% to €1.03 billion in 2010, from €933.3 million last year, mainly driven by the World Soccer Cup event.

Machine gaming wagers also grew from €4.01 billion to €4.70 billion, up 17.1% versus 2009, due to an increased placement of gaming machines. At December 31, 2010, approximately 59,500 gaming machines were installed, which includes approximately 4,000 VLTs. This represents an increase in machine placement of 23.3% versus last year.

Wagers from the Interactive segment totaled €410.9 million, up 15.8% versus €354.9 million in 2009.

The Group expects continued growth across all business sectors in Italy, driven by the revamped *10eLotto* game, product innovation and retailer optimization related to the new Scratch & Win concession, and the VLT rollout which is expected to be completed in 2011.

GTECH Lottery

Total GTECH lottery revenues for 2010 grew 7.5% over last year to €842.1 million. Service revenue grew 6.1% to €762.3 million, when compared to 2009. Product sale revenue totaled €79.8 million in 2010, up 23.5% versus last year. Product sales during 2010 included the sale of lottery terminals and project implementation services in Spain, and the sale of a new central system and terminals in South Australia.

Same store revenues for GTECH are expected to benefit from continued improvements in California; the transition to the new private manager model in Illinois; and retailer expansion and introduction of new games for ONCE in Spain.

Gaming Solutions

2010 revenues for Gaming Solutions were €190.2 million, up 24.7% versus last year. Product sale revenue for Gaming Solutions increased €31.2 million in 2010 versus 2009 principally due to intersegment sales of VLTs to the Italian Operations segment.

In Italy, SPIELO deployed 4,000 VLT machines by December 2010, and is also benefiting from the expansion of the Italian VLT market where it supports Lottomatica and other operators. Additionally, the Group was successful in Quebec, securing the video central system and slightly less than half of the allotted gaming machines. Gaming Solutions is expected to compete for additional system/machine contracts as part of the anticipated Canadian VLT replacement cycle.

GTECH G2

Revenue contributions from GTECH G2 in 2010 were approximately €74.5 million, up 4.7% versus the prior year.

GTECH G2 will also be expanding its presence in the Canadian interactive market as new additional customers are expected to join the Canadian poker platform. GTECH G2 will continue supporting GTECH solutions for its lottery customers by participating with GTECH in bids through the Renaissance card program.

Call of Annual Shareholders' Meeting - Proposed allocation of treasury shares to shareholders – Executive management 2011 compensation policy with new stock-based incentive plans - Proposed amendments to the By-laws

The Board of Directors has also approved - for submission to the Annual Shareholders' meeting to be called for April 28 and 29, 2011, respectively, on first and second call - the 2010 draft stand alone financial statements; the allocation of treasury shares to shareholders; the 2011 Group compensation policy for Directors, Executives vested with strategic responsibilities, and Statutory Auditors; two new stock-based incentive plans; and certain amendments to the Bylaws, primarily to implement certain optional provisions under the Italian Legislative Decree no. 27/2010 on Shareholders' rights.

The Annual Shareholders' Meeting shall also be convened to resolve on the appointment and the remuneration of the Board of Directors, after the determination of the number of Directors to be appointed, and of the Board of Statutory Auditors for the 2011-2013 term, and on the overall maximum amount of remuneration for all Directors; and the renewal of existing authorizations for the Board to increase the share capital serving inter alia long-term incentive plans including those vesting in 2011. The overall maximum amount of the share capital increase serving inter alia the long-term incentive plans is equal to €17,201,537 (i.e., 10% of the paid-in Company's share capital).

If approved by the Shareholders' meeting, one Lottomatica treasury share for every 50 shares owned will be awarded as an in-kind distribution commencing on May 26, 2011, with an ex-date of May 23, 2011. Lottomatica will distribute its currently-owned 3,167,552 treasury shares, in addition to approximately 205,000 shares which are expected to be acquired in the next several weeks. This share repurchase is authorized by Lottomatica shareholders under the existing buy-back plan. Lottomatica does not intend to repurchase additional shares during 2011.

The above-mentioned two new stock-based incentive plans, reserved for Lottomatica and/or its subsidiaries' employees, pursuant to article 114-bis of the Consolidated Financial Act, consist of the 2011-2017 stock option and 2011-2015 stock granting plans. The main reasons for proposing their approval to the Shareholders' meeting are to focus the commitment of the beneficiaries on targets of strategic importance, such as consolidated EBITDA, and link executive management compensation to the upgraded value gained by the shareholders, while encouraging loyalty and retaining executive management within the Group. Among the

beneficiaries, there are, as current Board members, Marco Sala and Jaymin Patel, and, as key executive managers, Renato Ascoli and Stefano Bortoli, as General Manager and CFO of Lottomatica, respectively. Pursuant to Italian Stock Exchange recommendations, with a view to promote value creation in the medium-to-long term, the plans provide for key executives to retain for further 3 years at least 20% of stock delivered/arising from exercise of options, based upon 3-year consolidated EBITDA.

The documentation required by the relevant provisions in connection with agenda items for the Shareholders' meeting will be made available to the public, in a timely manner, at the Company's registered office and at the offices of Borsa Italiana S.p.A., together with the consolidated financial statements for 2010 and the 2010 Corporate Governance Report approved today by the Board.

The documents will also be accessible on Lottomatica's website, www.lottomaticagroup.com, under the section Governance - Documents and reports - Shareholders' Meeting, April 28 and 29, 2011, and, with regard to the 2010 consolidated and draft stand alone financial statements, also under the "Investor Relations" section.

Related press release: February 7, 2011

Declaration

The manager responsible for preparing Lottomatica Group's financial reports, Stefano Bortoli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books, and accounting records.

Lottomatica Group is a market leader in the Italian gaming industry and one of the largest Lottery operators in the world based on total wagers and, through its subsidiary GTECH Corporation, is a leading provider of lottery and gaming technology solutions worldwide. Together, the companies are the only vertically integrated full service lottery group. Lottomatica Group is majority owned by De Agostini, which belongs to a century-old publishing and media services group. Lottomatica is listed on the Stock Exchange of Milan under the trading symbol "LTO". In 2010, Lottomatica Group had €2.3 billion in revenues and 7,700 employees in over 50 countries.

For further information:

Robert K. Vincent
Lottomatica Group S.p.A.
Corporate Communications
T. (+1) 401 392 7452

Simone Cantagallo
Lottomatica Group S.p.A.
Media Communications
T. (+39) 06 51899030

*This press release and earlier ones are available on Lottomatica Group and GTECH websites:
www.lottomaticagroup.com - www.gtech.com*

Lottomatica Group Consolidated Financial Statements to follow*

**LOTTOMATICA GROUP AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS**

<i>(thousands of euros)</i>	For the year ended December 31	
	2010	2009
Service revenue	2.145.448	2.015.452
Product sales	168.615	161.405
Total revenue	2.314.063	2.176.857
Raw materials, services and other costs	1.151.688	1.052.429
Personnel	450.388	428.305
Depreciation	246.921	236.601
Amortization	117.215	94.400
Impairment loss, net of recovery	48.412	76.025
Capitalization of internal construction costs - labor and overhead	(86.539)	(77.324)
Total costs	1.928.085	1.810.436
Operating income	385.978	366.421
Interest income	3.066	3.468
Equity loss	(386)	(1.833)
Other income	2.819	4.172
Other expense	(64.519)	(16.690)
Foreign exchange loss, net	(41.429)	(15.824)
Interest expense	(172.013)	(151.518)
	(272.462)	(178.225)
Income before income tax expense	113.516	188.196
Income tax expense	68.158	75.842
Net income	45.358	112.354
Attributable to:		
Owners of the parent	492	68.149
Non-controlling interests	44.866	44.205
	45.358	112.354
Earnings per share/ADRs		
Basic - net income attributable to owners of the parent	€ -	€ 0,45
Diluted - net income attributable to owners of the parent	€ -	€ 0,45

*Data subject to certification by the auditors

LOTTOMATICA GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(thousands of euros)</i>	December 31,	
	2010	2009
ASSETS		
Non-current assets		
Systems, equipment and other assets related to contracts, net	887.132	774.558
Property, plant and equipment, net	91.496	88.522
Goodwill	3.157.279	3.006.783
Intangible assets, net	1.639.198	822.886
Investments in associates	237	443
Other non-current assets	25.611	22.692
Non-current financial assets	15.626	7.309
Deferred income taxes	9.011	6.030
Total non-current assets	<u>5.825.590</u>	<u>4.729.223</u>
Current assets		
Inventories	165.314	134.080
Trade and other receivables	712.239	791.803
Other current assets	64.169	61.577
Current financial assets	6.673	4.613
Income taxes receivable	9.527	8.068
Cash and cash equivalents	152.405	469.335
Total current assets	<u>1.110.327</u>	<u>1.469.476</u>
Non-current assets classified as held for sale	27.000	5.890
TOTAL ASSETS	<u>6.962.917</u>	<u>6.204.589</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Issued capital	172.015	172.015
Share premium	1.705.628	1.404.252
Treasury shares	(60.113)	(63.502)
Retained earnings (deficit)	(56.287)	66.807
Other reserves	153.150	258.162
	1.914.393	1.837.734
Non-controlling interests	<u>444.492</u>	<u>59.073</u>
Total equity	<u>2.358.885</u>	<u>1.896.807</u>
Non-current liabilities		
Long-term debt, less current portion	2.825.412	2.621.990
Deferred income taxes	133.578	134.127
Long-term provisions	19.334	22.970
Other non-current liabilities	57.752	55.184
Non-current financial liabilities	113.619	142.317
Total non-current liabilities	<u>3.149.695</u>	<u>2.976.588</u>
Current liabilities		
Accounts payable	978.509	905.677
Short-term borrowings	7.458	5.079
Other current liabilities	259.130	270.564
Current financial liabilities	69.200	59.885
Current portion of long-term debt	118.822	67.186
Short-term provisions	1.808	1.858
Income taxes payable	19.410	20.945
Total current liabilities	<u>1.454.337</u>	<u>1.331.194</u>
TOTAL EQUITY AND LIABILITIES	<u>6.962.917</u>	<u>6.204.589</u>

LOTTOMATICA GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31

(thousands of euros)

	2010	2009
Cash flows from operating activities		
Income before income tax expense	113.516	188.196
Adjustments for:		
Depreciation	246.921	236.601
Intangibles amortization	117.215	94.522
Other amortization	-	(122)
Impairment loss, net of recovery	48.412	76.025
Interest income	(3.066)	(3.468)
Interest expense	172.013	151.518
Non-cash foreign exchange loss (gain)	8.673	(3.146)
Share-based payment expense (contra expense)	(269)	916
Non-cash loss on interest rate swaps	47.384	-
Termination of interest rate swaps	-	3.936
Other non-cash items	2.315	16.776
Cash loss on interest rate swaps	1.058	-
Cash foreign exchange loss, net	32.756	18.970
Income tax paid	(117.599)	(145.202)
Cash flows before changes in operating assets and liabilities	669.329	635.522
Changes in operating assets and liabilities:		
Inventories	(20.734)	(3.429)
Trade and other receivables	91.498	(24.514)
Accounts payable	24.302	123.471
Accrued expenses	(26.024)	2.282
Advance payments from customers	(1.307)	(16.960)
Taxes other than income taxes	14.290	(20.703)
Current financial liabilities	25.742	4.469
Other assets and liabilities	(8.794)	(4.696)
Net cash flows from operating activities	768.302	695.442
Cash flows from investing activities		
Purchases of intangible assets	(903.017)	(102.775)
Purchases of systems, equipment and other assets related to contracts	(249.934)	(253.059)
Medströms Invest AB put right payment	(20.415)	-
Purchases of property, plant and equipment	(10.434)	(15.848)
Other investments	(10.186)	(3.078)
Acquisitions	(9.063)	(40.305)
Acquisitions - cash acquired	54	196
Italian operations contingent consideration	(8.121)	(4.432)
Finsoft Limited contingent consideration	(5.202)	-
Realized gain (loss) on net investment hedge	(4.867)	461
Dynamite Design and Marketing Limited contingent consideration	(1.006)	(1.989)
St Enodoc Holdings Limited contingent consideration	-	(182)
Net cash proceeds from sale of property	4.175	-
Cash proceeds related to impairment recovery	4.953	-
Interest received	5.699	5.427
Toto Carovigno S.p.A. advance and escrow refund	-	4.621
Loans receivable, net of repayments	-	(2.964)
Other	2.379	(3.257)
Net cash flows used in investing activities	(1.204.985)	(417.184)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	1.408.873	750.000
Capital increases - non-controlling interests	388.305	-
Net proceeds from (repayment of) short-term borrowings	1.642	(49.124)
Share issuance costs	(246)	(9.497)
Cash paid on interest rate swaps	(1.058)	-
Debt issuance costs	(22.695)	(3.479)
Cash paid on derivative instruments	(36.439)	-
Dividends paid - non-controlling interests	(45.638)	(43.560)
Dividends paid	(124.815)	(100.940)
Interest paid	(190.582)	(153.776)
Principal payments on long-term debt	(1.245.426)	(653.887)
Proceeds from issuance of ordinary share capital	-	350.000
Other	(868)	(1.535)
Net cash flows from financing activities	131.053	84.202
Net increase (decrease) in cash and cash equivalents	(305.630)	362.460
Effect of exchange rate changes on cash	(11.300)	(2.399)
Cash and cash equivalents at the beginning of the year	469.335	109.274
Cash and cash equivalents at the end of the year	152.405	469.335