

LOTTOMATICA S.p.A.

Viale del Campo Boario, 56/d - 00153 Roma

**REPORT OF THE BOARD OF DIRECTORS OF LOTTOMATICA S.P.A.
CONCERNING THE PROPOSALS TO AMEND THE COMPANY'S BY-
LAWS AS FOLLOWS:**

- A) PROPOSALS TO AMEND THE FOLLOWING ARTICLES OF THE BY-LAWS: ART. 2.2 (REGISTERED OFFICE); ART. 3.1 (DURATION), ART. 5.1 (CORPORATE CAPITAL); ARTICLE 6.1 (SHARES); ART. 8.3 (POWER TO CALL THE SHAREHOLDERS MEETING); ARTS. 9.2, 9.3 AND 9.4 (RIGHT TO INTERVENE AND RIGHT TO VOTE); ART. 11.1 (COMPETENCES AND MAJORITIES OF THE SHAREHOLDERS' MEETING); ART. 13 (APPOINTMENT OF THE BOARD OF DIRECTORS); ART. 14.3 (WORKING OF THE BOARD OF DIRECTORS); ART. 15.2 (MEETINGS OF THE BOARD OF DIRECTORS); ART. 17.2 (COMPETENCES OF THE BOARD OF DIRECTORS); ARTS. 19.3 AND 19.4 (MANAGING DIRECTOR AND GENERAL MANAGER); ART. 20 (BOARD OF STATUTORY AUDITORS);**
- B) PROPOSALS TO: (I) INTRODUCE AN ADDITIONAL CLAUSE 6.2 CONCERNING THE FACULTY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING TO ISSUE SHARES OR OTHER FINANCIAL INSTRUMENTS PURSUANT TO ART. 2349 OF THE ITALIAN CIVIL CODE; (II) INTRODUCE AN ADDITIONAL CLAUSE 22 CONCERNING THE "MANAGER CHARGED OF PREPARING THE COMPANY'S FINANCIAL STATEMENTS AND REPORTS", (III) RENUMBER THE FOLLOWING ARTICLES AND (IV) ADOPT A NEW BY-LAWS SCHEME DIVIDED INTO 8 SECTIONS; RELATED RESOLUTIONS.**

Dear Shareholders,

The Board of Directors called the extraordinary shareholders' meeting to resolve upon the approval of the proposals to amend the following articles of the Company's By-Laws: art. 2.2 (Registered office); art. 3.1 (Duration), art. 5.1 (Corporate capital); article 6.1 (Shares); art. 8.3 (Power to call the shareholders meeting); arts. 9.2, 9.3 and 9.4 (Right to intervene and right to vote); art. 11.1 (Competences and majorities of the shareholders' meeting); art. 13 (Appointment of the Board of Directors); art. 14.3 (working of the Board of Directors); art. 15.2 (Meetings of the Board of Directors); art. 17.2 (Competences of the Board of Directors); arts. 19.3 and 19.4 (Managing Director and General Manager); and art. 20 (Board of Statutory Auditors).

The Board of Directors further suggests to insert in the Company By-laws an additional clause 6.2 concerning the faculty of the extraordinary shareholders' meeting to issue shares or other financial instruments pursuant to art. 2349 of the Italian civil code, and a further clause 22 concerning the introduction of a new corporate role, *i.e.* the manager charged of preparing the Company's financial reports and statements, to consequently re-number the By-laws and adopt a new scheme divided into sections, and to introduce some further formal amendments mainly aimed at facilitating the reading of the By-Laws themselves.

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This summary report (the "**Report**") is drawn up by Lottomatica's Board of Directors pursuant to art., 72, paragraph 1 and Enclosure 3A (schedule 3) of CONSOB regulation no. 11971/1999 implementing provisions on Issuers, as amended (the "**Regulation**").

In accordance with articles 72 and 92 of the Regulation, this Report will be filed with CONSOB not later than 30 days before the shareholders' meeting is convened and it will be lodged both at the Company's registered office and by the Italian Stock Exchange no later than 15 days before it.

Please find here below a short summary of the main reasons suggesting the proposed amendments to the Company By-Laws, together with a table whereby such amendments are evidenced, including those proposals relating to articles 6.2 and 14.3, already resolved upon by the Lottomatica's Board of Directors during the meeting held on August 29, 2006, which are herein jointly dealt with in order to provide the shareholders with a unitary view thereof.

As far as the proposed abolition of clause **5.3(vii)** is concerned, relating to the delegation conferred by the extraordinary shareholders' meeting to the Board of Directors on September 21, 2005 to increase the share capital up to a nominal amount of Euro 8,326,520.00, following revocation of the relevant resolution, contextual assignment of a new delegation, and insertion of a new section **5.5**, the comparison between the two version is provided under paragraph 2 of this summary report. Please refer to the relevant report to investigate on the grounds of the amendment.

It is the opinion of the Board that no right to withdraw arises in favour of Shareholders from any of the above said proposed amendments.

1. **REASONS FOR THE PROPOSALS FOR AMENDMENT TO THE COMPANY BY-LAWS**

A) Amendments proposed in order to conform the Company By-Laws to the new provisions of the Italian Civil Code and of the Italian Consolidated Financial Services Law, as amended by the so called "Savings Protection Act"

Law no. 262 of December 28, 2005 providing for new rules on financial markets and savings protection, entered in force on January 12, 2006 amending, among others, the Italian Legislative Decree no. 58/98 (the "**Italian Consolidated Financial Services Law**") and the Italian Civil

Code. Notwithstanding the fact that such law allows companies to comply with its provisions until January 12, 2007 and even though the Italian Supervisory Authority (CONSOB) has not yet adopted all regulations required for its implementation, the Board of Directors considers the shareholders meeting already called to resolve on other matters the appropriate occasion to conform the Company's By-Laws to such new rules.

Since further amendments to the Law are expected, the Board of Directors, within the limits of its competence (with particular reference to art. 17 of the Company's By-Laws granting the Board the power to resolve upon adjustments of the By-laws to provisions of law) and in accordance with art. 2365, paragraph 2, of the Italian Civil Code, will resolve on the required amendments to the Company's By-Laws, provided that should said amendments require massive modifications to the By-Laws, the Board will call the extraordinary shareholders' meeting to resolve there upon.

Please find here below a short summary of the articles that the Board of Directors currently suggests to amend.

The Board of Directors suggests to amend **art. 8 of the Company By-Laws**, concerning the procedures to call the shareholders' meeting, in order to grant a qualified minority the right to ask for the integration of the shareholders' meeting agenda. In particular art. 126-*bis* of the new Italian Consolidated Financial Services Law, as recently amended by Law n. 262, grants shareholders representing at least 2,5% of the corporate share capital the right to ask, within 5 days from publication of the call for meeting, the integration of the meeting's agenda.

The Board proposes to amend **art. 13** of the Company's By-Laws concerning the appointment of the Board of Directors. Pursuant to art. 147-*ter* of the new Italian Consolidated Financial Services Law the members of the Board of Directors shall be appointed by the Ordinary Shareholders' meeting on the basis of lists submitted by the shareholders, whereby the candidates must be listed in a progressive order. The right to submit a list is only recognized to those shareholders who either alone or with other shareholders represent at least 2.5% of the voting shares. In accordance with the rational of the law, the Board of Directors further suggests to provide for the automatic substitution, making recourse to the minority shareholders' list, of the director/s appointed by the minority shareholders and decayed before their time.

Pursuant to Article 147-*ter*, paragraph 3, of the new Italian Consolidated Financial Services Law at least one director shall be elected from the minority list that obtained the largest number of votes and is not linked in any way, even indirectly, with the list that ranked first by number of votes. Pursuant to the amendment proposed, any list submitted in violation of said principle shall be deemed disqualified.

Moreover, pursuant to Article 147-*ter*, paragraph 4, of the new Italian Consolidated Financial Services Law, if the board of directors has more than seven members, at least one of them must satisfy the independence requirements established for the members of the Board of Auditors in Article 148, paragraph 3. Therefore the Board of Directors suggests to amend the statutory clause in order to ensure that the members of the Board are appointed on the basis of lists of candidates submitted by shareholders representing at least 2,5% of the voting shares and that each list of

candidates includes one or more candidates who have all independent requirements foreseen by the law and the applicable regulations.

Moreover, the Board deems appropriate to further amend the statutory provision concerning the composition of the Board in order to conform it to the requirements provided for by the Code of Conduct adopted by Borsa Italiana corporate governance committee (the “**Code of Conduct**”), as subsequently amended. The Code of Conduct provides that the lists submitted by the shareholders must be lodged at the company’s headquarters at least fifteen days before the meeting is convened on first call and that, together with each list (and the intermediary notice attesting the ownership of the shares and the right to attend the meetings) and in compliance with the above mentioned terms, the shareholders shall lodge the declaration, released by each candidate, accepting the candidature and attesting the lack of any cause of ineligibility and incompatibility as well as the possession of the requirements prescribed by the regulations in force and these by-laws for the appointment. The lists of candidates and the above mentioned documents shall then be published, as soon as practicable, on the Company web site. The Board of Directors suggests to amend the Company’s By-Laws in order to make them consistent both with Law no. 262 of 2005 and with the Code of Conduct.

The Board further suggests to amend **art. 15** in order to conform the Company’s By-Laws to the provisions of Article 151, paragraph 2 of the new Italian Consolidated Financial Services Law, which relates to the powers of the Board of Auditors to call the board of directors, thus strengthening the role of corporate controls. In particular, Article 151 sets forth that the right to call the board of directors may also be exercised either by the Board of Auditors as a whole and individually by each member thereof, after proper notice to the Chairman of the Board of Directors.

The Board of Directors also suggests to amend the criteria to determine the composition of the Board of Statutory Auditors in order to conform **art. 20** of the Company By-Laws to art. 148, paragraph 2, of the Italian Consolidated Financial Services Law, thus providing that the Chairman of the Board of Statutory Auditors shall be appointed by the shareholders’ meeting among the Auditors appointed by the minority shareholders.

Moreover, art. 148 of the Italian Consolidated Financial Services Law provides that CONSOB (i.e. the Italian Authority supervising listed companies) shall lay down in a regulation the procedures for the election of such (permanent) member of the board of statutory auditors by the minority shareholders. Provided that the Company’s By-Laws already provide that statutory auditors are appointed by the Ordinary Meeting on the basis of lists presented by the shareholders, the Board suggests to substantially preserve such procedure for the appointment of the Chairman of the Board of Statutory Auditors at least until CONSOB will have adopted the aforementioned new rules.

The Board deems appropriate to complete art. 20 of the Company’s By-Laws in order to ensure that it conforms to (i) recommendations set forth by the Code of Conduct, with specific reference to the 15-day prior deposit at the Company’s headquarters of the lists of candidates as Statutory Auditors, and to (ii) the provision of automatic replacement of ceased Auditors with those alternate Auditors belonging to the same list of candidates.

Moreover, in order to conform the By-Laws to the provisions of Article 148-*bis*, paragraph 2, of the new Italian Consolidated Financial Services Law, pursuant to which all members of the internal control bodies shall inform CONSOB and the public, within the time limits and in the ways to be prescribed by CONSOB through an *ad hoc* of regulation, of all the management and control positions they hold in other companies, the Board suggests to insert in the By-Laws a generic reference to the limits to the concentration of management and control offices that said members may hold, since such limits still need to be provided by Consob by means of regulation.

The Board deems appropriate to specify that, within the limits set forth in **art. 20.4** of the by-laws, providing for a maximum of five companies in respect of the limits to the concentration of management and control office, no relevance shall be attributed to Lottomatica's subsidiaries or Lottomatica's holding companies or other companies controlled thereby.

The Board finally suggests to insert an additional clause in the By-Laws (**art. 22**) in order to provide the Company with a manager in charge for preparing Lottomatica's financial reports and statements. Said manager will be appointed and revoked by the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors.

Such new corporate role will allow the Company to better ensure the fairness of its corporate data and to strengthen the controls thereon. Art. 154-*bis* of the new the Italian Consolidated Financial Services Law indeed provides that the company's acts and disclosures provided for by the law or made available to the market containing information and data on the Company's profits and losses, assets and liabilities or financial situation shall be accompanied by a written declaration by the general manager and the manager charged with preparing the company's financial reports attesting their conformity with the truth.

Pursuant to art. 154-*bis*, paragraph 3, the manager charged with preparing the Company's financial reports shall put appropriate administrative and accounting procedures in place for the preparation of the annual accounts and, where provided for, the consolidated accounts and every other disclosure of a financial nature. Moreover, the law provides that the management bodies with delegated powers and the manager charged with preparing the company's financial reports shall attest in a report attached to the annual accounts and, where provided for, the consolidated accounts, the appropriateness and effective application of the procedures referred to above during the financial year to which the accounts refer and the conformity of the accounts with the accounting records. The attestation shall be prepared in accordance with the model laid down by Consob in a regulation.

Even though Consob has not yet adopted the relevant regulatory provisions to implement said rules the Board suggests to insert in the By-Laws an additional article concerning the role of the Executive new manager and the (already anticipated) criteria to be used for his/her appointment, in order to make the By-Laws already consistent with the Italian Consolidated Financial Services Law as amended by Law n. 262 of 2005.

B) Further proposals for amendment to the Company By-laws

The Board believes that the aforementioned proposals for amendment to the Company's By-laws represent a good opportunity to submit to the Shareholders the amendment of the following

further articles, in some cases for an exclusively formal purpose, i.e. for the harmonization of the statutory provisions' content and, at the same time, the ease of their reading: renumbering of articles 23 and followings in connection with the above said introduction of new article 22; art. 5.1 (see below); art. 9.4; arts. 19.3 and 19.4, in order to clarify that (i) the office of general manager can be cumulated with the one of managing director also in the event that more than one person hold it; and (ii) the office of managing director implies the membership of the board. As far as said formal amendments are concerned, and given their limited relevance in respect to the content of the provisions, the Board does not consider necessary to provide herein any reasons therefor.

Moreover, in light of Lottomatica's new corporate shape and size, compared to its original ones, the Board deems appropriate to submit to the Shareholders further proposals of amendments to the By-Laws.

As far as **article 2** of the Company By-Laws is concerned, the Board suggests to extend the content of **paragraph 2.2**, so recognizing the Board the right not only to establish but also to close down offices, branches and agencies both in Italy and abroad in order to conform the statutory provision to art. 2365, paragraph 2, of the Italian Civil Code.

The Board suggests to amend **art. 5, paragraph 5.1** of the Company By-Laws in order to not only cross out any reference to the date of any amendment to the amount of the corporate capital, but also provide for the faculty to increase the share capital by contributions in kind and/or credits. Another *lacuna* concerns the absence of a provision recognising the Company the faculty to issue shares and/or other financial instruments pursuant to art. 2349 of the Italian Civil Code. As far as said amendment is concerned, the Board of Directors underlines that the agenda of the shareholders' meeting called for examining the present report also includes the adoption of a "Stock-option Plan" and a "Retention Plan" providing, *inter alia*, for the gratuitous assignment to the plans' beneficiaries of ordinary shares pursuant to art. 2349, paragraph 1, of the Civil Code, provided, however, that such a faculty is established in the Company by-laws. Therefore, the Board of Directors suggests to insert a new clause in the by-laws, **art. 6.2**, in order to grant the extraordinary shareholders' meeting the faculty to resolve upon the assignment of profits (and reserves) through the issuance of ordinary shares and/or of peculiar categories of shares to be assigned to them individually. Moreover, in order to face future and eventual opportunities, the Board further suggests to extend said faculty in order to allow the extraordinary shareholders meeting to assign to Lottomatica's or its subsidiaries' employees other financial instruments in accordance with art. 2349, paragraph 2, of the Italian Civil Code.

The Board further proposes to amend **article 6.1 of the By-laws** so as to expressly provide that each share is not likely to be divided, in order to make the statutory provision more consistent with Section 2347 of the Civil Code.

Moreover, the Board suggests to amend **articles 9.2 and 9.3 of the By-laws** in order to simplify the wording of art. 9, thus specifying that shareholders may be admitted to the meetings provided that their quality be timely notified to the Company, rather than certified, by authorized brokers engaged to hold the shares on their behalf.

As far as the competences of the ordinary shareholders meeting are concerned, the Board suggests to harmonize the content of **art. 11 of the By-Laws** with the provisions of the Italian Civil Code, in order to simplify its syntax and consequently facilitate the reading. In particular, the Board suggests to insert in the by-laws a general provision reflecting the conditions provided by the law for the revocation of the Company’s directors and statutory auditors.

Due to the recent modifications of the Company’s business and management following GTech acquisition, the Board suggests to remove **art. 14.3** from the By-Laws, providing for the membership by right of the Vice-Chairman of the Board of Directors to the Executive Committee. The Board considers that said clause is not in line with the listed companies best practice, being the office of Vice-Chairman usually held by a non-executive director.

Furthermore, it is hereby proposed to expressly allow that meetings of the Board of Directors be called also by e-mail (**art. 15.2**).

The last proposed amendment relates to **art. 17, paragraph 17.2** of the Company’s By-laws, relating to the majority required for the resolutions of the board of directors to pass. The Company By-Laws actually provide for a derogation to the majority system, thus establishing that the resolutions of the Board are validly passed with the favourable vote of the majority of the Directors in charge. Even though such a system might be justified in light of the old corporate structure, the recent amendments to Lottomatica’s governance as well as the increased sizes and variety of interests pursued do not justify any derogation to the majority system anymore. Therefore, the Board suggests to amend art. 17 of the Company’s By-Laws thus providing that the Board’s resolutions are validly passed with the favourable vote of the majority of the Directors attending the meeting. In any case, the Board suggests to include therein a general exclusion clause to the majority system in the event that different *quorum* are required by the applicable laws.

Finally, as already mentioned in the introduction to this Report, the Board of Directors hereby informs that said amendments will cause the provisions being renumbered and the cross-references being adjusted in accordance thereto.

2. COMPARISON OF THE CURRENT BY-LAWS WITH THAT PROPOSED TO BE AMENDED

THE LAW	AMENDED BY-LAWS
<p style="text-align: center;">1. Company name</p> <p>1.1 The limited company is established under the name: “LOTTOMATICA S.p.A.”.</p> <p style="text-align: center;">2. Head Office</p> <p>2.1 The head office of the Company is situated in Rome. The Board of Directors has the right</p>	<p style="text-align: center;"><u>TITLE I –</u> <u>COMPANY NAME – REGISTERED</u> <u>OFFICE – DURATION – CORPORATE</u> <u>SCOPE</u></p> <p style="text-align: center;">1. Company name</p> <p>1.1 The limited company is established under the name: “LOTTOMATICA S.p.A.”.</p> <p style="text-align: center;">2. Head Office</p> <p>2.1 The head office of the Company is situated in Rome. The Board of Directors has the right</p>

to determine the transfer of the company head office within the boundaries of the Italy Republic and to establish or to close down ancillary offices.

2.2 The Board of Directors can determine the establishment of branches, offices, agencies and representatives throughout Italy and abroad.

3. Duration

3.1 The Company will remain in existence until 31 December 2070. This term can be extended one or more times by resolution passed by an Extraordinary Meeting of shareholders, with the exception of, under section 25 of the by-law, the right of withdrawal by those shareholders not in agreement with the approval of the motion.

4. Objective

4.1 The Company objective is all activities pertaining to the organisation, management and fulfilment of games and/or lotteries, instant and/or traditional, for example games of ability, forecasting competitions, lottery draws and betting, whether directly or through concessions, in Italy or abroad.

In particular the Company can organise and manage, under licence from the Department of Finance, the automatic lottery, as provided for by section 1 of the d.m. 4832/GAB of 17 March 1993 and subsequent amendments.

The Company can also carry out any concessionary activity and/or activities connected with services delegated, or in any way given in concession, to tobacconist shops and/or collectors for the Public Administration, including the collection of car taxes.

4.2 The Company can carry out any other delegated activity granted by the Public Administration in connection to concessionary services or activities.

4.3 The Company can carry out all manufacturing, financial, commercial, security and real estate transactions, in any way instrumental to the pursuit of the company objective, including the issuing of surety bonds and collateral securities, the acquisition, assignment and use of industrial rights, patents and inventions.

to determine the transfer of the company head office within the boundaries of the Italy Republic and to establish or to close down ancillary offices.

2.2 The Board of Directors can determine the establishment **and close down** of branches, offices, agencies and representatives throughout Italy and abroad.

3. Duration

3.1 The Company will remain in existence until 31 December 2070. This term can be extended one or more times by resolution passed by an Extraordinary Meeting of shareholders, with the exception of, under section ~~25~~ 26 of the by-law, the right of withdrawal by those shareholders not in agreement with the approval of the motion.

4. Objective

4.1 The Company objective is all activities pertaining to the organisation, management and fulfilment of games and/or lotteries, instant and/or traditional, for example games of ability, forecasting competitions, lottery draws and betting, whether directly or through concessions, in Italy or abroad.

In particular the Company can organise and manage, under licence from the Department of Finance, the automatic lottery, as provided for by section 1 of the d.m. 4832/GAB of 17 March 1993 and subsequent amendments.

The Company can also carry out any concessionary activity and/or activities connected with services delegated, or in any way given in concession, to tobacconist shops and/or collectors for the Public Administration, including the collection of car taxes.

4.2 The Company can carry out any other delegated activity granted by the Public Administration in connection to concessionary services or activities.

4.3 The Company can carry out all manufacturing, financial, commercial, security and real estate transactions, in any way instrumental to the pursuit of the company objective, including the issuing of surety bonds and collateral securities, the acquisition, assignment and use of industrial rights, patents and inventions.

4.4 The Company can participate with and have interests in other companies, businesses and associations, established or in formation, including foreign companies, essential to, connected with or instrumental in achieving the company objective and can carry out, in general, any essential or desirable transaction with this aim in mind within the provisions of activity as per section 106 and ss., d.lgs no. 385/1993 and related administrative provisions.

5. Share Capital

5.1 As at 29 August 2006, the share capital was agreed to be a total of Euro 93,668,620.00, the underwritten and paid up portion of which amounted to Euro 91,877,714.00 divided into 91,877,714 ordinary shares each with a nominal value of Euro 1.00 all with equal rights.

5.2 In the event of an increase in the share capital against payment, the right to options can be prohibited if so determined by the shareholders meeting or, if so delegated, by the Board of Directors, within the limits and by means provided for in art. 2441, paragraph 4, second sentence, of the Civil Code.

5.3 The Extraordinary Shareholders Meeting of 21 September 2005 agreed, starting from the effective date of the merger of Fineurogames S.p.A. and Lottomatica S.p.A.:

i) An increase in the share capital against payment, in divisible form, up to a maximum of Euro 2,439,110.00 (two million four hundred and thirty nine thousand one hundred and ten), with the release in several issues of a maximum of 2,439,110 (two million four hundred and thirty nine thousand one hundred and ten) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, already assigned and still exercisable in the scheme of stock options reserved for the employees of the Company and its other direct or indirect subsidiaries, in

4.4 The Company can participate with and have interests in other companies, businesses and associations, established or in formation, including foreign companies, essential to, connected with or instrumental in achieving the company objective and can carry out, in general, any essential or desirable transaction with this aim in mind within the provisions of activity as per section 106 and ss., d.lgs no. 385/1993 and related administrative provisions.

TITLE II

SHARE CAPITAL – SHARES – BONDS

5. Share Capital

5.1 ~~As at 29 August 2006,~~ The share capital was agreed to be a total of Euro ~~93,668,620.00~~ **153,092,210.00**, the underwritten and paid up portion of which amounts to Euro ~~91,877,714.00~~ **150,212,152.00**, divided into ~~91,877,714~~ **150,212,152.00**, ordinary shares each with a nominal value of Euro 1.00 all with equal rights.

The share capital can also be increased through contributions in kind or of receivables.

5.2 In the event of an increase in the share capital against payment, the right to options can be prohibited if so determined by the shareholders meeting or, if so delegated, by the Board of Directors, within the limits and by means provided for in art. 2441, paragraph 4, second sentence, of the Civil Code.

5.3 The Extraordinary Shareholders Meeting of 21 September 2005 agreed, starting from the effective date of the merger of Fineurogames S.p.A. and Lottomatica S.p.A.:

i) An increase in the share capital against payment, in divisible form, up to a maximum of Euro 2,439,110.00 (two million four hundred and thirty nine thousand one hundred and ten), with the release in several issues of a maximum of 2,439,110 (two million four hundred and thirty nine thousand one hundred and ten) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, already assigned and still exercisable in the scheme of stock options reserved for the employees of the Company and its other direct or indirect

accordance with the resolution of the extraordinary shareholders meeting of 14 April 2003 and of the Board of Directors meeting of 11 June 2003 of the merged Lottomatica S.p.A., with a subscription deadline of 31 December 2008;

ii) An increase in the share capital against payment, in divisible form, up to a maximum of Euro 1,422,667.00 (one million four hundred and twenty two thousand six hundred and sixty seven) with the release in several issues of a maximum of 1,422,667 (one million four hundred and twenty two thousand six hundred and sixty seven) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5, of the Civil Code, already assigned and still exercisable in the scheme of stock options reserved for the executives of the Company, in accordance with the resolution of the extraordinary shareholders meeting of 14 April 2003 and of the Board of Directors meeting of 11 June 2003 of the merged Lottomatica S.p.A., with a subscription deadline of 31 December 2008;

iii) An increase in the share capital against payment, in divisible form, up to a maximum of Euro 223,175.00 (two hundred and twenty three thousand one hundred and seventy five), with the release in several issues of a maximum of 223,175 (two hundred and twenty three thousand one hundred and seventy five) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, already assigned and still exercisable in the scheme of stock options reserved for the employees of the Company and its other direct or indirect subsidiaries, in accordance with the resolution of the extraordinary shareholders meeting of 14 April 2003 and of the Board of Directors meeting of 13 May 2004 of the merged Lottomatica S.p.A., with a subscription deadline of 31 December 2008;

iv) An increase in the share capital against payment, in indivisible form, up to a maximum of Euro 297,580.00 (two hundred and ninety seven thousand five hundred and eighty) with the release in several issues of a maximum of

subsidiaries, in accordance with the resolution of the extraordinary shareholders meeting of 14 April 2003 and of the Board of Directors meeting of 11 June 2003 of the merged Lottomatica S.p.A., with a subscription deadline of 31 December 2008;

ii) An increase in the share capital against payment, in divisible form, up to a maximum of Euro 1,422,667.00 (one million four hundred and twenty two thousand six hundred and sixty seven) with the release in several issues of a maximum of 1,422,667 (one million four hundred and twenty two thousand six hundred and sixty seven) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5, of the Civil Code, already assigned and still exercisable in the scheme of stock options reserved for the executives of the Company, in accordance with the resolution of the extraordinary shareholders meeting of 14 April 2003 and of the Board of Directors meeting of 11 June 2003 of the merged Lottomatica S.p.A., with a subscription deadline of 31 December 2008;

iii) An increase in the share capital against payment, in divisible form, up to a maximum of Euro 223,175.00 (two hundred and twenty three thousand one hundred and seventy five), with the release in several issues of a maximum of 223,175 (two hundred and twenty three thousand one hundred and seventy five) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, already assigned and still exercisable in the scheme of stock options reserved for the employees of the Company and its other direct or indirect subsidiaries, in accordance with the resolution of the extraordinary shareholders meeting of 14 April 2003 and of the Board of Directors meeting of 13 May 2004 of the merged Lottomatica S.p.A., with a subscription deadline of 31 December 2008;

iv) An increase in the share capital against payment, in indivisible form, up to a maximum of Euro 297,580.00 (two hundred and ninety seven thousand five hundred and eighty) with the release in several issues of a maximum of

297,580 (two hundred and ninety seven thousand five hundred and eighty) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, already assigned by the merged Lottomatica S.p.A. in “the scheme of Lottomatica stock options 2005-2010 reserved for the employees” of the Company and/or its subsidiaries, in accordance with the resolution of the extraordinary shareholders meeting of 12 April 2005 and of the Board of Directors meeting of 12 May and 21 July 2005 of the merged Lottomatica S.p.A., and implemented by the delegated members of the Board, with a subscription deadline of 31 December 2010;

v) An increase in the share capital against payment, in indivisible form, up to a maximum of Euro 57,016.00 (fifty seven thousand and sixteen) with the release in several issues of a maximum of 57,016 (fifty seven thousand and sixteen) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, in “the scheme of Lottomatica stock options 2005-2010 reserved for the employees” of Lottomatica and/or its subsidiaries, already assigned by the merged Lottomatica S.p.A. to this scheme, in accordance with the resolution of the extraordinary shareholders meeting of 12 April 2005 and of the Board of Directors meeting of 12 May and 21 July 2005 of the merged Lottomatica S.p.A., and implemented by the delegated members of the Board, with a subscription deadline of 31 December 2010;

vi) An increase in the share capital against payment, in indivisible form, up to a maximum of Euro 219,812.00 (two hundred and nineteen thousand eight hundred and twelve) with the release in several issues of a maximum of 219,812 (two hundred and nineteen thousand eight hundred and twelve) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5, of the Civil Code, options already assigned by the merged Lottomatica S.p.A. to the “scheme of Lottomatica 2005-2010 stock options reserved for executives” of the Company, in accordance

297,580 (two hundred and ninety seven thousand five hundred and eighty) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, already assigned by the merged Lottomatica S.p.A. in “the scheme of Lottomatica stock options 2005-2010 reserved for the employees” of the Company and/or its subsidiaries, in accordance with the resolution of the extraordinary shareholders meeting of 12 April 2005 and of the Board of Directors meeting of 12 May and 21 July 2005 of the merged Lottomatica S.p.A., and implemented by the delegated members of the Board, with a subscription deadline of 31 December 2010;

v) An increase in the share capital against payment, in indivisible form, up to a maximum of Euro 57,016.00 (fifty seven thousand and sixteen) with the release in several issues of a maximum of 57,016 (fifty seven thousand and sixteen) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5 of the Civil Code, in “the scheme of Lottomatica stock options 2005-2010 reserved for the employees” of Lottomatica and/or its subsidiaries, already assigned by the merged Lottomatica S.p.A. to this scheme, in accordance with the resolution of the extraordinary shareholders meeting of 12 April 2005 and of the Board of Directors meeting of 12 May and 21 July 2005 of the merged Lottomatica S.p.A., and implemented by the delegated members of the Board, with a subscription deadline of 31 December 2010;

vi) An increase in the share capital against payment, in indivisible form, up to a maximum of Euro 219,812.00 (two hundred and nineteen thousand eight hundred and twelve) with the release in several issues of a maximum of 219,812 (two hundred and nineteen thousand eight hundred and twelve) new ordinary shares with a nominal value of Euro 1.00 each with standard rights excluding the right to options as per art. 2441, paragraph 5, of the Civil Code, options already assigned by the merged Lottomatica S.p.A. to the “scheme of Lottomatica 2005-2010 stock options reserved for executives” of the Company, in accordance

with the resolution of the extraordinary shareholders meeting of 12 April 2005 and of the Board of Directors meeting of 12 May 2005 of the merged Lottomatica S.p.A., and implemented by the delegated members of the Board, with a subscription deadline of 31 December 2010;

vii) the Board of Directors are delegated, as per art. 2443, paragraph 2 of the Civil Code, for a period of 5 years from the date of the resolution, with the authority to increase the share capital against payment in several issues up to a maximum amount of Euro 8,326,520.00 (eight million three hundred and twenty six thousand five hundred and twenty) with the exclusion of the right to options as per art. 2441 paragraph 4, second sentence of the Civil Code, for the acquisition of equity investments (including merger or de-merger transactions) or businesses or branches of businesses active in sectors of strategic interest to the Company, without limits, and/or serving one or more stock options reserved for the executives of the Company and the employees of the Company and/or its subsidiaries, up to a maximum of 20% per year, equal to Euro 1,205,777.60 (one million two hundred and five thousand seven hundred and seventy seven point sixty) for the first year and up to Euro 1,789,185.60 (one million seven hundred and eight thousand one hundred and eighty five point sixty) for each successive year, without the possibility of carrying over the unused amount in any given year to the following year. In compliance with art. 2441, paragraph 4, second sentence of the Civil Code, the Board of Directors must decide on the price of the share issue according to the following criteria:

a) in the event of increases in the capital of one or more stock option schemes reserved for the executives of the Company and the employees of the Company and/or its subsidiaries, the Board of Directors of the Company must decide on an issue price corresponding to the market value of the shares, taking into account the average stock exchange price of the Company shares over a significant period of time, and not less than their normal value according to the relevant tax regulations (the normal value which is equal to the mathematical average of the

with the resolution of the extraordinary shareholders meeting of 12 April 2005 and of the Board of Directors meeting of 12 May 2005 of the merged Lottomatica S.p.A., and implemented by the delegated members of the Board, with a subscription deadline of 31 December 2010;

~~vii) the Board of Directors are delegated, as per art. 2443, paragraph 2 of the Civil Code, for a period of 5 years from the date of the resolution, with the authority to increase the share capital against payment in several issues up to a maximum amount of Euro 8,326,520.00 (eight million three hundred and twenty six thousand five hundred and twenty) with the exclusion of the right to options as per art. 2441 paragraph 4, second sentence of the Civil Code, for the acquisition of equity investments (including merger or de-merger transactions) or businesses or branches of businesses active in sectors of strategic interest to the Company, without limits, and/or serving one or more stock options reserved for the executives of the Company and the employees of the Company and/or its subsidiaries, up to a maximum of 20% per year, equal to Euro 1,205,777.60 (one million two hundred and five thousand seven hundred and seventy seven point sixty) for the first year and up to Euro 1,789,185.60 (one million seven hundred and eight thousand one hundred and eighty five point sixty) for each successive year, without the possibility of carrying over the unused amount in any given year to the following year. In compliance with art. 2441, paragraph 4, second sentence of the Civil Code, the Board of Directors must decide on the price of the share issue according to the following criteria:~~

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official price of the ordinary shares of the Company registered on the Telematic Shares Market operated by the Borsa Italiana S.p.A. in the month prior to the allocation of the options by the Board of Directors, where “month prior” refers to the period from the date of assignment of the options, excluding that day, to the same day of the following month, it being understood, for the purpose of calculating the mathematical average, only the official price of the ordinary shares of the Company on days when the stock exchange was trading can be taken into account.

b) in the event of increases in capital for the acquisition of equity investments (including merger or de-merger transactions) or businesses or branches of businesses active in sectors of strategic importance to the Company, the Board of Directors of the Company must decide on an issue price corresponding to the market value of the shares, taking into account the average stock exchange price of the Company shares over a significant period of time, or applying the most representative valuation criteria, for example, the stock exchange quotation method, the discounted cash flow method, or the multiple market method.

5.4 The Extraordinary meeting of the 12 April 2006 granted the Board of Directors, for a maximum period of 5 years from that date, pursuant to art. 2443 of the Civil Code, the power to increase the share capital against payment by one or more issues, up to a maximum amount of Euro 1,720,000,000.00 (one thousand seven hundred and twenty million), of which up to a maximum of Euro 1,670,000,000.00 (one thousand six hundred and seventy million) to be offered in options to the shareholders and up to a maximum of Euro 50,000,000.00 (fifty million) to be offered in subscription to the employees of Lottomatica S.p.A and/or its subsidiaries, excluding option rights, as per art. 2441, final paragraph, of the Civil Code. In the exercise of this right, the Board has the greater power to decide, from time to time, the means, terms and conditions of the increase in capital, including the number of shares to issue from time to time in execution of

~~mathematical average of the official price of the ordinary shares of the Company registered on the Telematic Shares Market operated by the Borsa Italiana S.p.A. in the month prior to the allocation of the options by the Board of Directors, where “month prior” refers to the period from the date of assignment of the options, excluding that day, to the same day of the following month, it being understood, for the purpose of calculating the mathematical average, only the official price of the ordinary shares of the Company on days when the stock exchange was trading can be taken into account.~~

~~b) in the event of increases in capital for the acquisition of equity investments (including merger or de-merger transactions) or businesses or branches of businesses active in sectors of strategic importance to the Company, the Board of Directors of the Company must decide on an issue price corresponding to the market value of the shares, taking into account the average stock exchange price of the Company shares over a significant period of time, or applying the most representative valuation criteria, for example, the stock exchange quotation method, the discounted cash flow method, or the multiple market method.~~

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its proxy, the price of the subscription (including ultimate supplement) and the relationship of subscriptions in the exercise of the option rights in relation to the shares offered in option to the shareholders. In particular, the price of the subscriptions, including the ultimate supplement, of the new shares will be determined by the Board of Directors, taking into account the conditions of the financial market, and the relative performance of the registered Lottomatica shares.

The Board of Directors will decide from time to time the appropriate deadlines for the share subscription and determine that, in the event that the agreed increase is not taken up by the deadline set by them, the capital will be increased by an amount equal to the subscriptions raised up to that time.

The Board of Directors has all powers relating to the issue of new shares – to be issued from time to time as per art. 5.4 – and under section 5 of the By-Law to vary the amount of share capital and the number of shares represented by the same in each increase in share capital.

On May 18, 2006 the Board of Directors, pursuant to art. 2443 of the civil code, in partial exercise of the powers granted by the extraordinary shareholders' meeting of Lottomatica S.p.A. on April 12, 2006 resolved to increase the share capital for a total nominal amount up to Euro 57,423,570.00 through the issue of up to 57,423,570.00 cum coupon ordinary shares having a par value of 1.00 Euro each having the same features of those in circulation, to be offered in option to shareholders pursuant to art. 2441 of the civil code at a price equal to Euro 25.425 each, of which Euro 24.425 as overprice: all shareholders were granted the power to subscribe 5 newly issued shares for every 8 owned.

On August 29, 2006 the Board of Director, upon delegation given by the extraordinary shareholders' meeting held on April 12, 2006, resolved upon an increase in the share capital up to a maximum of Euro 2,000,000.00 (two million) through the issue of a maximum of 2,000,000.00 new ordinary shares with a

execution of its proxy, the price of the subscription (including ultimate supplement) and the relationship of subscriptions in the exercise of the option rights in relation to the shares offered in option to the shareholders. In particular, the price of the subscriptions, including the ultimate supplement, of the new shares will be determined by the Board of Directors, taking into account the conditions of the financial market, and the relative performance of the registered Lottomatica shares.

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On August 29, 2006 the Board of Director, upon delegation given by the extraordinary shareholders' meeting held on April 12, 2006, resolved upon an increase in the share capital up to a maximum of Euro 2,000,000.00 (two million) through the issue of a maximum of 2,000,000.00 new ordinary shares with a nominal value of Euro 1.00 each.

nominal value of Euro 1.00 each.

5.5 On [●] October 2006 the extraordinary Shareholders' Meeting has resolved to vest the Board of Directors, as per art. 2443, paragraph 2 of the Civil Code, for a period of 5 years from the date of the resolution, with the authority to increase the share capital against payment in several issues up to a maximum amount of Euro [●] [amount to be equal to 10% of the paid up share capital as of the date of the Shareholders Meeting] with the exclusion of the right to options as per art. 2441 paragraph 4, second sentence of the Civil Code, and serving one or more stock options plans reserved for the executives of the Company and/or the employees of Lottomatica S.p.A. and/or its subsidiaries, up to a maximum of 33% per year and with the possibility of carrying over the unused amount in any given year to the following years, and/or for the acquisition of equity investments (including through mergers or de-merger transactions) or businesses or branches of businesses active in the fields of strategic business for the Company, without any limits per year. In compliance with art. 2441, paragraph 4, second sentence of the Civil Code, the Board of Directors must decide on the price of the share issue according to the following criteria:

a) in the event of increases in the capital of one or more stock option plans reserved to the executives of the Company and/or the employees of Lottomatica S.p.A. and/or its subsidiaries, the Board of Directors of the Company must decide on an issue price corresponding to the market value of the shares, taking into account the average stock exchange price of the Company shares over a significant period of time, and in any case not less than the mathematical average of the official price of the ordinary shares of the Company registered on the *Mercato Telematico Azionario* (Automated Share Market) managed and organized by the Borsa Italiana S.p.A. in the month prior to the allocation of the options by the Board of Directors (where "month prior" refers to the period from the date of assignment of the options, excluding that day, to the same day

<p style="text-align: center;">6. Shares</p> <p>6.1 The share are nominative and freely transferable. This, however, excludes the release of share titles where the Company is bound by the system of obligatory dematerialization of issued financial instruments.</p> <p style="text-align: center;">7. Bonds</p> <p>7.1 The Company can issue bonds determining the means and conditions of placement, including bearer or nominative bonds, convertible or equity warrant, according to the powers established by the provisions of the relevant laws.</p> <p style="text-align: center;">8. Convocation</p> <p>8.1 The Shareholders Meeting will take place in</p>	<p><u>of the following month, it being understood that, for the purpose of calculating the mathematical average, only the trading days when the official price of the ordinary shares of the Company was actually registered on can be taken into account).</u></p> <p><u>b) in the event of increases in capital for the acquisition of equity investments (including merger or de-merger transactions) or businesses or branches of businesses active in sectors of strategic importance to the Company, the Board of Directors of the Company must decide on an issue price corresponding to the market value of the shares, taking into account the average stock exchange price of the Company shares over a significant period of time, or applying the most representative valuation criteria, for example, the stock exchange quotation method, the discounted cash flow method, or the multiple market method.</u></p> <p style="text-align: center;">6. Shares</p> <p>6.1 The share are nominative, <u>non-divisible</u>, and freely transferable. This, however, excludes the release of share titles where the Company is bound by the system of obligatory dematerialization of issued financial instruments.</p> <p><u>6.2 The extraordinary shareholders' meeting can resolve upon the issuance of ordinary shares, special categories of shares or other financial instruments to be allocated to the employees of the Company or of its subsidiaries, pursuant to art. 2349 of the Civil Code.</u></p> <p style="text-align: center;">7. Bonds</p> <p>7.1 The Company can issue bonds determining the means and conditions of placement, including bearer or nominative bonds, convertible or equity warrant, according to the powers established by the provisions of the relevant laws.</p> <p style="text-align: center;"><u>TITLE III – SHAREHOLDERS' MEETING</u></p> <p style="text-align: center;">8. Convocation</p> <p>8.1 The Shareholders Meeting will take place in the Italian Republic, and may be outside the</p>
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the Italian Republic, and may be outside the area of the Company head office, as provided for by law, wherever and whenever agreed by the Board of Directors, with notification signed by the Chairman containing information on the date, location, time and agenda for the meeting, to be published in the Gazzetta Ufficiale or the daily newspaper Il Sole24ore as required by law. The information will also give the date, location and time of the next subsequent meeting or at the very least the date of the next subsequent meeting.

8.2 The Shareholders meeting can be called, other than by the Board of Directors, at the request of several shareholders who represent at least a tenth of the share capital, as per art. 2367, final paragraph, of the Civil Code or by the Statutory Auditors (or at least 2 (two) members of the same).

9. The Right to Vote and Intervene

9.1 Each shareholder has one vote for every share held.

9.2 Shareholders can intervene in the Shareholders Meeting if at the date of the meeting they are in possession of the appropriate certificates given by authorized intermediaries as per the current regulations and if so previously

area of the Company head office, as provided for by law, wherever and whenever agreed by the Board of Directors, with notification signed by the Chairman containing information on the date, location, time and agenda for the meeting, to be published in the Gazzetta Ufficiale or the daily newspaper Il Sole24ore as required by law. The information will also give the date, location and time of the next subsequent meeting or at the very least the date of the next subsequent meeting.

8.2 The Shareholders meeting can be called, other than by the Board of Directors, at the request of several shareholders who represent at least a tenth of the share capital, as per art. 2367, final paragraph, of the Civil Code or by the Statutory Auditors (or at least 2 (two) members of the same).

8.3 The Shareholders representing, also jointly, at least 1/40 of the share capital are entitled to claim, within 5 days as from the publication of the notice of call of the Shareholders' Meeting, that the list of the matters on the agenda be supplemented, mentioning in the request the additional proposed matters.

At least ten days before the date fixed for the Shareholders' Meeting, the supplements to the list of the matters on the agenda that the Shareholders' Meeting will have to deal with, following the above requests, shall be made public in accordance with the same forms imposed for the publication of the notice of call.

The integration is not allowed in relation to those matters upon which the Shareholders' Meeting, in accordance with the provisions of law, resolves upon proposal of the Directors or on the basis of a plan or upon a report that they have drawn up.

9. The Right to Vote and Intervene

9.1 Each shareholder has one vote for every share held.

9.2 Shareholders can intervene in the Shareholders Meeting ~~at the date of the meeting they are in possession of the appropriate certificates given by authorized intermediaries as per the current regulations and if so previously advised to the Company 2~~

advised to the Company 2 working days before the date of the Meeting as per art. 2370, second paragraph, of the Civil Code.

9.3 Such deposition, conforming to the above, is valid for successive meetings.

9.4 Every shareholder has the right to intervene in the Meeting, and can be represented, as provided for by law, by means of written proxy.

9.5 It is the responsibility of the Chairman of the Meeting to verify the validity of the proxy and the general right to intervene in the Meeting.

10. The Chairmanship and Management of Responsibilities

10.1 The Meeting is presided over by the Chairman of the Board of Directors, or in his/her absence by the Vice Chairman (where appointed); in the presence of more than one Vice Chairmen, the meeting will be chaired by the Vice Chairman most senior in rank, or in the case of equal seniority, by the most senior in age. In the absence of one or all Vice Chairmen, the Meeting will be chaired by a person elected by the Meeting itself.

10.2 It is the responsibility of the person chairing the Meeting, who can use appropriate agencies, to verify the right to intervene in the Meeting and the validity of the proxy, to resolve potential objections and also to direct and control discussions ultimately establishing the duration of each intervention, also to establish voting order and procedures, all in respect of the regulation, previously determined by the Board of Directors and approved by the Meeting, governing the orderly and practical conduct of the same, whether in ordinary meeting or extra-ordinary meeting.

10.3 The Meeting will appoint a secretary who is not a shareholder, and, if deemed appropriate, two observers from among the shareholders.

The discussions of the Meeting are verified by appropriate minutes signed by the Chairman, by

~~working days before the date of the Meeting as per art. 2370, second paragraph, of the Civil Code.~~ **if the Company has received the relevant communication, by authorized intermediaries in accordance with the applicable provisions, within the term of 2** working days before the date of the Meeting.

~~9.3 Such deposition, conforming to~~ **The above received communication, in compliance with** the above, is valid for successive meetings.

9.4 Every shareholder **who** is entitled to intervene in the Meeting can be represented, as provided for by law, by means of written proxy.

9.5 It is the responsibility of the Chairman of the Meeting to verify the validity of the proxy and the general right to intervene in the Meeting.

10. The Chairmanship and Management of Responsibilities

10.1 The Meeting is presided over by the Chairman of the Board of Directors, or in his/her absence by the Vice Chairman (where appointed); in the presence of more than one Vice Chairmen, the meeting will be chaired by the Vice Chairman most senior in rank, or in the case of equal seniority, by the most senior in age. In the absence of one or all Vice Chairmen, the Meeting will be chaired by a person elected by the Meeting itself.

10.2 It is the responsibility of the person chairing the Meeting, who can use appropriate agencies, to verify the right to intervene in the Meeting and the validity of the proxy, to resolve potential objections and also to direct and control discussions ultimately establishing the duration of each intervention, also to establish voting order and procedures, all in respect of the regulation, previously determined by the Board of Directors and approved by the Meeting, governing the orderly and practical conduct of the same, whether in ordinary meeting or extra-ordinary meeting.

10.3 The Meeting will appoint a secretary who is not a shareholder, and, if deemed appropriate, two observers from among the shareholders.

The discussions of the Meeting are verified by appropriate minutes signed by the Chairman,

the Secretary and potentially by the observers. The minutes should show the date of the meeting and by attachment, the names of the participants and the amount of capital represented by each; they should also show the procedure and results of the voting and, also by attachment, show the names of the shareholders in favour, abstaining, and objecting. At the request of the shareholders, the minutes must also outline their discussions relevant to the order of the day.

10.4 Where required by law or where the Chairman deems appropriate the minutes will be transcribed by a notary.

11. Competencies and Majority

11.1 The ordinary Shareholders Meeting will agree the financial statement, appoint directors, Auditors, the Chairman of the Statutory Auditors, agree the fees of the directors and auditors, and debate on any other matter under their legal jurisdiction.

11.2 The ordinary Meeting will be held at least once a year, within 120 (one hundred and twenty) days of the financial year end. The financial statement will be subject to approval by the Shareholders Meeting within 120 (one hundred and twenty) days of the financial year end or within 180 (one hundred and eighty) days where the Company holds consolidated accounts and in the event of particular requirements relative to the structure and objective of the Company.

11.3 The extra-ordinary Meeting will debate amendments to constitutive or legal acts, in addition to any other matter under their legal jurisdiction.

11.4 The decisions of the Meeting are made by legal majorities and must be verified by minutes signed by the Chairman of the Meeting and by the secretary.

12. Information to the Shareholders

12.1 The shareholders have the right to view all the acts from previous Meetings registered at the

by the Secretary and potentially by the observers.

The minutes should show the date of the meeting and by attachment, the names of the participants and the amount of capital represented by each; they should also show the procedure and results of the voting and, also by attachment, show the names of the shareholders in favour, abstaining, and objecting. At the request of the shareholders, the minutes must also outline their discussions relevant to the order of the day.

10.4 Where required by law or where the Chairman deems appropriate the minutes will be transcribed by a notary.

11. Competencies and Majority

11.1 The ordinary Shareholders Meeting will agree the financial statement, appoint directors, Auditors, the Chairman of the Statutory Auditors ~~agree~~ **fixes** the fees of the directors and auditors and, ~~debate on~~ **in compliance with the legislative prerequisites and conditions, it also provides for their revocation and resolves upon** any other matter under legal jurisdiction **of the ordinary Shareholders Meeting.**

11.2 The ordinary Meeting will be held at least once a year, within 120 (one hundred and twenty) days of the financial year end. The financial statement will be subject to approval by the Shareholders Meeting within 120 (one hundred and twenty) days of the financial year end or within 180 (one hundred and eighty) days where the Company holds consolidated accounts and in the event of particular requirements relative to the structure and objective of the Company.

11.3 The extra-ordinary Meeting will debate amendments to constitutive or legal acts, in addition to any other matter under their legal jurisdiction.

11.4 The decisions of the Meeting are made by legal majorities and must be verified by minutes signed by the Chairman of the Meeting and by the secretary.

12. Information to the Shareholders

12.1 The shareholders have the right to view all the acts from previous Meetings registered at

company head office and to obtain copies at their own expense.

13. Board of Directors: appointment

13.1 The Company, as per par.2 Section 6(2), Chapter 5, Volume 5, Book 5 of the Civil Code, is managed by a Board of Directors made up of between 7 (seven) and 15 (fifteen) members. The Shareholders Meeting will decide on the number of Board members, such number to remain the same until agreed differently.

13.2 Every shareholder who intends to propose candidates for the role of director, must deposit at the head office, under penalty of disqualification, at least ten days before the proposed date of the Meeting at which nominations will be debated, a curriculum vitae containing a comprehensive report of the personal and professional attributes of each candidate.

the company head office and to obtain copies at their own expense.

TITLE IV – MANAGEMENT BODY

13. Board of Directors: appointment

13.1 The Company, as per par.2 Section 6(2), Chapter 5, Volume 5, Book 5 of the Civil Code, is managed by a Board of Directors made up of between 7 (seven) and 15 (fifteen) members. The Shareholders Meeting will decide on the number of Board members, such number to remain the same until agreed differently.

~~13.2 Every shareholder who intends to propose candidates for the role of director, must deposit at the head office, under penalty of disqualification, at least ten days before the proposed date of the Meeting at which nominations will be debated, a curriculum vitae containing a comprehensive report of the personal and professional attributes of each candidate.~~

In order to be vested as Director, a person must possess the individual requisites as provided under the law. An appropriate number of Directors, in any case not lower than the one provided by the law, must possess the independence requisites it provides for.

13.3 Directors are appointed by the ordinary Shareholders' Meeting on the basis of lists submitted by the Shareholders, whereby the candidates must be indexed by progressive numbering. Only the Shareholders representing, alone or together with other Shareholders, at least 1/40 of the share capital, have the right to submit the lists.

Each Shareholder can submit or take part in the submission of only one list and each candidate will be entitled to present himself in one list only, otherwise resulting ineligible. Candidates not having the requisites as provided by the law or the by-laws (without prejudice to any other reason of forfeiture or ineligibility) cannot be inserted in the lists.

Each list shall have to contain a number of candidates not exceeding the maximum number of Directors mentioned under art.

13.1 above; a minimum number of candidates, equal to the number as provided under the law, shall have to possess the independence requisites provided therein.

The candidates' lists must be filed with the company's head office at least fifteen days before the date fixed for the Shareholder's Meeting and, accordingly, they must be forthwith publishes on the internet site of the Company at this latter's charge. Upon filing, they shall be accompanied by:

A) exhaustive information on the personal and professional qualities of the candidates, as indicating their alleged independency qualification;

B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility provided under the law, as well as that he/she possesses all requisites provided by the law.

C) a copy of the certificates delivered by authorized intermediaries and certifying the ownership of the number of shares required to file the lists.

The lists or any candidate submission, the presentation of which do not comply with all the above provisions, except for those to be complied with by the Company, are deemed as non-submitted.

All those having the right to vote can vote for only one list.

The election of the Directors will proceed as follows:

a) a number of Members of the Board representing the entirety of those to be appointed will be elected from the list having obtained the majority of the votes at the Shareholders' Meeting, on the basis of the same progressive numbering they have been mentioned in the list, less the minimum as reserved to the minority shareholders by the law.

b) A number of Members of the Board equal to the minimum number set out under letter a) - unrelated in any manner whatsoever, also indirectly, to the list under letter a) above - will be elected from the list having obtained the second greatest number of

13.3 Directors are appointed for a maximum of three financial years, following which, as agreed by the Meeting of appointment, they may be available for re-election. Their role will expire on the date of the Shareholders Meeting called to approve the accounts relating to the final financial year of their appointment.

13.4 Art. 2386 of the Civil Code provides for substitution in the event of a lack of one or more director.

13.5 If for whatever reason the number of directors falls below target, the entire Board of Directors will be dismissed and the Shareholders Meeting must be called as early as possible by

votes at the Shareholders' Meeting, in accordance with the progressive numbering they have been mentioned in the list. In the event that, through the candidates elected in accordance with the above mentioned terms, the number of independent Members of the Board referred to under art. 13.2 above is not ensured, the last elected non-independent candidate(s) in the progressive numbering who has collected the greatest number of votes set out under the above letter a), shall be replaced by the first independent candidate(s), in accordance with the respective progressive numbering, non elected in the list or having registered or, if not sufficient, of the lists, having registered the majority of the votes.

In the event of several lists achieving repeatedly an equal number of votes, an equal number of Members of the Board shall be elected from each of the lists, always in accordance with the respective progressive number they have been mentioned therein.

In the event that only one list is submitted or voted, then all Members of the Board shall be elected from such list.

13. ~~34~~ Directors are appointed for a maximum of three financial years, following which, as agreed by the Meeting of appointment, they may be available for re-election. Their role will expire on the date of the Shareholders Meeting called to approve the accounts relating to the final financial year of their appointment.

13. ~~45~~ Art. 2386 of the Civil Code provides for substitution in the event of a lack of one or more director.

13.6 The above provisions of this article notwithstanding, if, for whatever reason, the Director or the Directors obtained under the minority lists cannot accept the office or, having it accepted, cease their office, the candidate or the candidates belonging to the same list shall replace such Director, according to their respective progressive numbering.

13. ~~57~~ If for whatever reason the number of directors falls below target, the entire Board of Directors will be dismissed and the Shareholders Meeting must be called as early

<p>the remaining directors in order to establish an entire new Board.</p> <p>14. Board of Directors: function</p> <p>14.1 The Board will elect a Chairman from among its members and also can elect from among its members one or more Vice Chairmen who will deputise for the Chairman in the event of absence or impediment; in the presence of several Vice Chairmen and in the absence of or impediment to the Chairman, the most senior in rank will deputise, or the most senior in age in the event of equal seniority.</p> <p>14.2 The Board of Directors will appoint from among its members one or more Managing Directors determining the relative rights and duties. The role of Managing Director can be undertaken by a Vice Chairman even if he is also General Manager as per art. 19.3. The Board of Directors can also appoint an Executive Committee, determining the relative rights and duties.</p> <p>14.3 In both cases the Board of Directors will decide the timing, no less than every three months, of the half yearly and quarterly meetings, in addition to the Board meetings called to approve the end of year financial statement, through which such delegated bodies should report to the Board of Directors and to the Statutory Auditors on their activities in carrying out the proxies conferred on them, on the general progress of their management and anticipated development, on the transactions of major significance, in size or character, undertaken by the company and its subsidiaries, and, as regards the executive committee, also on the number of its members, on its duration and on the regulations under which they perform. The Chairman of the Board of Directors, the Vice Chairman or Vice Chairmen (where appointed) and the Managing Director or Managing Directors have the right to be appointed to the executive committee.</p> <p>15. Meetings of the Board</p> <p>15.1 The Board of Directors meetings will normally take place at the Company head office, but a change of venue can be advised in the meeting announcement. Meetings can also be</p>	<p>as possible by the remaining directors in order to establish an entire new Board.</p> <p>14. Board of Directors: function</p> <p>14.1 The Board will elect a Chairman from among its members and also can elect from among its members one or more Vice Chairmen who will deputise for the Chairman in the event of absence or impediment; in the presence of several Vice Chairmen and in the absence of or impediment to the Chairman, the most senior in rank will deputise, or the most senior in age in the event of equal seniority.</p> <p>14.2 The Board of Directors will appoint from among its members one or more Managing Directors determining the relative rights and duties. The role of Managing Director can be undertaken by a Vice Chairman even if he is also General Manager as per art. 19.3. The Board of Directors can also appoint an Executive Committee, determining the relative rights and duties.</p> <p>14.3 In both cases the Board of Directors will decide the timing, no less than every three months, of the half yearly and quarterly meetings, in addition to the Board meetings called to approve the end of year financial statement, through which such delegated bodies should report to the Board of Directors and to the Statutory Auditors on their activities in carrying out the proxies conferred on them, on the general progress of their management and anticipated development, on the transactions of major significance, in size or character, undertaken by the company and its subsidiaries, and, as regards the executive committee, also on the number of its members, on its duration and on the regulations under which they perform. The Chairman of the Board of Directors the Vice Chairman or Vice Chairmen (where appointed) and the Managing Director or Managing Directors have the right to be appointed to the executive committee.</p> <p>15. Meetings of the Board</p> <p>15.1 The Board of Directors meetings will normally take place at the Company head office, but a change of venue can be advised in the meeting announcement. Meetings can also</p>
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held by video conference and/or teleconference, provided that the exact identity of those legitimately participating can be verified by the Chairman and the other participants, that every participant has the possibility of verbal intervention, in real time, in all topics, and the opportunity to receive or transmit documents; in all cases the Chairman and the Secretary should be present at the location of the meeting.

15.2 The Board of Directors is summonsed on the initiative of the Chairman or at the written request of the Managing Director or one of the Managing Directors or of three Board members, by means of letter or telegraphic communication or telex or fax sent to the Board members and to the Auditors at least 3 working days before the meeting. Where urgency is required the minimum length of time is reduced to forty-eight hours.

The notice of assembly must advise the location, the date and the time of the meeting, as well as the list of items to discuss.

15.3 The Board of Directors will be considered legitimately established even without summoning provided that all the Board members and regular Auditors are present.

16. Validity and recording of the minutes

16.1 The majority of appointed directors must be present for the deliberations of the Board to be valid.

16.2 The Board of Directors is presided over by the Chairman or, in his absence, the Vice Chairman, if nominated; in the presence of more than one Vice Chairman the meeting will be chaired by the most senior in rank of the Vice Chairmen, or in the case of equal ranking, the most senior in age; in the absence of the Chairman and of his Vice Chairman or Vice Chairmen, the meeting will be chaired by the Board member most senior in rank or, in the case of equal ranking, the most senior in age.

16.3 The Board of Directors can appoint a Secretary, who can be chosen from outside the

be held by video conference and/or teleconference, provided that the exact identity of those legitimately participating can be verified by the Chairman and the other participants, that every participant has the possibility of verbal intervention, in real time, in all topics, and the opportunity to receive or transmit documents; in all cases the Chairman and the Secretary should be present at the location of the meeting.

15.2 The Board of Directors is summonsed on the initiative of the Chairman or at the written request of the Managing Director or one of the Managing Directors or of three Board members, by means of letter or telegraphic communication or telex or fax **or e-mail** sent to the Board members and to the Auditors at least 3 working days before the meeting. Where urgency is required the minimum length of time is reduced to forty-eight hours. **Moreover, the Board can be called, after communication to the Chairman of the Board of Directors, by the Board of Statutory Auditors or, individually by each member of the Board of Statutory Auditors.**

The notice of assembly must advise the location, the date and the time of the meeting, as well as the list of items to discuss.

15.3 The Board of Directors will be considered legitimately established even without summoning provided that all the Board members and regular Auditors are present.

16. Validity and recording of the minutes

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16.3 The Board of Directors can appoint a Secretary, who can be chosen from outside the

Board, and in which case has no voting rights.
16.4 The deliberations of the Board of Directors will be recorded in minutes by the Secretary, or in his/her absence by one of the Board members with the responsibilities of secretary; the minutes will be transcribed in an appropriate book and signed by the Secretary and the Chairman of the meeting. This book will be kept at the Company head office.

17. Board of Directors: powers

17.1 The Board of Directors holds all powers for the ordinary and extra-ordinary management of the Company. They are responsible for all acts in practice of or appropriate to the pursuit of the company objective.

The administrative body also holds the following powers:

- a) to agree mergers or de-mergers as provided for by art. 2505, 2505 (2) and 2506 (3), last paragraph, of the Civil Code;
- b) to establish or close ancillary offices;
- c) to select representative executives;
- d) to reduce share capital in the event of the withdrawal of shareholders;
- e) to supervise the by-laws and their regulatory provisions;
- f) to transfer the head office to another location within the Italian Republic;

17.2 The Board of Directors will decide by a majority vote of its members.

18. Chairman

18.1 The Chairman of the Board of Directors is the legal and procedural representative of the Company. The Chairman will report periodically to the Board of Directors on his ongoing activities.

18.2 In the interests of urgency the Chairman, with the proposal of the Managing Director or of one of the Managing Directors together with the Managing Director who made the proposal, may take any measure under the remit of the Board of

Board, and in which case has no voting rights.
16.4 The deliberations of the Board of Directors will be recorded in minutes by the Secretary, or in his/her absence by one of the Board members with the responsibilities of secretary; the minutes will be transcribed in an appropriate book and signed by the Secretary and the Chairman of the meeting. This book will be kept at the Company head office.

17. Board of Directors: powers

17.1 The Board of Directors holds all powers for the ordinary and extra-ordinary management of the Company. They are responsible for all acts in practice of or appropriate to the pursuit of the company objective.

The administrative body also holds the following powers:

- a) to agree mergers or de-mergers as provided for by art. 2505, 2505 (2) and 2506 (3), last paragraph, of the Civil Code;
- b) to establish or close ancillary offices;
- c) to select representative executives;
- d) to reduce share capital in the event of the withdrawal of shareholders;
- e) to supervise the by-laws and their regulatory provisions;
- f) to transfer the head office to another location within the Italian Republic;

~~17.2 The Board of Directors will decide by a majority vote of its members.~~ **The resolutions of the Board of Directors are adopted by absolute majority of the attending persons, except for the cases under which the law expressly requires a highest quorum. In the event of equality of votes, the Chairman has a casting vote.**

18. Chairman

18.1 The Chairman of the Board of Directors is the legal and procedural representative of the Company. The Chairman will report periodically to the Board of Directors on his ongoing activities.

18.2 In the interests of urgency the Chairman, with the proposal of the Managing Director or of one of the Managing Directors together with the Managing Director who made the proposal, may take any measure under the remit of the

Directors, reporting back to them at the next successive meeting.

18.3 The Board of Directors can also grant the representation and sanction of the company, including in judicial proceedings before a third party, with the same authorisation as indicated above, to the Vice Chairman and/or each of the Vice Chairmen and/or the Managing Director and/or each of the Managing Directors.

19. Managing Director and General Manager

19.1 The Managing Director or Managing Directors are appointed by the Board of Directors as per art. 14.2 of the current by-law.

19.2 The Managing Director or Managing Directors possess the powers granted to him/them by the Board of Directors. The Managing Director or each of the Managing Directors can make agenda proposals to the Chairman for discussion by the Board and the Executive Committee and can supervise the implementation of the relevant decisions of the corporate bodies.

19.3 The Board of Directors can appoint one or more General Managers, who can be chosen from among the members of the Board of Directors, determining their rights, including the appointment of and the granting of a mandate to an attorney. The Board can confer the role of General Manager on a Managing Director, even where he/she is also currently a Vice Chairman as per art. 14.2 of the Civil Code. The Board of Directors can grant the Managing Director or each of the Managing Directors the right to appoint and remove one or more General Managers, with the power to delegate to them part of their respective powers and functions.

19.4 The General Manager who does not simultaneously hold the position of Managing Director and is not a member of the Board of Directors, can attend the meetings of the Board of Directors and the Executive Committee, with the authority to express unrestricted opinions on the subjects under discussion.

Board of Directors, reporting back to them at the next successive meeting.

18.3 The Board of Directors can also grant the representation and sanction of the company, including in judicial proceedings before a third party, with the same authorisation as indicated above, to the Vice Chairman and/or each of the Vice Chairmen and/or the Managing Director and/or each of the Managing Directors.

19. Managing Director and General Manager

19.1 The Managing Director or Managing Directors are appointed by the Board of Directors as per art. 14.2 of the current by-law.

19.2 The Managing Director or Managing Directors possess the powers granted to him/them by the Board of Directors. The Managing Director or each of the Managing Directors can make agenda proposals to the Chairman for discussion by the Board and the Executive Committee and can supervise the implementation of the relevant decisions of the corporate bodies.

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19.4 The General Manager who does not simultaneously hold the position of ~~Managing Director~~ and is not a member of the Board of Directors, can attend the meetings of the Board of Directors and the Executive Committee, with the authority to express unrestricted opinions on the subjects under discussion.

TITLE V – BOARD OF STATUTORY AUDITORS AND MANAGER IN

<p style="text-align: center;">20. Statutory Auditors</p> <p>20.1 The Statutory Auditors are comprised of three regular Auditors and two deputies, appointed by the Shareholders Meeting.</p> <p>20.2 The auditors are appointed on the basis of lists presented to the Shareholders in which candidates are indexed by progressive numbering.</p> <p>For this purpose, the Shareholders Meeting must be called with prior notification, as per art. 2366 of the Civil Code, no less than thirty days before the date set.</p> <p>The lists must be deposited at the head office and published in at least one daily national newspaper no less than ten days before the date set for the first meeting.</p> <p>Each Shareholder can put forward or contribute to only one list and each candidate can appear in only one list under penalty of disqualification. The number of candidates in each list must not be higher than the number of auditors indicated in the first paragraph of the current clause.</p> <p>Only the Shareholders who singly or together with the other Shareholders represent at least 2%</p>	<p style="text-align: center;"><u>CHARGE OF THE DRAWING UP OF THE ACCOUNTANCY DOCUMENTS</u></p> <p style="text-align: center;"><u>20. Appointment, composition and requirements of the Board of</u> Statutory Auditors</p> <p>20.1 The Statutory Auditors are comprised of three regular Auditors and two deputies, appointed by the Shareholders Meeting.</p> <p>20.2 The auditors are appointed on the basis of lists presented by the Shareholders in which candidates are indexed by progressive numbering, <u>where possible, specifying if the candidate presents himself/herself, as regular or deputy auditor.</u></p> <p>For this purpose, the Shareholders Meeting must be called with prior notification, as per art. 2366 of the Civil Code, no less than thirty days before the date set.</p> <p>The lists must be deposited at the head office and published in at least one daily national newspaper no less than ten days before the date set for the first meeting <u>and, accordingly, they must be forthwith published on the internet site of the Company at this latter's charge. Upon filing, they shall be accompanied by:</u></p> <p><u>A) exhaustive information on the personal and professional qualities of the candidates, on the acquired expertises and on their past experiences;</u></p> <p><u>B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility provided under the law, as well as that he/she possesses all requisites provided by the law.</u></p> <p><u>C) a copy of the certificates delivered by authorized intermediaries and certifying the ownership of the number of shares required to file the lists.</u></p> <p>Each Shareholder can put forward or contribute to only one list and each candidate can appear in only one list under penalty of disqualification. The number of candidates in each list must not be higher than the number of auditors indicated in the first paragraph of the current clause <u>set out by art. 20.1 above.</u></p> <p>Only the Shareholders who singly or together with the other Shareholders represent at least</p>
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(two percent) of the shares with voting rights in ordinary meetings can present lists.

In order to substantiate entitlement to the number of shares necessary for the presentation of lists, the Shareholders must present and/or have delivered to the head office, at least two days before the date fixed for the Meeting in first summons, a copy of the certification in proof of the right to participate in the Meeting with respect to the rules of the current provisions.

Before the above-mentioned respective deadlines, together with each list, each candidate must lodge a declaration accepting his own nomination and affirming, under his own responsibility, that there exists no cause for disqualification or incompatibility, as well as the existence of the necessary qualifications required by current legislation for their respective roles.

In order to ensure the presence in the Auditory body of persons of particular ability and experience, the presented lists should contain, at the end or in attachment, a description of the professional profile of the nominee, and of their proficiency and experience.

Those lists which do not comply with all the requirements above are considered ineligible.

All those having the right to vote can vote for only one list.

The selection of the Auditors will proceed as follows:

a) 2 (two) auditors will be elected from the list which achieves the majority of the Shareholders' votes

b) the remaining auditor will be elected from the list which has the second highest number of votes and the person who obtained the most

2% (two percent) of the shares with voting rights in ordinary meetings can present **lists or the different minimum percentage possible provided by the law.**

~~In order to substantiate entitlement to the number of shares necessary for the presentation of lists, the Shareholders must present and/or have delivered to the head office, at least two days before the date fixed for the Meeting in first summons, a copy of the certification in proof of the right to participate in the Meeting with respect to the rules of the current provisions.~~

~~Before the above mentioned respective deadlines, together with each list, each candidate must lodge a declaration accepting his own nomination and affirming, under his own responsibility, that there exists no cause for disqualification or incompatibility, as well as the existence of the necessary qualifications required by current legislation for their respective roles.~~

~~In order to ensure the presence in the Auditory body of persons of particular ability and experience, the presented lists should contain, at the end or in attachment, a description of the professional profile of the nominee, and of their proficiency and experience.~~

Those lists **or any candidate submission, the presentation of** which do not comply with all the above requirements **provisions, except for those to be complied with by the Company,** are considered ineligible **deemed as non-submitted.**

~~Those lists which do not comply with all the requirements above are considered ineligible.~~

All those having the right to vote can vote for only one list.

The selection of the Auditors will proceed as follows:

a) 2 (two) **regular and 1 (one) deputy** auditor(s) will be elected from the list which achieves the majority of the Shareholders' votes, **following the progressive numbering of the list in case the candidates to regular auditor and deputy auditor have not been duly distinguished;**

b) the remaining **regular – with the position expressly provided for by the law if any - and deputy** auditors will be elected from the

votes from this list will be elected.

In the event of lists achieving an equal number of votes, there will be a new vote of the whole Meeting and the person obtaining the majority of the votes will be elected. In the event of an equal number of votes achieved by persons on the same list, the most senior in age of these will be elected.

However if, for whatever reason, one or more auditors cannot be appointed according to the above rules, the current regulations of the law will be applied.

The deputy auditors will be taken from the list which obtained the majority votes.

The Chairman of the Statutory Auditors will be chosen from the majority list; each presented list should indicate which of its members is designated as Chairman.

20.3 In compliance with the decree of the Ministry of Justice no. 162 of 30 March 2000, section 1, paragraph 1, at least one of the regular Auditors, out of a total of 3, or at least two if the total number is higher than 3, and in both cases at least one of the deputy Auditors, must be chosen from the Register of Accountancy Auditors and must have at least three years practice as a legal auditor.

~~list which has the second highest number of votes, and the person who obtained the most votes from this list will be elected~~ **following the progressive numbering of the list in case the candidates to regular auditor and deputy auditor have not been duly distinguished. The appointment of the Chairman of the Board of the Statutory Auditors, if not expressly reserved by the law to minorities, will take place by resolution of the Shareholders' Meeting.**

~~In the event of lists achieving an equal number of votes, there will be a new vote of the whole Meeting and the person obtaining the majority of the votes will be elected. In the event of an equal number of votes achieved by persons on the same list, the most senior in age of these will be elected.~~

~~However if, for whatever reason, one or more auditors cannot be appointed according to the above rules, the current regulations of the law will be applied.~~

~~The deputy auditors will be taken from the list which obtained the majority votes.~~

that, for whatever reason, the regular Auditor elected from one list cannot accept the office or, having it accepted, ceases such office, the deputy Auditor elected from the same list shall replace such Auditor, this latter being replaced in his/her turn, as deputy auditor, by the candidate belonging to the same list and expressly indicated as such or, alternatively, following the relevant progressive numbering.

In the event that only one list is submitted or voted, all auditors, both regular and deputy, shall be elected therefrom.

~~The Chairman of the Statutory Auditors will be chosen from the majority list; each presented list should indicate which of its members is designated as Chairman.~~

20.3 In compliance with the decree of the Ministry of Justice no. 162 of 30 March 2000, section 1, paragraph 1, at least one of the regular Auditors, out of a total of 3, or at least two if the total number is higher than 3, and in both cases at least one of the deputy Auditors, must be chosen from the Register of Accountancy Auditors and must have at least three years practice as a legal auditor.

The Auditors not in possession of the requirements of paragraph 1 of the aforementioned Decree must be chosen from those which have a total of at least three years experience of:

a) Management experience or executive responsibility in a limited company with share capital not less than two million euros; or

b) Professional experience or university teaching in judicial, economic, financial or technical scientific subjects, directly pertinent to the activity of the company; or

c) Management positions in public bodies or public administrations operating in the credit, financial and insurance sectors or in sectors directly pertinent to the activity of the company.

As per the provisions of paragraph 2, section b) and c) and paragraph 3 of the aforementioned Decree the following subjects and activities are considered directly pertinent to those of the company:

- administrative law
- public law
- public economic – economic political law
- financial sciences
- management
- statistics
- information technology

20.4 According to the provisions of the law regarding situations of incompatibility, those who already hold the position of regular auditor in more than five companies quoted on the regulated Italian stock exchanges, excluding companies involved directly or indirectly with the Company, cannot be nominated as Auditors and if elected will be debarred from the role.

20.5 The appointment of Auditors to the body of Statutory Auditors under art. 2401 of the Civil Code, will be agreed by the Shareholders Meeting by legal majority, except for the rights of nomination and designation as per the second paragraph.

The Auditors not in possession of the requirements of paragraph 1 of the aforementioned Decree must be chosen from those which have a total of at least three years experience of:

a) Management experience or executive responsibility in a limited company with share capital not less than two million euros; or

b) Professional experience or university teaching in judicial, economic, financial or technical scientific subjects, directly pertinent to the activity of the company; or

c) Management positions in public bodies or public administrations operating in the credit, financial and insurance sectors or in sectors directly pertinent to the activity of the company.

As per the provisions of paragraph 2, section b) and c) and paragraph 3 of the aforementioned Decree the following subjects and activities are considered directly pertinent to those of the company:

- administrative law
- public law
- public economic – economic political law
- financial sciences
- management
- statistics
- information technology

20.4 According to the provisions of the law regarding situations of incompatibility, those who already hold the position of regular auditor in more than five companies quoted on regulated Italian stock exchanges, excluding parent companies, subsidiaries and companies controlled by the same companies that control the Company ~~involved directly or indirectly with the Company,~~ cannot be nominated as Auditors and if elected will be debarred from the role. **The above without prejudice to the various limits to the plurality of offices provided under the law, in which case shall be accepted in the least of the possible extent.**

20.5 The appointment of Auditors to the body of Statutory Auditors under art. 2401 of the Civil Code, will be agreed by the Shareholders Meeting by legal majority, except for the rights of nomination and designation as per the second paragraph.

20.6 The Auditors will remain in office for three financial years ending on the date of the meeting called for the approval of the financial statement relating to the third financial year of their appointment. Auditors can serve for one or more term of office.

20.7 The Statutory Auditors will meet at least every 90 (ninety) days on the initiative of any one of the Auditors. The meeting will be legally established in the presence of the majority of the auditors and will resolve with the majority of the members present being in favour.

Meetings can also be held by video conference and/or teleconference, provided that the exact identity of those legally taking part can be verified by the Chairman and the other participants, that all participants have the potential to verbally intervene, in real time, in all discussions, and have the ability to receive or transmit documents; however, the Chairman and the person recording the minutes must be present at the location of the meeting.

21. The Statutory Auditors Report

21.1 The Board of Directors, or their delegated executives, will make timely reports to the Statutory Auditors, no less than quarterly, on their ongoing activities and on major economic, financial and property transactions undertaken by the Company or inter-group companies; reporting in particular on transactions in which they have a interest, directly or as a third party, or those which can have an influence on the management and coordination of the Company. This information will be communicated verbally by the directors to the Statutory Auditors at the appropriate meeting with the directors, or at the meeting of the Board of Directors or at the meeting of the Statutory Auditors as per art. 2404 of the Civil Code, or by transmission of written reports, with a frequency not less than quarterly, which will be kept in the book referred to in section 5 of art. 2421 of the Civil Code.

21.2 The frequency of the meetings of the Board also intends to encourage a united approach to the exercise of all the rights delegated by the Board of Directors to the executive committee, if appointed, to the Chairman, to the Vice Chairman or Vice Chairmen and to the

20.6 The Auditors will remain in office for three financial years ending on the date of the meeting called for the approval of the financial statement relating to the third financial year of their appointment. Auditors can serve for one or more term of office.

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21.1 The Board of Directors, or their delegated executives, will make timely reports to the Statutory Auditors, no less than quarterly, on their ongoing activities and on major economic, financial and property transactions undertaken by the Company or inter-group companies; reporting in particular on transactions in which they have a interest, directly or as a third party, or those which can have an influence on the management and coordination of the Company. This information will be communicated verbally by the directors to the Statutory Auditors at the appropriate meeting with the directors, or at the meeting of the Board of Directors or at the meeting of the Statutory Auditors as per art. 2404 of the Civil Code, or by transmission of written reports, with a frequency not less than quarterly, which will be kept in the book referred to in section 5 of art. 2421 of the Civil Code.

21.2 The frequency of the meetings of the Board also intends to encourage a united approach to the exercise of all the rights delegated by the Board of Directors to the executive committee, if appointed, to the Chairman, to the Vice Chairman or Vice

<p>Managing Director or the Managing Directors.</p> <p>22. Statement of Year End Accounts</p> <p>22.1 The financial accounts will close annually on 31 December.</p> <p>22.2 The ordinary Shareholders Meeting should be called within 120 (one hundred and twenty) days of the closing of the company year end for the approval of the financial statement except as provided for in the previous clause 11.2</p> <p>23. Profits</p> <p>23.1 Relative to the net profits of each financial year as per the approved financial statement:</p> <p>a) a minimum of 5%, but not exceeding a fifth of the share capital, is retained in legal reserves;</p> <p>b) the remainder is subject to the decision of the Shareholders Meeting.</p> <p>23.2 The Board of Directors can, during the course of the financial year, distribute advances</p>	<p>Chairmen and to the Managing Director or the Managing Directors.</p> <p><u>22. Manager in charge of the drawing up of corporate reports and financial statements</u></p> <p><u>The Board of Directors, upon mandatory consultation with the Board of Statutory Auditors, appoints a manager in charge of the drawing up of corporate reports and financial statements among those managers having a minimum experience of 3 years as managers with appropriate responsibilities at the Accounting and/or Financial Department of the Company or of similarly sized or organized companies, and confer on such manager adequate authority and instruments to perform the duties assigned to him in accordance with the provisions of law. The manager in charge of the drawing up of the accountancy documents may be revoked by resolution of the Board of Directors upon mandatory consultation with the Board of Statutory Auditors.</u></p> <p><u>TITLE VI – FINANCIAL ACCOUNTS AND PROFITS</u></p> <p>223. Statement of Year End Accounts</p> <p>223.1 The financial accounts will close annually on 31 December.</p> <p>223.2 The ordinary Shareholders Meeting should be called within 120 (one hundred and twenty) days of the closing of the company year end for the approval of the financial statement except as provided for in the previous clause 11.2</p> <p>234. Profits</p> <p>234.1 Relative to the net profits of each financial year as per the approved financial statement:</p> <p>a) a minimum of 5%, but not exceeding a fifth of the share capital, is retained in legal reserves;</p> <p>b) the remainder is subject to the decision of the Shareholders Meeting.</p> <p>234.2 The Board of Directors can, during the course of the financial year, distribute advances</p>
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on dividend between the shareholders.

24. Winding up and Liquidation

24.1 The Company will be wound up for reasons contained in art. 2484 of the Civil Code.

24.2 Reaching an agreement on the liquidation of the Company at whatever time, the Shareholders Meeting will establish the means of the liquidation and will nominate one or more receivers, and decide on their relative powers and fees.

25. Withdrawal

25.1 Shareholders who are not party to the approval of resolutions regarding the extension of the duration have no right of withdrawal. However, the Company being subject to management and coordination as per art. 2497 and subsequent amendments of the Civil Code, the shareholders instead hold the right of withdrawal according to the assumptions of art. 2497(4) of the Civil Code.

**26. Residency of the Shareholders –
Conventional Forum**

26.1 The domicile of the shareholders as opposed to the Company, for all legal purposes, will be in the place chosen by the Register of Shareholders.

All disputes between the shareholders and the Company will be decided by the Judicial Authority of the district in which the legal head office of the Company is situated.

27. Referral

27.1 Anything not provided for in these by-laws will be referred to the rules of law.

Signature: Rosario Bifulco

Notary Dr. Ignazio de Franchis (

on dividend between the shareholders.

**TITLE VII – WINDING UP,
LIQUIDATION AND WITHDRAWAL**

245. Winding up and Liquidation

245.1 The Company will be wound up for reasons contained in art. 2484 of the Civil Code.

245.2 Reaching an agreement on the liquidation of the Company at whatever time, the Shareholders Meeting will establish the means of the liquidation and will nominate one or more receivers, and decide on their relative powers and fees.

256. Withdrawal

256.1 Shareholders who are not party to the approval of resolutions regarding the extension of the duration have no right of withdrawal. However, the Company being subject to management and coordination as per art. 2497 and subsequent amendments of the Civil Code, the shareholders instead hold the right of withdrawal according to the assumptions of art. 2497(4) of the Civil Code.

**TITLE VIII – TRANSITIONAL AND
FINAL REGULATIONS**

**267. Residency of the Shareholders –
Conventional Forum**

267.1 The domicile of the shareholders as opposed to the Company, for all legal purposes, will be in the place chosen by the Register of Shareholders.

267.2 All disputes between the shareholders and the Company will be decided by the Judicial Authority of the district in which the legal head office of the Company is situated.

278. Referral

278.1 Anything not provided for in these by-laws will be referred to the rules of law.

Signature: Rosario Bifulco

Notary Dr. Ignazio de Franchis (

herein the seal)

herein the seal)

**3. OPINION OF THE BOARD OF DIRECTORS AS TO THE OCCURRENCE OR
NON OCCURRENCE OF SHAREHOLDERS' RIGHT TO WITHDRAW**

The proposals for amendment described here above do not legitimate any pursuant to art. 2437 of the Italian Civil Code. Also the amendment proposals concerning articles 9, 13, 20, which could, in the abstract, legitimate shareholders to withdraw from the Company, are only aimed at conforming the By-Laws to binding regulatory provisions and, therefore, the right of withdrawal is excluded.

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Dear Shareholders,

based on the foregoing, the Board of Directors hereby proposes as follows:

“Lottomatica Shareholders Extraordinary Meeting:

- having examined and discussed the report of the Board of Directors;
- having acknowledged the proposed amendments to the By-Laws;

resolved

1. to amend arts. 2.2, 3.1, 5.1, 6.1, 8.3, 9.2, 9.3, 9.4, 11.1, 13, 14.3, 15.2, 17.2, 19.3, 19.4, 20 of the By-Laws in accordance with the above said report;
2. to introduce a new art. 6.2 recognising the extraordinary shareholders' meeting the right to issue shares or other financial instruments pursuant to art. 2349 of the Italian Civil Code and a new art. 22 headed “Manager engaged to prepare corporate financial statements and reports”, and to renumber the following arts.;
3. to divide the By-laws scheme into 8 sections;
4. to grant the Chairman Mr. Lorenzo Pellicoli, the Managing Director – General Manager – CEO Mr. Bruce Turner and the Managing Director – General Manager Mr. Marco Sala such powers, to be severally exercised even through third parties, as to do anything necessary for purposes of executing the above said resolutions and to carry out all the consequent activities, including the enrolment with the register of enterprises pursuant to Section 2436 of the Civil Code and the faculty to amend the Directors' report in the

event of any such request from the competent Authorities or if anyway held necessary or appropriate.

Lottomatica S.p.A.
For the Board of Directors

The Chairman