



Lottomatica S.p.A.

Head Office Roma, Viale del Campo Boario, 56/d

Paid up share capital Euro 150.212.152,00

Registration and tax code no. 08028081001

Subject to the direction and control of De Agostini S.p.A.

**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON THE
PROPOSAL CONCERNING THE FOURTH POINT OF THE AGENDA OF
THE SHAREHOLDERS MEETING OF 18 AND 19 OCTOBER 2006 IN
RESPECTIVELY FIRST AND SECOND CALL**

Point 4 of the agenda – “*proposed resolutions under art. 2389 of the civil code*”

Dear Shareholders,

You are meeting to discuss and resolve on the proposal to increase the remuneration of the Board of Directors of Lottomatica S.p.A.. This report has been drawn up by the Board of Directors pursuant to Ministerial Decree no. 437 of 5 November 1998, to explain and justify such proposal.

Justification

Following the acquisition of GTech Holding Corp., and the subsequent increase in the size and activities of Lottomatica, the workload and responsibilities of the Board of Directors have proportionally increased in such a way, we believe, to justify an increase on the current basic annual remuneration of Euro 15.000 gross for each Director as agreed by the Ordinary Shareholders Meeting of September 21, 2005.

To this end, as approved by the Remuneration Committee, we propose to increase the annual remuneration for each Director to Euro 50.000 gross.

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If you are in agreement with this proposal, we would ask you to approve the following:

“The Meeting of Shareholders of Lottomatica S.p.A.,

- having considered and discussed the explanatory report of the Board of Directors;*
- taking into account the justifications hereby expressed and the approval of the Remuneration Committee*

resolve

to increase the basic annual remuneration for each Director of the Board of Lottomatica S.p.A. from Euro 15.000 to Euro 50.000 gross under art. 2389, paragraph 1 of the civil code”.

Lottomatica S.p.A.

On Behalf of the Board of Directors

The Chairman