



LOTTOMATICA S.p.A.

With Registered Office in Rome, Viale del Campo Boario, 56/d

Paid-in Capital Euro 151,991,896.00

Enrolled with the Companies Register of Rome with the no. 08028081001

Subjected to the direction and coordination of

De Agostini S.p.A.

**ILLUSTRATIVE REPORT BY THE BOARD OF DIRECTORS  
ON THE FOURTH ITEM OF THE AGENDA OF THE SHAREHOLDERS MEETING,  
IN ORDINARY SESSION, SUMMONED FOR APRIL 15 AND 17, 2008, RESPECTIVELY  
IN FIRST AND SECOND CALL**

**Item no. 4 of the ordinary session on the agenda – “Appointment of the Board of Statutory Auditors and of its Chairman; determination of their remuneration”.**

Dear Shareholders,

The mandate granted to the Board of Statutory Auditors shall terminate with the approval of the financial statements as at December 31, 2007. Consequently, it is necessary to proceed with appointment of the Board of Statutory Auditors for the period 2008-2010.

Pursuant to Article no. 20 of the By-laws, the Board of Statutory Auditors is comprised of three effective Statutory Auditors and of two or more deputies, that meet the requirements and carry out the functions provided by the law.

The Shareholders' meeting appoints the members of the Board of Statutory Auditors on the basis of lists submitted by the Shareholders that own, alone or together with other Shareholders, at least 1.5% of the share capital.

In the event that, upon termination of the term given for the presentation of the lists, only one list, or only lists presented by Shareholders connected to the majority Shareholder, have been deposited, the Company shall extend by five days the term given to deposit other lists of candidates and inform immediately the market: if such event is given, the above minimum threshold needed for the presentation of the lists is halved (0.75%).

The number of candidates in each list must not be lower than one nor higher than three, for the office of effective Statutory Auditor, and not lower than one nor higher than five for the office of deputy Statutory Auditor; candidates are indexed by progressive numbering, specifying if the candidate presents himself/herself, as effective or deputy Statutory Auditor; other candidates, if any, in excess of the above limits, shall not be considered, also for the replacement of the Statutory Auditors that have ceased or not taken their offices.

The candidates' lists must be filed with the Company's head office at least fifteen days before the date scheduled for the Shareholder's meeting summoned in first call, therefore no later than 5.00 P.M., March 31, 2008.

Upon filing, each list shall be accompanied by:

A) exhaustive information on the personal and professional qualities of the candidates, on the acquired expertises and on their past experiences and an indication of the management and control offices held in other companies and their expiration date;

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) information concerning the personal identity of the Shareholders that have submitted the list, together with the total percentage of share capital owned, as well as a copy of the certificates delivered by authorized intermediaries and certifying the ownership of said amount of shares;

D) a declaration by the Shareholders that have presented the list and do not have any relationship deemed relevant pursuant to the law with the Shareholders that hold, also jointly, a shareholding that allows the control or the simple majority of the share capital of the Company, stating the non existence of any such relationship.

The Company shall immediately, and in any event within 10 days prior to the Shareholders' meeting summoned to resolve on the appointment of the Statutory Auditors, fulfil all the disclosure requirements provided by the law.

Each candidate may run in only one list, under penalty of ineligibility and, even if through a third party or trust companies (i) no one can vote, put forward or contribute to more than one list, and (ii) the Shareholders belonging to the same group – made of the parent company, its subsidiaries and the companies subjected to the same controlling shareholder - and the Shareholders that have executed a Shareholders' agreement concerning the shares of the Company, may not submit nor vote more than one list. 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 not submitted.

The candidates may take and remain in office upon condition that all requirements set by the existing laws and regulations are met, with particular reference to:

1. eligibility requirements pursuant to Article no. 148, paragraph 3, of the Legislative Decree no. 58 of February 24, 1998;
2. professional requirements pursuant to Article no. 1 of the Minister of Justice's Decree no. 162 of March 30, 2000 and Article no. 20.3 of the By-laws;
3. integrity requirements pursuant to Article no. 2 of the Minister of Justice's Decree no. 162 of March 30, 2000 and Article no. 20 of the By-laws;
4. limits to the overall number of managing or control offices pursuant to Articles no. 144-*duodecies* and following of CONSOB's Regulation no. 11971 of May 14, 1999 as subsequently amended.

With reference to the above, please note that the members of the Board of Statutory Auditors may be subjected to investigations and controls with reference to the suitability expressed by *Amministrazione Autonoma dei Monopoli di Stato* on the Chairman of the Board of Statutory Auditors as provided by the concession for the game of Lotto.

Statutory Auditors will be elected as follows:

- a) 2 (two) effective and 2 (two) deputy auditors will be elected from the list which achieves the greatest number of votes (hereinafter referred to as the “Majority List”), following the progressive numbering of the list;
- b) the remaining effective Statutory Auditor – with the office of Chairman, will be elected from the list (hereinafter referred to as the “Minority List”) which has the highest number of votes, excluding the Majority List, among those submitted and voted by the Shareholders that are not connected in any way, not even indirectly, to the Shareholders that have submitted or voted the Majority List.

In the event that several lists have repeatedly obtained an equal number of votes, the prevailing list shall be the one submitted by the Shareholders owning the greater number of shares at the moment the list was submitted or, in sub-order, by the greater number of Shareholders or, in further sub-order, the Statutory Auditors shall be taken on the basis of their seniority;

- c) all those individuals that have been indicated as deputy Statutory Auditors in the Minority List and in the list ranked second for number of votes, among those submitted and voted by the Shareholders that are in no way connected to the Shareholders that have submitted or voted the Majority List, shall be appointed as deputy Statutory Auditors.

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

With reference to the remuneration of the members of the Board of Statutory Auditors, we invite you to determine the annual remuneration on the basis of the minimal fees provided by the bar of professional of chartered accountants, as resolved by the Shareholders’ meeting for the past term of office of the Board of Statutory Auditors.

In light of the above considerations, we invite you to present the lists for the appointment of the Board of Statutory Auditors for the term office 2008-2010 and, on the basis of the proposed candidates, to vote and resolve on the overall remuneration of the Board of Statutory Auditors for each year of office.

Rome, March 6, 2008

Lottomatica S.p.A.

On behalf of the Board of Directors

The Chairman, Managing Director and CEO