



**Lottomatica S.p.A.**

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

**Paid-in Capital Euro 151,512,500.00**

**Registered in the Companies Register of Rome with the no. 08028081001**

**Subjected to the management and coordination of**

**De Agostini S.p.A.**

**ILLUSTRATIVE REPORT BY THE BOARD OF DIRECTORS ON THE PROPOSAL  
LISTED AS ITEM NO. 4 OF THE ORDINARY SESSION ON THE AGENDA OF THE  
SHAREHOLDERS' MEETING SUMMONED FOR APRIL 23 AND APRIL 24, 2007,  
RESPECTIVELY IN FIRST AND SECOND CALL**

**Item no. 4 of the ordinary session on the agenda – “*proposed extension of the external Auditors’ engagement pursuant to Article 8 of Legislative Decree no. 303 of December 29, 2006.*”**

Dear Shareholders:

You have been summoned in order to discuss and resolve on the proposal concerning those steps made necessary following the amendments to the provisions concerning the assignment and revocation of the engagement to the audit company in accordance with law no. 262 of December 28, 2005, as amended by Legislative Decree no. 303 of December 29, 2006. This report, drawn by the Board of Directors in accordance with the decree of the *Ministro di grazia e giustizia* no. 437 of November 5, 1998, is aimed at describing and explaining the relevant proposal of the Board of Directors.

**Reasons for the proposed extension of the *external Auditors’ engagement***

Article no. 159, paragraph 4 of the so called “Testo Unico della Finanza” (Legislative Decree no. 58 of February 24, 1998, as lately amended by the above said provisions issued at the end of 2006) provides that the engagement conferred to the audit company lasts for 9 fiscal years and may not be renewed or re-conferred unless three fiscal years have passed from the termination of the previous engagement.. However, the new provisions transitionally provide for the possibility to extend the ongoing engagement up to a total of nine fiscal years, by means of a resolution by the Shareholders’ Meeting adopted during the Meeting held for the approval of the next financial statements (which in the case of Lottomatica S.p.A. coincides with the meeting convened on April 23 and 24), upon motivated proposal by the Board of Statutory Auditors; alternatively, the ongoing engagements, even in the event that they do not exceed the nine fiscal year period, would appear to terminate upon expiration of their current term, without the possibility to be renewed if not after three years.

The Board of Directors proposes to take advantage of the given opportunity and to extend the engagement assigned to Reconta Ernst & Young S.p.A., granted for the three-year period (2005-2007) and therefore due to expire upon approval of the financial statements as at December 31, 2007, up to the approval of the financial statements as at December 31, 2013, it being not taken into account the three year engagement (2002-2004) by the “former” Lottomatica S.p.A., that was merged by incorporation into Tyche S.p.A., pursuant to Consob communication no. 88/10121 of March 30, 1988. The subsidiary companies of Lottomatica and the consortia would then take the necessary steps in order to be in line, to the extent possible, with the new term of the audit engagement of the parent company Lottomatica.

The Board of Directors, accordingly with the motivated proposal made by the Board of Statutory Auditors pursuant to applicable laws, underlines the experience and knowledge of the Group

gained by Reconta Ernst & Young, also and especially following the acquisition of Gtech Corp., that was also previously tied by a similar engagement to the same audit company, as well as the possibility to obtain good economic conditions.

\* \* \*

*Dear Shareholders:*

*Should you agree with the aforesaid, we kindly ask you to approve the following resolution:*

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

*- having acknowledged the amendments to the provisions concerning the assignment and revocation of the engagement to the audit company following the introduction of law no. 262 of December 28, 2005 as subsequently amended by Legislative Decree no. 303 of December 29, 2006;*

*- having acknowledged the favourable and motivated proposal by the Board of Statutory Auditors;*

*- having examined and discussed the illustrative report by the Board of Directors and the relevant proposal on the item no. 4 of the ordinary session on the agenda on the “proposed extension of the external Auditors’ engagement pursuant to Article 8 of Legislative Decree no. 303 of December 29, 2006”,*

**resolves**

*- to extend the audit engagement in favor of Reconta Ernst & Young up to the approval of the financial statement as at December 31, 2013;*

*- to delegate the Chairman of the Board of Directors and each Managing Director in office, severally between themselves, and with the power to appoint attorneys, in order to negotiate and execute the extension of the engagement in favour of Reconta Ernst & Young S.p.A. at the most favourable economic conditions for the company and its group, also taking into account, among the other, the increased size of the latter following the acquisition of Gtech Corp.*

Lottomatica S.p.A.

For the Board of Directors

The Chairman