



LOTTOMATICA S.p.A.

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

Paid-in Capital Euro 151,991,896.00

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 ITEM NO. 2 OF THE
ORDINARY SESSION ON THE AGENDA OF THE SHAREHOLDERS' MEETING
SUMMONED FOR APRIL 15 AND 17, 2008, RESPECTIVELY IN FIRST AND SECOND
CALL**

Item no. 2 of the ordinary session on the agenda – “*Financial statements as at December 31, 2007 and proposed allocation of profits and of part of the available reserves; related resolutions*”.

Dear Shareholders,

The 2007 financial year closes for the Company with a net profit equal to Euro 68,999,730.00, compared to the profits of the previous financial year 2006 that were equal to Euro 2,345,007.00.

While remitting any detailed information to the documentation already made available in compliance with the provisions of law, the Shareholders' meeting, in ordinary session and, if necessary, in extraordinary session, is invited to:

- approve the financial statements of Lottomatica S.p.A. as at December 31, 2007, along with the related reports;
- allocate a percentage of the said profit equal to Euro 77,339.00 to the legal reserve fund, so that the said legal reserve fund will amount to a fifth of the corporate share capital, therefore up to an overall amount of Euro 30,379,839.00;
- with a fully paid-in legal reserve, and assuming that the Shareholders' meeting authorizes the proposal from the Board of Directors, pursuant to Sections 2357 and 2357-ter of the civil code, to buy-back up to 10% of the from time to time resulting share capital for a maximum consideration to be (i) aligned with the reference price of Lottomatica stock on the day preceding the single buy-back transaction, and (ii) increased by 25%, allocate a part of the share premium account equal to Euro 456,925,620.00 to an *ad hoc* reserve. Such amount being equal to 10% of the current share capital (i.e. the maximum number of shares that can be currently purchased) multiplied by the average reference price of Lottomatica stock between February 6 and March 5, 2008, both included (i.e. during the month preceding the Board meeting where the above said buy-back proposal was formed), as increased by 25%;
- resolve to distribute to the Shareholders as an ordinary and extraordinary dividend the remaining portion of the said profit, equal to Euro 68,922,391.00, and a further quota of the share premium reserve, equal to Euro 56,470,923.00, therefore for a total of Euro 125,393,314.00, equal to an overall dividend per share of Euro 0.825.

It is reminded that, should the above proposal be approved, the dividend will be paid starting from April 24, 2008, upon prior coupon detachment on April 21, 2008, and no tax benefit will arise therefrom. With reference to the tax

treatment, the dividend quota deriving from the year profit equals to Euro 0.453461, while the dividend quota deriving from the share premium reserve equals to Euro 0.371539.

Rome, March 6, 2008

On behalf of the Board of Directors

The Chairman, Managing Director and CEO