



LOTTOMATICA S.p.A.

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

Paid-in Capital Euro 152,286,837.00

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 THIRD ITEM OF THE AGENDA OF THE SHAREHOLDERS MEETING,
IN ORDINARY SESSION, SUMMONED FOR JULY 2 AND 8, 2009, RESPECTIVELY
IN FIRST AND SECOND CALL**

Point No. 3 of the Order of the Day – “2009 – 2015 stock option plan to be reserved for employees of Lottomatica S.p.A. and/or its subsidiaries and delegation of powers to the Board of Directors to carry out such plan; deliberations on related and consequent matters”

Dear Shareholders,

We have convened you for an Ordinary Shareholders’ Meeting to subject for your approval, pursuant to article 114 *bis*, comma 1, of Legislative Decree no. 58/1998 (the so-called Unified Financial Law Text), the 2009-2015 stock option plan to be reserved for employees of Lottomatica S.p.A. and/or its subsidiaries (the “Stock Option Plan”), as well as to delegate to the Board of Directors the necessary powers to carry out such plan.

For a description of the Stock Option Plan, we make reference to the related informational memorandum attached to this report, which has been prepared pursuant to article 84 bis of the CONSOB regulations enacted under Resolution no. 11971 of 14 May 1999, as subsequently amended.

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In the event that it is in agreement with the proposals at hand, the Shareholders’ Meeting is requested to approve the following resolutions:

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

- *having examined the informational memorandum (the “Informational Memorandum”) which has been provided pursuant to article 84 bis of the CONSOB regulations enacted under Resolution no. 11971 of 14 May 1999, as subsequently amended;*

Hereby resolves

- I. *to approve the 2009-2015 stock option plan to be reserved for employees of Lottomatica S.p.A. and/or its subsidiaries (the “Stock Option Plan”), as indicated in the Informational Memorandum;*
- II. *to delegate to the Board of Directors all powers necessary or opportune to carry out the Stock Option Plan. In particular, and merely as an example, the Board of Directors will have the power, and the ability to sub-delegate such power, to: (i) identify the beneficiaries of such Stock Option Plan among management of Lottomatica S.p.A. and/or its Italian subsidiaries, as well as among the Senior Vice Presidents, Vice Presidents, Key Directors and Managers of its foreign subsidiaries, and to assign such stock options, determining the*

number to be so assigned to each such participant; (ii) to set the results-based conditions and/or the performance measures to which exercise of the stock options will be subject; (iii) to establish all other terms and conditions for the carrying out of the Stock Option Plan, also as regards differences between the various plan beneficiaries; (iv) to prepare and approve the executive regulation for the Stock Option Plan, as well as amend and/or change such, with the ability to eventually prepare customized regulations for different categories or groups of plan beneficiaries; all of the above to be in conformity with the terms as stated in the Informational Memorandum. In order to effect the terms of the Stock Option Plan, the Board of Directors will have the power to increase the company's share capital- with the power to exclude/not apply the rights of first refusal pursuant to article 2441, comma 4, second period, of the Italian Civil Code – and such power was given by the Extraordinary Shareholders' Meeting on 18 October 2006;

III. to delegate to the Chairman of the Board of Directors and to the Managing Director or the Managing Directors who have been appointed on a temporary basis, also individually among themselves, all powers, with the power of sub delegation, to fulfill any applicable legal and regulatory requirements relating to the resolutions thus adopted”.