

LOTTOMATICA GROUP S.p.A.

INFORMATIONAL MEMORANDUM RELATING TO THE 2010-2014 SHARE ALLOCATION PLAN LOTTOMATICA GROUP S.P.A, PREPARED PURSUANT TO ARTICLE 84-BIS OF THE CONSOB RULES UNDER RESOLUTION NO. 11971 OF 14 MAY 1999, AS SUBSEQUENTLY AMENDED AND INTEGRATED

Rome, 3 March 2010

Introduction

On March, 3, 2010 the board of directors of LOTTOMATICA GROUP S.p.A. (the “**Company**” or “**Lottomatica**”) resolved to submit to the shareholders’ meeting expected for April, 30, 2010, the 2010-2014 share allocation plan, to be reserved for the Company and/or its subsidiaries’ employees (the “**Share Allocation Plan**”, or simply, the “**Plan**”), convinced that their participation or expected participation in the share capital, in view of their strategic role within the Company, represents a constant promotion for growth in value of the Company.

The Share Allocation Plan should be considered material in regards to Article 114-*bis*, 3rd comma, of Legislative Decree no. 58/98 (the “**TUF**”) and pursuant to Article 84-*bis*, 2nd paragraph, of the CONSOB Regulations adopted pursuant to resolution no.11971 of May, 14, 1999, as subsequently amended (the “**Issuers’ Regulations**”), as it includes among its Beneficiaries (as below defined) members of the board of directors of the Company, even though the Plan does not provide for specific provisions reserved to them.

This informational memorandum has been prepared in conformity with Form 7 of Attachment 3A to the Issuers’ Regulations, including as regards the numbering of its paragraphs.

Definitions

The terms referenced below have the following meanings:

“Shares”	indicates the ordinary Shares of the Company, listed on the Mercato Telematico Azionario MTA, organized and run by Borsa Italiana S.p.A., having a nominal value of 1 euro each, to be awarded pursuant to the Share Allocation Plan;
“Additional Shares”	has the meaning given to them in point 4.4 of the present Plan;
“Beneficiaries”	refers to the persons whom will be allocated (for free) the Shares;
“Cash Equivalent”	has the meaning indicated in point 3.4 of the present Plan;
“Code”	indicates the Italian Stock Exchange self-regulation code as consequently amended in 2006;
“Consob”	indicates the <i>Commissione Nazionale per le Società e la Borsa</i> ;
“Relevant Subsidiary”	indicates a company which is directly or indirectly controlled by Lottomatica, if the accounting value of the controlling participation represents more than 50% of Lottomatica’s shareholders’ assets based upon the last approved consolidated financial statements. As of the date of this informational memorandum, there are no Relevant Subsidiaries;
“Grant Date”	indicates the date on which the board of directors of the Company resolves to grant Shares to the Beneficiaries in execution of the Plan, determining the number assigned to each of them;

“Key Executive Manager/s”	indicates a Lottomatica Executive Manager or a Executive Manager of one of its subsidiaries having (i) regular access to Privileged Information and (ii) the power to take managerial decisions affecting the development and future prospects of Lottomatica or of a Relevant Subsidiary;
“Consolidated EBITDA”	indicates earnings before taxes of Lottomatica on the closing date of a financial year, as set forth in the consolidated financial statements approved by the board of directors of the Company (excluded therefore the minority shareholders’ quota), to which amortization and depreciation must be added, including non-monetary adjustments resulting from allocation of losses on purchases, interest receivable and payable or any other financial expenses, gains and losses on the disposal of intangible and tangible fixed assets, minority interest in the result for those shareholders which do not control Lottomatica. Consolidated EBITDA always includes non-recurring expenses and any extraordinary expenses, with the sole exception of those specifically approved directly by the board of directors or the executive committee of the Company;
“Privileged Information”	indicates information concerning directly Lottomatica or its subsidiaries, defined as such in the TUF;
“Company” or “Lottomatica”	refers to Lottomatica Group S.p.A., having its legal seat in Rome, on Viale del Campo Boario, 56/d.

1. Beneficiaries

- 1.1 Among the Beneficiaries who are members of the board of directors of the Company there are Marco Sala, Managing Director and Chief Executive Officer of Lottomatica, and Jaymin Patel who is also President and Chief Executive Officer of subsidiary GTECH Corp..

Among the Beneficiaries there are neither members of management bodies of companies controlling Lottomatica, nor of its subsidiaries to whom conditions under Consob communications no. DME/7082854 and DME/7082855 of September 13, 2007, are applicable, such as the title to additional remuneration or some Shares or offices or positions other than the employment as a result of such membership.

- 1.2 The Plan is addressed to executives of the Company and/or its Italian subsidiaries and, in case of foreign subsidiaries, to Senior Vice Presidents, Vice Presidents, Key Directors and Managers. Among the Beneficiaries there are no consultants.
- 1.3 Among the top management Beneficiaries, carrying out management functions at Lottomatica, there are Renato Ascoli and Stefano Bortoli, respectively General Manager and Chief Financial Officer of Lottomatica.
- 1.4 Among the Beneficiaries there are no Key Managers nor other categories of employees or consultants for whom have been provided different terms and conditions of the Plan.

2. Reasons for the adoption of the Plan

- 2.1 Even this year, Lottomatica intends to focus the commitment of the Beneficiaries on targets of strategic importance, encourage loyalty and devotion as well as retain them within the group, link their remuneration to the upgraded value gained by the shareholders and improve the competitiveness of Lottomatica by encouraging the achievement of prefixed objectives, as well as maintain the remuneration of the Beneficiaries a competitive level.

In pursuing the above objectives, Lottomatica referred, among others, to the recommendations of the Code whereby the overall compensations of managers with strategic responsibilities should be linked to the operating results of the Company and/or to the achievement of specific targets, conscious that *“the use of variable remuneration systems, tied to results, makes it easier to provide incentives and secures the loyalty of all top management”*.

- 2.1.1 The Plan will be carried out over a total period of approximately four years, which is considered the most appropriate to measure the Company’s performance assumed relevant by the Plan.

As indicated in point 2.3 below, the maximum number of Shares to be allocated each Beneficiary will be determined by the board of directors pursuant to the criteria set forth in point 4.4. In regards to the ratio between stock based incentive compensation based on shares and other components of total compensation packages, the Company refers to the best practices adopted by companies operating in similar industries to its own one.

- 2.2 The actual delivery of the Shares to the Beneficiaries will be connected to and conditioned upon the Company reaching certain Consolidated EBITDA levels during the 2010, 2011 and 2012 financial years, considered as the whole, as well as upon reaching a certain ratio between net consolidated financial indebtedness and Consolidated EBITDA, at the end of the same three financial years, i.e. as of December 31, 2012, as will be more specifically set by the board of directors when implementing the Share Allocation Plan.

- 2.2.1 The performance conditions referred to under point 2.2 above will be applied to all Beneficiaries equally and will be defined, without being necessarily the same, in strict relation to the medium and long-term objectives of the Company.

The board of directors believes that the above performance indicators are the most appropriate to favor upgrades of value of the Company, also taking into consideration the business activities ..

- 2.3 The board of directors of Lottomatica will decide the maximum number of Shares to be allocated to each Beneficiary, pursuant to the criteria set forth in point 4.4 below, taking into account the role of each Beneficiary in the corporate organization and its influence in reaching both the general objectives and the development of the Company’s business activities, and also considering the experience, the competence, the position and the years of employment within the group.

- 2.3.1 The maximum number of Shares to be allocated to each Beneficiary will be based upon the factors detailed in point 2.3 above. The board of directors will be able to also take into account benefits received pursuant to prior or current incentive plans.

- 2.4 Since the Plan is based on financial instruments issued by the Company, it is not applicable the obligation to provide, pursuant to the Issuer Regulations, the reasons for not attributing incentive plans based on financial instruments issued by entities other than the Company.
- 2.5 No specific tax or accounting implications have impacted the Plan.
- 2.6 The Plan is not financed by the Special Incentive Fund to encouraging the workers' participation to their companies, pursuant to article 4, 112th comma, of Law No. 350 of 24 December 2003.

3. Approval of the Plan and timetable for allocation of the Shares

- 3.1 The Company's ordinary shareholders' meeting convened to approve the Plan will be asked to confer upon the board of directors all necessary or opportune powers in order to carry out the Plan. In particular, by mere way of example, the board of directors will have the following powers, with the ability to sub-delegate them: (i) identify the Beneficiaries among the executives of Lottomatica and/or its Italian subsidiaries, as well as among the Senior Vice Presidents, Vice Presidents, Key Directors and Managers of its foreign subsidiaries, and set the number of Shares to be so allocated to each such participant; (ii) to set the results-based conditions and/or the performance measures to which allocation of the Shares will be subject; (iii) to establish all other terms and conditions for the carrying out of the Plan; (iv) to prepare and approve the terms and conditions governing the Plan, as well as amend and/or supplement them, in accordance with the present memorandum and, if necessary, having consulted with the Company's compensation committee.
- 3.2 The Plan will be managed by the Resources and Shared Services Department of the Company, with the cooperation of the Corporate Affairs Department for the issue of the Shares – when own Shares are not used – and for the compliance with any internal dealing disclosure obligation and of intermediaries authorized to provide investment and accessory services.
- 3.3 Apart from point 4.23 below, no procedures for changing the Plan in regards to basic objectives of the Plan are provided for.
- 3.4 The Shares to be allocated to the Beneficiaries will consist of, at the Company's discretion, Shares to be issued and assigned for free pursuant to article 2349, 1st comma, of the Italian Civil Code or of the Company's, or of own Shares to be for free transferred to the Beneficiaries.

On 23 April 2007 the Company's extraordinary shareholders' meeting awarded the board of directors, pursuant to article 2443 of the Italian Civil Code, for a period of five years from the date of such resolution, the power to free increase the corporate share capital, once or repeatedly, up to an aggregate maximum nominal amount of Euro 3,200,000. Such increase(s) would be executed through the issuance of up to a total of 3,200,000 ordinary shares to be allotted to Lottomatica's and/or its subsidiaries' employees, pursuant to article 2349 of the Italian Civil Code, in relation to the Company's current or future share allocation plans. Such issuance would be carried out using a special reserve denominated as the "Plans Reserve Under Art. 2349 of the Italian Civil Code", set up for such purpose and re-filled or increased from year to year to the extent needed, or using the various procedures provided for at that time under applicable law. As of today approximately 395,000 Shares have been used of the total amount of 3,200,000 authorized by the shareholders' meeting.

Following the expiration in October 2009 of the buy-back plan launched by Lottomatica in April 2008, as of today the Company holds a total amount of 3,346,190 own shares.

In the event that, once all conditions for the actual delivery of the Shares have been met, the Company was to find it did not meet the conditions provided for by law to be able to issue and deliver for free launched by Lottomatica in April 2008 the Shares necessary for the Beneficiaries pursuant to article 2349, 1st comma, of the Italian Civil Code, or to be able to transfer for free to the Beneficiaries its own Shares, the Company will be required to pay the Beneficiaries a monetary amount equal to the value of the Shares due (the “**Cash Equivalent**”), as a substitute for the allocation of the Shares. In any case, and not taking into consideration the existence or not of the abovementioned legal conditions, the Company will have the power to pay out, totally or partially, the value for the Shares using the Cash Equivalent as a substitute for delivery of the Shares.

- 3.5 It is noted that among the Beneficiaries of the Plan there are Marco Sala and Jaymin Patel, directors of Lottomatica, who have abstained from the discussion and the vote during the Board meeting which approved the Plan to be submitted to the shareholders’ meeting.
- 3.6 The board of directors resolved to submit the Plan for shareholder approval at the meeting held on March, 3, 2010, upon proposal by the compensation committee which gave its opinion in relation thereto on the same date.
- 3.7 The maximum number of Shares to be allocated to each Beneficiary will be set by the board of directors, in one or more times, based on the specific powers delegated to it by the shareholders (see point 3.1 above). The date on which the Board will make its decisions in relation thereto a press release will be disseminated in compliance with article 84-*bis*, 5th paragraph, letter a), of the Issuer Regulations.
- 3.8 The official price of the Shares, as appearing on the Telematic Share-trading Market [*Mercato Telematico Azionario*] organized and run by Borsa Italiana S.p.A. on March 3, 2010 was equal to euro 13.8. The official price registered on the date on which the board of directors will make its decisions pursuant to point 3.7 above will be notified in compliance with article 84-*bis*, 5th paragraph, letter a), of the Issuer Regulations.
- 3.9 In order to restrict the possibility that disclosure of Privileged Information may coincide, or in any case interfere, with the granting of Shares, the board of directors does not usually adopt the related decisions at the time of examining extraordinary corporate transactions or on occasion of facts or circumstances that may have a major impact on the price of the Shares.

In any case, any disclosure of Privileged Information at the time of granting the Shares would not have significant effects on the behavior of the Beneficiaries insofar as the Shares will have a multiannual maturity. More generally, according to the Company internal regulations, Key Managers and other Beneficiaries cannot carry out transactions on Shares in certain periods of the year, which normally coincide with the approval of Lottomatica’s annual accounts and interim reports and can be established case by case by the board of directors of Lottomatica (so called “black out periods”).

4. Characteristics of the financial instruments to be allocated

- 4.1 The Plan provides for the allocation for free of Shares. Initially, the board of directors will identify Beneficiaries, set the maximum number of Shares to allocate to each one, set the Plan's terms and conditions and prepare governing rules (see point 3.1 above). The actual delivery of Shares, pursuant to the procedures indicated under point 3.4 above, will be carried out once the performance goals and other pre-conditions have been met.
- 4.1.1 Subject to the objectives being met in the referenced financial years, actual delivery of Shares will occur after approval of the consolidated financial statements of Lottomatica for the financial year ended on December, 31, 2012. In particular, as it will be more in detail regulated, not more than 50% of the total amount of shared granted to each Beneficiary, and not voided, will be delivered to him/her after the approval of the consolidated financial statements as of December, 31, 2012, and not less than 50% after one year.
- 4.3 The Plan will, in any case, terminate on 31 December 2014.
- 4.4 The Plan is to be made up of an aggregate maximum amount of no. 755.205 Shares. In particular, following the persons indicated by name under the preceding points 1.1 and 1.3 will be granted the maximum number of Shares: Marco Sala no. 182,720 Shares, Jaymin Patel no. 95,815 Shares, Stefano Bortoli no. 45,040 Shares, Renato Ascoli no. 49,380 Shares.

The number of Shares to be issued under the Plan must be increased, even beyond the aggregate maximum number indicated above, by a measure which corresponds (in terms of value) to the gross total dividends and reserves actually distributed by the Company to holders of Shares in the period running from the notification to the Beneficiaries of their participation to the Plan up to the actual delivery of the Shares once the pre-set objectives are met; therefore, each Beneficiary will receive a number of additional shares (the "**Additional Shares**") which shall have an equivalent value to the gross dividends and reserves distributed, as if Shares had been actually delivered at the same time as at the receipt of notice of participation up the Plan.

- 4.5 In regards to procedures, execution, clauses of the Plan which are not illustrated within the present memorandum, the Plan's terms and conditions will be prepared and approved by the board of directors based on the general powers that will be conferred upon them by the ordinary shareholders' meeting which will be convened to approve the Plan itself.

As indicated under point 2.2 above, the actual delivery of the Shares to the Beneficiaries will be connected to and conditioned upon the Company reaching the targeted Consolidated EBITDA during the 2010, 2011 and 2012 financial years, considered as a whole, as well as upon reaching a certain ratio between net consolidated financial indebtedness and Consolidated EBITDA at the end of the same three financial years, so as of December 31, 2012, as will be more specifically set by the board of directors when implementing the Plan.

- 4.6 The Shares actually delivered to the Beneficiaries will be freely transferable.
- 4.7 No specific termination conditions are provided in case the Beneficiaries carry out hedging transactions that offset the prohibition to sell the assigned Shares.
- 4.8 Without prejudice to what provided below in the event of death:

- a) if termination of the employment relationship occurs due to the disability of the Beneficiary, such as to stop the employment relationship, the Beneficiaries will have the right to the Shares and the Additional Shares due at the time of the termination of employment, i.e. the Shares and the Additional Shares in relation to which the prefixed objectives have been achieved, even if not yet ascertained, pursuant to the preceding point 2.2;
- b) except for what is provided by Law, in case of termination of the employment relationship for any other reason (different from the one in the preceding point a)), the Beneficiary will definitely lose, contemporaneously with receipt of notice of dismissal or resignation or with the mutual termination of the employment relationship, the right to receive the Shares and the Additional Shares not yet allocated, irrespective of whether the objectives set forth under the preceding point 2.2 have been achieved but not yet issued.

The board of directors may, in its discretionary and unquestionable judgment, allocate the Shares and Additional Shares to the Beneficiary in a broader manner as compared to the terms provided for here, in the term set by it, or allocate to other Beneficiaries the Shares or Additional Shares made available due to the termination of one or more employment relationships.

Movement by a Beneficiary from the Company to one of its subsidiaries and vice versa, as well as movement by the Beneficiary from one to another of the Company's subsidiaries, as long as still an employee, will not lead to forfeiture of the allocated Shares or Additional Shares.

The board of directors, if possible and in its discretionary and unquestionable judgment, may allow the Beneficiary to maintain the rights set forth in the Plan in the event that the employment relationship is terminated but, at the same time, the Beneficiary takes or maintains the office as director of the Company and/or one of its subsidiaries.

In the event that, before termination of the employment relationship for any reason, a change of control over the Company occurs, the board of directors will be able to take actions it believes appropriate and equitable to preserve the aims of the Plan and with the interest of the Beneficiaries. Such actions may include, for example, providing the Beneficiary with the right to have, partially or totally, the Shares and Additional Shares delivered to him/her, independently of whether, at the moment of the change of control, all objectives of the Plan are met or not.

In the event of the Beneficiary's death, the heirs shall have the right to receive the Shares which were due to the Beneficiary at the moment of death, i.e. the Shares and Additional Shares in relation to which the prefixed objectives under point 2.2 have been achieved, even if not yet ascertained.

- 4.9 No other reasons for the cancellation of the Share Allocation Plan are provided for.
- 4.10 Redemption by the Company of the Shares deriving from the Plan is not provided for.
- 4.11 Loans or other credit facilities to purchase the Shares pursuant to article 2358 of the Italian Civil Code are not provided, also because the Shares are allocated free of charge.
- 4.12 The burden on the Company is not, at this time, quantifiable.

4.13 The Plan's dilutive effect, calculated assuming an allocation of the maximum number of Shares, as indicated at point 4.4 above, would be equal to approximately 0.44% of Lottomatica's current corporate share capital. Instead, it is not currently possible to foresee the number of Additional Shares that might be delivered to the Beneficiaries.

4.14 No particular restrictions are established for the exercise of voting rights and allocation of the ownership rights attached to Shared resulting from the Plan.

No voting rights are attached to Shares granted but not yet delivered; they are usually vested with the same ownership rights as the other Shares outstanding on the Grant Date, in the form of Additional Shares where possible, provided that the conditions established by the Plan for delivery are complied with.

4.15 No information can be provided to help determine the proper value of the Shares, as the Shares are traded on the Telematic Share-trading Market [*Mercato Telematico Azionario*] organized and run by Borsa Italiana S.p.A.

4.16 No information, concerning the "*number of financial instruments underlying each option*" are provided herein as the Plan provides for the allocation of Shares.

4.17 No information concerning the "*expiration date*" for the exercise of options are provided herein, as the Plan provides for the allocation of Shares.

4.18 No information concerning "*exercise procedures, timescales and clauses of the options*" are provided herein, as the Plan provides for the allocation of Shares.

4.19 No information concerning the "*strike price of the option and the methods and criteria for its determination*" are provided herein, as the Plan provides for the allocation of Shares.

4.20 No information concerning the "*possible divergence between the strike and the market price of the options*" are provided, as the Plan provides herein for the allocation of Shares.

4.21 No information concerning the "*criteria for the establishment of different prices between the various beneficiaries or the various categories of beneficiaries*" are provided, as the Plan provides herein for the allocation of Shares.

4.22 No information are provided herein on the value to be attributed to financial instruments underlying the options or criteria to determine their value, in case they are not traded in regulated markets, as the Plan provides for the allocation of Shares.

4.23 In case of increases in share capital, splits or reverse-splits of Shares, mergers, demergers, delisting of the Company's shares from official trading on a regulated market, change of controlling entity of the Company, public tender/exchange offers relating to the Shares, legislative or regulatory provisions or other events capable of influencing the Shares, the meeting of the Company's objectives or, more generally, the Plan, the Company's board of directors may amend/supplement its terms and conditions to the extent deemed necessary and/or appropriate to maintain as much as possible the essential contents of the Plan, including the permitting the advance delivery of the Shares or Additional Shares.

4.24 Attached to this informational memorandum is section 1 of outline 1 of the table included in form 7 of attachment 3A of the Issuer Regulations.

Section 2 of outline 1 of the aforementioned table will be provided pursuant to article 84-*bis*, 5th paragraph, letter a), of the Issuer Regulations.