

LOTTOMATICA GROUP S.p.A.

INFORMATIONAL MEMORANDUM RELATING TO THE 2011-2017 OPTION PLAN,
PREPARED PURSUANT TO ARTICLE 84-BIS OF THE CONSOB RULES UNDER
RESOLUTION NO. 11971 OF 14 MAY 1999, AS SUBSEQUENTLY AMENDED AND
INTEGRATED

Rome, 10 March 2011

Introduction

On March, 10, 2011 the board of directors of LOTTOMATICA GROUP S.p.A. (the “**Company**” or “**Lottomatica**”) resolved to submit to the shareholders’ meeting expected for April, 28 and 29, 2011, respectively on first and second call, the 2011-2017 stock option plan, to be reserved for the Company and/or its subsidiaries’ employees, (the “**Stock Option 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 and its group, represents a continuous promotion for growth in value of the Company.

The Stock Option Plan should be considered material in regards to Article 114-*bis*, 3rd comma, of Legislative Decree 58/98 (the “**TUF**”) and as regards Article 84-*bis*, 2nd comma, of the CONSOB Regulations adopted pursuant to resolution no.11971 of May, 14, 1999, as subsequently amended (the “**Issuer’s Regulations**”), as it includes among its Beneficiaries (as below defined) also members of the board of directors of the Company¹ 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 of the Issuer’s 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 Stock Option Plan;
“Beneficiaries”	refers to the persons, employees of the Company and/or its subsidiaries, whom will be assigned the Options;
“Code”	indicates the Italian Stock Exchange self-regulation code as consequently amended in 2006 and in 2010;
“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 statement. 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 assign Options to the Beneficiaries in execution of the Plan, determining the number assigned to each of them;

¹ The Company’s shareholders’ meeting expected for April 28 and 29, 2011, respectively on first and second call, will resolve on, among the items of the agenda, also on the appointment of the managing and control bodies of the Company for the period 2011-2013. Please see point 1.1 here below.

“Key Executive Manager/s”	indicates the Beneficiaries who are general managers and the managers of Lottomatica or of one of its Relevant 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 such Relevant Subsidiary;
“Consolidated EBITDA”	of the group indicates earnings before taxes 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), 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 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;
“Options”	refers to the options included in the Stock Option Plan, which will give the respective Beneficiaries, under the established conditions, the right to subscribe for an equivalent number of Shares;
“Company” or “Lottomatica”	refers to Lottomatica Group S.p.A., having its legal seat in Rome, Viale del Campo Boario, 56/d.

1. Beneficiaries

- 1.1 The Company’s shareholders’ meeting, expected for April 28 and 29, 2011, respectively on first and second call, to approve the Stock Option Plan, will resolve on, among the items of the agenda, also on the appointment of the managing and control bodies of the Company for the period 2011-2013. Upon publication of this informational memorandum, therefore, it is not possible to indicate the name of the Beneficiaries who will be members of the board of directors of the Company, but it is only possible to specify that among the Beneficiaries there are Marco Sala and Jaymin Patel who, currently, are, respectively, Managing Director and Chief Executive Officer of Lottomatica, and member of the board of directors of the Company as well as President and Chief Executive Officer of the Company’s subsidiary GTECH Corporation.

In any case, among the Beneficiaries there will be neither members of management bodies of companies controlling Lottomatica, nor of its subsidiaries, to whom conditions under Consob communication no. DME/7082854 and DME/7082855 of September 13, 2007, are

applicable, such as the title to additional remunerations or some Options (or a particular kind of them) 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 Beneficiaries there are no consultants.
- 1.3 Among the Key Executive Managers, there are Renato Ascoli and Stefano Bortoli, respectively General Manager and Chief Financial Officer of Lottomatica.
- 1.4 Among Beneficiaries there are not 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 compensation 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 compensation of the Beneficiaries a competitive level. Moreover the Company believes that the Plan may represent a suitable way to align the interests of the executive directors, under the previous point 1.1, and the managers with strategic responsibilities, under the previous point 1.3 (taking into account that pursuant to this Plan such individuals are considered Key Manager as defined above), with those of the shareholders.

In pursuing the above objectives, Lottomatica referred, among others, to the recommendations of the Code, pursuant to its article 7, whereby it is recommended that the variable components of the remuneration of the executive directors, under the previous point 1.1, and of the managers with strategic responsibilities, who pursuant to this Plan fall within the individuals identified as Key Manager under the previous point 1.3, are linked to predetermined and measurable criteria, as illustrated here below in the Plan. Moreover, in relation to the executive directors, under the previous point 1.1, and the managers with strategic responsibilities, under the previous point 1.3, the Company has provided for, in the following point 4.6 of the Plan, pursuant to the recommendation of article 7 of the Code, a measure aimed at discouraging that the Plan could lead them to seek to increase the short term market value of the Shares, undermining the creation of value in the medium-long term.

- 2.1.1 The Plan will be carried out over total time period of approximately seven years, which is considered to be 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 Options to be assigned to each Beneficiary will be determined by the board of directors pursuant to the criteria set forth in point 4.4. In regards the ratio between stock based incentive compensation based on Options 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 exercise of Options by the Beneficiaries will be connected to and conditioned upon the Company's reaching certain Consolidated EBITDA levels during the 2011, 2012 and 2013 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 3 financial years, i.e. as of December 31, 2013, as will be more specifically set by the board of directors when implementing the Stock Option 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 parameters 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 Options to be assigned 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 the reaching both the general objectives and the development of the Company's business activities, and also considering the experience, competence the position and the years of employment with the group.

- 2.3.1 The number of Options to be assigned 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 other prior or concurrent incentive share based 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's Regulation, the reason 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 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 Options

- 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 to set the number of Options 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 Options 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 having consulted, if necessary, 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 or for the use of own Shares, and for the compliance with any internal dealing

disclosure obligation and of entities 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 In order to carry out the Plan, the board of directors will be able to increase the Company's share capital – with the power to exclude option's rights pursuant to article 2441, comma 4, second period of the Italian Civil Code – using the power which should be granted by the extraordinary shareholders' meeting of the Company expected for April 28 and 29, 2011, respectively on first and second call, for the period of five years from the date of such resolution or to use own Shares in portfolio.
- 3.5 As indicated in the previous point 1.1, it is noted that upon publication of this informational memorandum, it is not possible to indicate the name of the Beneficiaries who will be members of the board of directors of the Company, since the Company's shareholders' meeting, expected for April 28 and 29, 2011, respectively on first and second call, called to approve the Stock Option Plan, will resolve on, among the items of the agenda, also on the appointment of the managing and control bodies of the Company for the period 2011-2013. After such appointments, therefore, it will be possible to determine the role performed by each director in determining the features of the Plan and the occurrence of any situations of conflicts of interest for the directors involved. In any case, since among the Beneficiaries of the Plan it is expected to have Marco Sala and Jaymin Patel, currently directors of Lottomatica, they have abstained from the discussion and the vote during the board meeting which approved Plan to be submitted to the shareholders' meeting.
- 3.6 The board of directors resolved to submit the Plan for shareholders' approval at the meeting held on March, 10, 2011, upon proposal by the compensation committee which gave its opinion in relation thereto on the same date.
- 3.7 It is foreseen that the maximum number of Options to be assigned 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 3.4 above) in compliance with article 84-bis, 5th comma, letter a), of the Issuer's 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, 10, 2011 was equal to euro 11,93. 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 comma, letter a), of the Issuer's Regulations.
- 3.9 It's foreseen that the board of directors approves the assignment of the Options to the Beneficiaries in one or more tranche, contemporaneously with the approval/s of capital increase or use of own Shares in portfolio to be used to service such assignments, with contemporaneous setting of the Option's exercise price. In this regard, it is held that the procedures to determine price will be based on mean market prices over a significant period of time (see point 4.19 below), in such way to avoid that the price can be influenced by potential disclosure of Privileged Information. 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 assigned

- 4.1 The Plan provides the assignment for free of Options, which permits the Beneficiaries, pursuant to conditions set forth, to sub sequentially subscribe for newly issuing Shares or to allocate Shares within the Company's portfolio, following the regulations for physical delivery (so called stock option).
- 4.2 The Options will be assigned to the Beneficiaries in one or more tranche and will be exercisable at the end of a three years vesting period and, in any case, within the time limit indicated in point 4.18 below, taking into account the constraint to the Shares deriving from the exercise of Options indicated in point 4.6 below.
- 4.3 The Plan will, in any case, terminate on 31 December 2017, taking into account the provision on the constraint to the Shares deriving from the exercise of Options indicated in point 4.6 below.
- 4.4 The Plan foresees an aggregate maximum number of 1,724,816 Options to be assigned. In particular, to the persons nominally indicated at the preceding points 1.1, 1.3 will be assigned the maximum number of Options as follows: Marco Sala no. 386,376 Options, Jaymin Patel no. 186,170 Options, Stefano Bortoli no. 95,570 Options and Renato Ascoli no. 124,110 Options. The exact number of Options that will be assigned to each Beneficiaries will be set by the board of directors when it acts to assign Options individually.
- 4.5 As regards procedures and execution clauses for the Plan which are not illustrated within the present informational memorandum, the Plan's terms and conditions will be prepared and approved by the board of directors based on the general powers that, it is expected, will be conferred upon them by the ordinary shareholders' meeting which will be convened to approve the Plan itself.

As indicated at point 2.2 above, the actual attribution of the Options to the Beneficiaries will be connected to and conditioned upon the Company's reaching certain Consolidated EBITDA levels during the 2011, 2012 and 2013 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, so as of December 31, 2013, as will be more specifically set by the board of directors when implementing the Plan.

- 4.6 The Options are to be assigned to the Beneficiaries on individual basis and cannot be transferred by deed *intra vivos* in any way, may not be pledged or be subject to any other act of disposition, whether for free or for consideration, whether by effect of law or otherwise; they shall not be subject to act of execution or precautionary measures involving third parties, subject to immediate forfeiture by the Beneficiary of all rights awarded him/her under the Plan. The Shares deriving from the exercise of Options will be freely transferable, except for those of the Beneficiaries identified under the previous points 1.1 and 1.3, who are required to retain for three years, following the exercise of the Options, a quota at least equal to 20% of such Shares resulting from the exercise of the Options.

4.7 No termination conditions are provided in case the Beneficiaries carry out hedging transactions that offset the prohibition on the sale of the assigned Options, and of the Shares deriving from the exercise of Options as provided for in the previous point 4.6.

4.8 Without prejudice to that provided below in the event of death:

- a) if termination of the employment relationship occurs due to the Company or its Subsidiary (except for resolution by the Company or its Subsidiary for just cause or justified ground) or due to the Beneficiary for any reason, or for termination of any reasons, the Beneficiary will definitely lose, contemporaneously with the receipt of notice of dismissal or resignation, the right to exercise the assigned, but not yet exercisable, Options, while he/she will have the right to exercise the assigned and eventually exercisable Options, not yet exercised, within deadline of six months from the receipt of notice of dismissal or resignation.
- b) in case of dismissal for just cause or justified ground, the Beneficiary will definitely lose, contemporaneously with receipt of notice of dismissal or resignation, the right to exercise the assigned Options, not yet exercised, whether exercisable or not.

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

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 exercise all the Options assigned within a period set by the Board itself, but at any rate not less than 30 days, independently of whether, at the moment of the change of control, all objectives of the Plan have been met or not.

In the event of the Beneficiary's death:

- all exercisable, but not yet exercised Options, may be exercised by the Beneficiary's heirs or successors individually, with the fundamental term of 6 months from death or, if earlier, by the end of the Option exercise period, as established under the rules of the Stock Option Plan, and in all cases, only providing adequate documentation to legally prove their individual legal rights as heirs or successors;

- non - exercisable Options as at the Beneficiary's date of death will be forfeited, and the specific heirs and successor of the Beneficiary will not have the right to any indemnity or kind of compensation. The board of directors may assign to another Beneficiary(ies) the suspended Options.

The board of directors, in its discretionary and unquestionable judgment, may allow the Beneficiary, his/her heirs and successor, to exercise, partially or totally, the assigned Options

in a broader manner as compared to the terms provided for here, in the term set by it (in any case not less than 30 days), or assign to other Beneficiaries the Options made available due to the termination of one or more employment relationships.

- 4.9 No reasons for the cancellation of the Plan are provided for.
- 4.10 Redemption by the Company for Options covered by the Plan is not provided for.
- 4.11 Loans or other credit facilities to exercise the Options pursuant to article 2358 of the Italian Civil Code are not to be provided
- 4.12 The burden on the Company is not, at this time, quantifiable.
- 4.13 The Plan's dilutive effect, calculated assuming an assignation of the maximum number of Options, as indicated at point 4.4 above, and the exercise of all such Options, would be equal to approximately 1% of Lottomatica's current corporate share capital
- 4.14 No particular restrictions are established for the exercise of voting rights and allocation of the ownership rights, as this regards a Stock Option Plan
- 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 Each Option will give the right to subscribe for a Share
- 4.17 The expiration date for the exercise of Options are provided in point 4.18 below.
- 4.18 The exercise of Options may be carried out by the Beneficiaries – in one or more tranches, but in any case for a total that is not less, for each such tranche, than a set percentage of exercisable Options – in the period running from the 31st day of the calendar (month) after the date of approval, by the Company's board of directors, of the consolidated balance sheet related to 2013 and the third anniversary of such day and, in any case, not later than December, 31, 2017. Exercise of the Options will be suspended in the periods which will be defined in the Plan's terms and conditions.
- 4.19 The board of directors – in compliance with the terms of article 2441, 4th comma, second period, of the Italian Civil Code, will set the Options' exercise price using measures which correspond to their market value of the Shares, taking into account the average of the Company's stock market share prices over a significant period of time, and in any case not less than the arithmetical average of the Shares' official prices appearing on Borsa Italiana S.p.A. in the period running from the Grant Date, excluding the same day, to the same day of the previous month and without prejudice to the fact that in such period, in order to calculate the arithmetical average, account be taken only of the open stock market days in which the Shares' official price is actually available.
- 4.20 The price for the exercise of the Options corresponds to their fair market value.
- 4.21 Different criteria for the various Beneficiaries for the determination of the exercise price are not foreseen, even though concretely such prices could be different due to the differing Grant Dates, and since the assignment could occur in multiple tranches.

- 4.22 It is not necessary to provide information regarding the financial instruments under the Options, as the Shares are traded on the Telematic Share-trading Market [*Mercato Telematico Azionario*] organized and operated by Borsa Italiana S.p.A..
- 4.23 In case of increases in share capital – whether for free or for consideration - (with the exception of those effected to service stock incentive plans), splits or reverse-splits of Shares, the distribution of reserves, mergers, demergers, delisting of the Company's shares from official trading on the Telematic Share-trading Market [*Mercato Telematico Azionario*], legislative or regulatory reforms or other events capable of influencing the Options, the Shares, the meeting of the Company's objectives of the Plan, the Company's board of directors will make changes or amendments to the Plan that it considers necessary and/or opportune to maintain as much as possible the essential bases of the Plan, including the possibility of permitting the advance exercise of the Option.
- 4.24 Attached to this informational memorandum is section 1 of outline 2 of the table included in form 7 of attachment 3A of the Issuer's Regulations.

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