



**LOTTOMATICA S.p.A.**

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

**Paid-in Capital Euro 151,721,634.00**

**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 ITEM OF THE  
AGENDA OF THE SHAREHOLDERS MEETING, IN EXTRAORDINARY SESSION,  
SUMMONED FOR DECEMBER 11 AND 12, 2007, RESPECTIVELY  
IN FIRST AND SECOND CALL**

***Item of the agenda, in extraordinary session: “Proposal to amend the following articles of the by-laws: art. 4 (Objective); art. 13 (Appointment of the Board of Directors); art. 20 (Appointment, composition and requirements of the Board of Statutory Auditors); related resolutions”***

Dear Shareholders,

The Board of Directors summoned the extraordinary Shareholders Meeting to resolve upon the approval of the proposals to amend the following articles of the by-laws of the Company: art. 4 (Objective); art. 13 (Appointment of the Board of Directors); art. 20 (Appointment, composition and requirements of the Board of Statutory Auditors).

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This summary report (the “**Report**”) was drawn up by the Board of Directors of Lottomatica pursuant to Article 72, Paragraph 1, and Annex 3A (Schedule no. 3) of CONSOB regulation no. 11971/1999, as subsequently amended (the “**Issuers’ Regulation**”), enforcing law provisions on issuers of listed financial instruments.

Pursuant to articles 72 and 92 of the Issuers’ Regulation, this report has been submitted to CONSOB on the day it was decided to summon the Shareholders’ Meeting, and has been made available to the public at the headquarters of the Company and to Borsa Italiana S.p.A., 15 days prior to the date of the same meeting.

Please find hereinbelow a commented comparison between the current version of each concerned article of the by-laws and the proposed marked-up version.

## **1 DESCRIPTION AND REASONS FOR THE PROPOSED AMENDMENTS TO THE COMPANY BY-LAWS**

### ***a) Amendments proposed in order to render the by-laws compliant with the new provisions of the Issuers’ Regulation.***

Following the entry into force of the legislative decree no. 303 of December 29, 2006 aimed at coordinating and amending provisions of law no. 262 of December 28, 2005 (so called “**Savings Protection Law**”), the Shareholders’ Meeting held on April 23, 2007, had approved a number of interventions to adjourn the by-laws and implement the provisions of the Savings Protection Law, and had reserved itself the right to implement future CONSOB provisions, if necessary.

The same Shareholders’ Meeting had delegated to the Board of Directors - within the limits of its competence, as well as in full compliance with the principles of diligence and good faith - the powers to autonomously amend the by-laws of the Company in accordance with the regulations that would have been issued by CONSOB. CONSOB did so by means of resolution no. 15915 of May 3, 2007.

Notwithstanding the above delegation of powers by the Shareholders’ Meeting and although the Board of Directors - pursuant to Article 17.1, letter e) of the Company’s by-laws and Article 2365, paragraph 2 of the Italian Civil Code - has all the powers to amend the by-laws of the Company so as to implement any new provision of law, it has been considered appropriate to share with the Shareholders the amendments hereby

proposed, since some of them involve discretionary choices, and most of them are aimed at strengthening the guarantees provided by the law and the by-laws in order to safeguard rights of the minorities.

With reference to **article 13** of the by-laws, which provides for the appointment of the Board of Directors, the Board proposes to delete the reference to the provisions of law made under **article 13.1**, in order to avoid further amendments due to possible modifications to the Italian Civil Code.

The Board also proposes to make it clear in **article 13.2** that the appointment as Director is subject to particular requirements related to the participations held by the Company (the Company currently holds relevant participations in the share capital of an electronic money institution and in the share capital of two financial intermediaries).

With reference to the activities and publicity requirements to submit the lists of candidates, governed by **article 13.3**, the amendments proposed by the Board are aimed at aligning the by-laws to the new provisions of the Issuers' Regulation, including the mandatory indication in the notice of summon of the minimum percentage of shares to be owned in order to submit the lists. With reference to the documents to be submitted together with the lists, the Board proposes that an indication of the Shareholders' names be made together with an indication of the percentage of shares owned by each single Shareholder.

The Board also proposes to define "minority list" and "majority list" for purposes of simplifying the wording.

With particular reference to the possibility that an equal number of votes be reached by two or more lists, the Board proposes that in the event of a repeated equal number of votes reached by two or more lists, the prevailing list shall be the one submitted by the Shareholders holding the greater number of shares as at the moment the list was submitted or, in sub-order, by the higher number of Shareholders or, in further sub-order, candidates shall be selected from each list, in the number provided by the law and the by-laws, on the basis of their seniority.

With reference to the need to ensure the minimum number of Directors that meet the independence requirements, the Board proposes to expressly provide that, pursuant to the law, the Director that is no longer meeting the above requirements shall immediately report to the Board of Directors. Intuitively, the Board shall evaluate the measures that need to be taken.

In the event that, as provided by **article 13.5**, one or more Directors are no longer in office, or in the event that the candidates appointed by the Shareholders' Meeting do not take office, replacements will take place pursuant to Article 2386 of the Italian Civil Code. Should a ceased Director have been appointed by the minorities, the substitute shall be drawn from, provided that the minimum number of independent Directors set by the law is ensured, (i) the minority list to which the replaced Director belonged, if possible, or (ii) the other lists that were submitted and voted by minority Shareholders.

Should, upon the appointment of the Board of Directors, the number of independent directors required by the law fall below target, the Board proposes to automatically substitute the last non-independent candidate from the majority list with the first independent candidate from the same list, and not from the minority list as currently provided, which would be in excess of the rationale behind the new CONSOB provisions governing the appointment of directors of listed companies.

With reference to **article 20** of the by-laws, concerning the appointment, composition and requirements of the Board of Statutory Auditors, and in particular to the activities and the publicity requirements to submit the lists, the proposed amendments are simply intended to align the by-laws to the new provisions of the Issuers' Regulation, including the mandatory indication in the notice of summon of the minimum percentage of shares to be owned in order to submit the lists.

As to the documents to be submitted together with the lists, the Board proposes that an indication of the names of the Shareholders be made together with an indication of the percentage of shares owned by them in the aggregate. On the other hand, the Board proposes that the Shareholders deposit, together with the rest of the required documents, a declaration stating the inexistence of any relationship between them and the Shareholders that hold, also jointly, the control or the simple majority of the share capital of the Company.

The Board further proposes to specify that the Shareholders belonging to the same group or bound by a shareholders' agreement concerning the shares of Lottomatica, as well as any other Shareholder, may not submit or vote more than one list, not even through a third person or a trust company.

Even though not strictly necessary, in order to ensure a higher degree of transparency, especially to the benefit of the minorities, it is hereby also proposed that, in the event that upon expiry of the term given to submit the lists only a single list or majority lists be submitted, then any additional list will be admitted up to the fifth day following the above said expiry date, with the threshold required by the bylaws for the submittal of the lists reduced by half, provided that the above said deposit and publicity requirements are met.

The Board also proposes to insert a definition of "minority list" and of "majority list" for purposes of simplifying the wording.

As requested by Article 144 *sexies*, paragraph 9, of the Issuers' Regulation, the Board further proposes that should two or more lists repeatedly receive the same number of votes, the prevailing list shall be the one submitted by the Shareholders owning the greater percentage of shares of the Company or, in sub-order, the list submitted by the larger number of Shareholders, or in further sub-order, candidates shall be appointed on the basis of seniority.

Moreover, the Board proposes to specify that the effective Statutory Auditor appointed by the minorities will take the office of Chairman, as provided by recent laws.

As to the replacement of the Statutory Auditor appointed by the minorities, the Board proposes that all candidates deputy members belonging to the minority lists ranked first and second be appointed as such, so that the substitute of the Chairman will automatically be taken among them. More in detail, the new Chairman will be the first listed deputy Statutory Auditor available belonging to the list of the ceased Statutory Auditor or, if no one is available from that list, to the list ranking second.

In both cases, the deputy Statutory Auditor replacing the effective member appointed by the minority, shall also be appointed as Chairman.

In light of the above new provisions, it appears appropriate to amend **article 20.1** so as to allow the appointment of more than two deputy Statutory Auditors, and **article 20.2** by imposing that each list distinguishes between candidate effective Statutory Auditors and candidate deputy Statutory Auditors.

Finally, it is hereby proposed to increase from one to two the number of deputy Statutory Auditors to be taken from the majority list, so as to ensure the required minimum number of deputy Statutory Auditors, should no minority lists be given, and, more in general, to guarantee an adequate representation of the majority, without the need to summon a new Shareholders' Meeting should the only majority deputy Statutory Auditor cease from its office (article 20.2, lett. a).

***b) Other proposed amendments***

The proposed amendment to **article 4 of the by-laws** concerning the corporate purpose is made necessary by the participation by the Company to the tender called by the *Amministrazione Autonoma dei Monopoli di Stato - AAMS* for the award of the concession for the exercise and development of national pari-mutual games, as provided for in the 2007 Financial Law (so called “**Superenalotto Tender**”); should the tender be awarded in favour of the Company, the amended by-laws shall indeed be provided within 30 (thirty) days of the final award for purposes of executing the concession agreement.

In particular, it is hereby proposed to expressly include in the corporate purpose the exercise and development, under a concession, of national pari-mutual games through a distribution network, it being unsatisfactory – as explained by the *AAMS* following a specific query by the Company – the administration, management and execution of games provided for in general terms by the current version of the by-laws.

**2. COMPARISON BETWEEN THE CURRENT BY-LAWS AND PROPOSED AMENDMENTS**

**2.1** The following is a description, article by article, of the proposed amendments to the Articles of the By-laws:

CURRENT BY-LAWS	NEW AMENDED BY-LAWS
<p style="text-align: center;">[...]</p> <p style="text-align: center;"><b>4. Objective</b></p> <p>4.1 The Company objective is all activities pertaining to the organisation, management and fulfilment of games and/or lotteries, instant and/or traditional, for example games of ability, forecasting competitions, lottery draws and betting, whether directly or through concessions, in Italy or abroad.</p> <p>In particular the Company can organise and manage, under licence from the Department of Finance, the automatic lottery, as provided for by section 1 of the d.m. 4832/GAB of 17</p>	<p style="text-align: center;">[...]</p> <p style="text-align: center;"><b>4. Objective</b></p> <p>4.1 The Company objective is all activities pertaining to the organisation, management and fulfilment of games and/or lotteries, instant and/or traditional, for example games of ability, forecasting competitions, lottery draws and betting, whether directly or through concessions, in Italy or abroad.</p> <p>In particular the Company can organise and manage, under licence from the Department of Finance, the automatic lottery, as provided for by section 1 of the d.m. 4832/GAB of 17</p>

<p>March 1993 and subsequent amendments.</p> <p>The Company can also carry out any concessionary activity and/or activities connected with services delegated, or in any way given in concession, to tobacconist shops and/or collectors for the Public Administration, including the collection of car taxes.</p> <p>4.2 The Company can carry out any other delegated activity granted by the Public Administration in connection to concessionary services or activities.</p> <p>4.3 The Company can carry out all manufacturing, financial, commercial, security and real estate transactions, in any way instrumental to the pursuit of the company objective, including the issuing of surety bonds and collateral securities, the acquisition, assignment and use of industrial rights, patents and inventions.</p> <p>4.4 The Company can participate with and have interests in other companies, businesses and associations, established or in formation, including foreign companies, essential to, connected with or instrumental in achieving the company objective and can carry out, in general, any essential or desirable transaction with this aim in mind within the provisions of activity as per section 106 and ss., d.lgs no. 385/1993 and related administrative provisions.</p> <p style="text-align: center;">[...]</p> <p style="text-align: center;"><b>TITLE IV – MANAGEMENT BODY</b></p>	<p>March 1993 and subsequent amendments.</p> <p>The Company can also carry out any concessionary activity and/or activities connected with services delegated, or in any way given in concession, to tobacconist shops and/or collectors for the Public Administration, including the collection of car taxes.</p> <p><b><u>The Company can further exercise and develop, under concession, national pari-mutuel games through a distribution network.</u></b></p> <p>4.2 The Company can carry out any other delegated activity granted by the Public Administration in connection to concessionary services or activities.</p> <p>4.3 The Company can carry out all manufacturing, financial, commercial, security and real estate transactions, in any way instrumental to the pursuit of the company objective, including the issuing of surety bonds and collateral securities, the acquisition, assignment and use of industrial rights, patents and inventions.</p> <p>4.4 The Company can participate with and have interests in other companies, businesses and associations, established or in formation, including foreign companies, essential to, connected with or instrumental in achieving the company objective and can carry out, in general, any essential or desirable transaction with this aim in mind within the provisions of activity as per section 106 and ss., d.lgs no. 385/1993 and related administrative provisions.</p> <p style="text-align: center;">[...]</p> <p style="text-align: center;"><b>TITLE IV – MANAGEMENT BODY</b></p>
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<p><b>13. Board of Directors: appointment</b></p> <p>13.1 The Company, as per par.2 Section 6(2), Chapter 5, Volume 5, Book 5 of the Civil Code, is managed by a Board of Directors made up of between 7 (seven) and 15 (fifteen) members. The Shareholders Meeting will decide on the number of Board members, such number to remain the same until agreed differently.</p> <p>13.2 In order to be vested as Director, a person must possess the individual requisites as provided under the law. An appropriate number of Directors, in any case not lower than the one provided by the law, must possess the independence requisites it provides for.</p> <p>13.3 Directors are appointed by the ordinary Shareholders' Meeting on the basis of lists submitted by the Shareholders, whereby the candidates must be indexed by progressive numbering. Only the Shareholders representing, alone or together with other Shareholders, the minimum percentage of share capital provided by the law, if any, have the right to submit the lists.</p> <p>Each Shareholder can submit or take part in the submission of only one list and each candidate will be entitled to present himself in one list only, otherwise resulting ineligible. Candidates not having the requisites as provided by the law or the by-laws (without prejudice to any other reason of forfeiture or ineligibility) cannot be</p>	<p><b>13. Board of Directors: appointment</b></p> <p>13.1 The Company, <del>as per par.2 Section 6(2), Chapter 5, Volume 5, Book 5 of the Civil Code,</del> is managed by a Board of Directors made up of between 7 (seven) and 15 (fifteen) members. The Shareholders Meeting will decide on the number of Board members, such number to remain the same until agreed differently.</p> <p>13.2 In order to be vested as Director, a person must possess the individual requisites as provided under the law <b><u>also with respect to any shareholdings held by the Company.</u></b> An appropriate number of Directors, in any case not lower than the one provided by the law, must possess the independence requisites it provides for.</p> <p>13.3 Directors are appointed by the ordinary Shareholders' Meeting on the basis of lists submitted by the Shareholders, whereby the candidates must be indexed by progressive numbering. Only the Shareholders representing, alone or together with other Shareholders, the minimum percentage of share capital provided by the law, <del>if any,</del> have the right to submit the lists.</p> <p><b><u>The above percentage shall be indicated in the notice of summon of the Shareholders' Meeting called to resolve upon the appointment of the Board of Directors.</u></b></p> <p>Each Shareholder can submit or take part in the submission of only one list and each candidate will be entitled to present himself in one list only, otherwise resulting ineligible. Candidates not having the requisites as provided by the law or the by-laws (without prejudice to any other reason of forfeiture or ineligibility) cannot be</p>
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<p>inserted in the lists.</p> <p>Each list shall have to contain a number of candidates not exceeding the maximum number of Directors mentioned under art. 13.1 above; a minimum number of candidates, equal to the number as provided by the law, if any, shall have to possess the independence requisites provided therein.</p> <p>The candidates' lists must be filed with the company's head office at least fifteen days before the date fixed for the Shareholder's Meeting and, accordingly, they must be forthwith published on the internet web site of the Company at this latter's care. Upon filing, each list shall be accompanied by:</p> <p>A) exhaustive information on the personal and professional qualifications of the candidates, indicating their alleged independency qualification;</p> <p>B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility provided under the law, as well as that he/she possesses all requisites provided by the law and by the By-laws.</p> <p>C) a copy of the certificates delivered by authorized intermediaries and certifying the ownership of the number of shares required to file the lists.</p>	<p>inserted in the lists.</p> <p>Each list shall have to contain a number of candidates not exceeding the maximum number of Directors mentioned under art. 13.1 above; a minimum number of candidates, equal to the number as provided by the law, <del>if any</del>, shall have to possess the independence requisites provided therein.</p> <p>The candidates' lists must be filed with the company's head office at least fifteen days before the date fixed for the Shareholders' Meeting <b><u>summoned to resolve on the appointment of the Directors</u></b> <del>and, accordingly, they must be forthwith published on the internet web site of the Company at this latter's care.</del> Upon filing, each list shall be accompanied by:</p> <p>A) exhaustive information on the personal and professional qualifications of the candidates, indicating their alleged independency qualification;</p> <p>B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility provided under the law, as well as that he/she possesses all requisites provided by the law and by the By-laws.</p> <p>C) <b><u>an indication of (i) the identity of the Shareholders that have submitted the list and (ii) the percentage of share capital jointly owned, as well as (iii)</u></b> a copy of the certificates delivered by authorized intermediaries and certifying the ownership of the number of shares required to file the lists.  <b><u>The Company shall immediately, and in any event within 10 days prior to the Shareholders' Meeting called to resolve on</u></b></p>
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<p>The lists or any candidate submission, the presentation of which do not comply with all the above provisions, except for those to be complied with by the Company, are deemed as not submitted.</p> <p>Moreover, the lists that have not obtained the minimum number of votes if provided by the law, are also deemed as not submitted.</p> <p>All those having the right to vote can vote for only one list.</p> <p>The election of the Directors will proceed as follows:</p> <p>a) a number of Members of the Board representing the entirety of those to be appointed will be elected from the list having obtained the majority of the votes at the Shareholders' Meeting, on the basis of the same progressive numbering they have been listed in the list, save for the minimum number reserved to the minority shareholders by the law;</p> <p>b) a number of Members of the Board equal to the minimum number set out under letter a) - unrelated in any manner whatsoever, also indirectly, to the shareholders that have submitted or voted the list under letter a) above - will be elected from the list having obtained the second greatest number of votes at the Shareholders' Meeting, in accordance with the progressive numbering they have been listed in the list.</p> <p>In the event that, through the candidates elected in accordance with the above mentioned terms,</p>	<p><b><u>the appointment of the directors, fulfil all the disclosure requirements set by the provisions in force as at that time.</u></b></p> <p>The lists or any candidate submission, the presentation of which do not comply with all the above provisions, except for those to be complied with by the Company, are deemed as not submitted.</p> <p>Moreover, the lists that have not obtained the minimum number of votes <del>if</del> provided by the law are also deemed as not submitted.</p> <p>All those having the right to vote can vote for only one list.</p> <p>The election of the Directors will proceed as follows:</p> <p>a) a number of Members of the Board representing the entirety of those to be appointed will be elected from the list having obtained the <del>majority</del> <b><u>highest number</u></b> of the votes <b><u>(hereinafter referred to as the "Majority List")</u></b> at the Shareholders' Meeting, on the basis of the same progressive numbering they have been listed in the list, save for the minimum number reserved to the minority shareholders by the law;</p> <p>b) a number of Members of the Board equal to the minimum number set out under letter a) - unrelated in any manner whatsoever, also indirectly, to the shareholders that have submitted or voted the <b><u>Majority List</u></b> <del>under letter a) above</del> <b><u>(hereinafter referred to as the "Minority List")</u></b> will be elected from the list having obtained the second greatest number of votes at the Shareholders' Meeting, in accordance with the progressive numbering they have been listed in the list.</p> <p>In the event that, through the candidates elected in accordance with the above mentioned terms,</p>
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<p>the number of independent Members of the Board referred to under art. 13.2 above is not ensured, the last elected non-independent candidate(s) in progressive numbering in the list that has collected the greatest number of votes set out under the above letter a), shall be replaced by the first independent candidate(s), in accordance with the respective progressive numbering, non elected in the list that has registered or, if not sufficient, of the lists, having registered the majority of the votes.</p> <p>In the event of several lists achieving an equal number of votes, an equal number of Members of the Board shall be elected from each of the lists, always in accordance with the respective progressive number they have been mentioned therein.</p> <p>In the event that only one list is submitted or voted, then all Members of the Board shall be elected from such list</p> <p>13. 4 Directors are appointed for a maximum of three financial years, following which, as agreed by the Meeting of appointment, they may be</p>	<p>the number of independent Members of the Board referred to under art. 13.2 above is not ensured, the last elected non-independent candidate(s) in progressive numbering in the <del>list</del> <del>that has collected the greatest number of votes set out under the above letter a)</del>, <b><u>Majority List</u></b> shall be replaced by the first independent candidate(s), in accordance with the respective progressive numbering, non elected in the <del>list</del> <del>that has registered or, if not sufficient, of the lists, having registered the majority of the votes</del> same <b><u>Majority List</u></b>.</p> <p>In the event of several lists achieving an equal number of votes, <b><u>the list that has been submitted by the Shareholders holding the greater percentage of shares at the moment of submitting the list, or in sub-order, by the greater number of Shareholders, shall prevail.</u></b> — an equal number of Members of the Board shall be elected from each of the lists, always in accordance with the respective progressive number they have been mentioned therein.</p> <p><b><u>In the event that the above said criteria do not help, the candidates shall be selected from each list, in the number provided by the law, on the basis of seniority.</u></b></p> <p>In the event that only one list is submitted or voted, then all Members of the Board shall be elected from such list</p> <p><b><u>The independent Directors that no longer meet the independence requirements provided by the law shall immediately inform the Board of Directors.</u></b></p> <p>13.4 Directors are appointed for a maximum of three financial years, following which, as agreed by the Meeting of appointment, they may be</p>
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available for re-election. Their role will expire on the date of the Shareholders Meeting called to approve the accounts relating to the final financial year of their appointment.

13.5 Art. 2386 of the Civil Code provides for substitution in the event of a lack of one or more director.

13.6 The above provisions of this article notwithstanding, if, for whatever reason, the Director or the Directors obtained under the minority lists cannot accept the office or, having it accepted, cease their office, the candidate or the candidates belonging to the same list shall replace such Director, according to their respective progressive numbering.

13.7 If for whatever reason the number of directors falls below target, the entire Board of Directors will be dismissed and the Shareholders Meeting must be called as early as possible by

available for re-election. Their role will expire on the date of the Shareholders Meeting called to approve the accounts relating to the final financial year of their appointment.

~~13.5 Art. 2386 of the Civil Code provides for substitution in the event of a lack of one or more director.~~ **Should one or more Directors cease from the office or, though appointed by the Shareholders' Meeting, fail to take office, they shall be replaced pursuant to Article 2386 of the Italian Civil Code.**

**In the event that the ceased Directors had been selected from the Minority List, the Board of Directors shall select the substitute members on the basis of the same progressive numbering they have been listed, provided that the minimum number of independent Directors provided by the law is ensured, from (i) the same Minority List, if possible or, (ii) on the basis of the larger number of votes obtained during the Shareholders' Meeting, from the other lists submitted and voted by Shareholders that are in no way connected with the Shareholders that have submitted or voted the Majority List.**

~~13.6 The above provisions of this article notwithstanding, if, for whatever reason, the Director or the Directors obtained under the minority lists cannot accept the office or, having it accepted, cease their office, the candidate or the candidates belonging to the same list shall replace such Director, according to their respective progressive numbering.~~

~~13.7 If for whatever reason the number of directors falls below target, the entire Board of Directors will be dismissed and the Shareholders Meeting must be called as early as possible by~~

<p>the remaining directors in order to establish an entire new Board.</p>	<p><del>the remaining directors in order to establish an entire new Board.</del></p>
<p style="text-align: center;"><b>20. Appointment, composition and requirements of the Board of Statutory Auditors</b></p> <p>20.1 The Statutory Auditors are comprised of three regular Auditors and two deputies, appointed by the Shareholders Meeting.</p> <p>20.2 The auditors are appointed on the basis of lists presented by the Shareholders in which candidates are indexed by progressive numbering, where possible, specifying if the candidate presents himself/herself, as regular or deputy auditor.</p> <p>The lists must be deposited at the head office and published in at least one daily national newspaper no less than fifteen days before the date set for the Shareholders' Meeting in first call and, accordingly, they must be forthwith published on the internet site of the Company at this latter's charge.</p> <p>Upon filing, they shall be accompanied by:</p> <p>A) exhaustive information on the personal and professional qualities of the candidates, on the acquired expertises and on their past experiences and an indication of the management and control offices held in other companies and their expiration date;</p> <p>B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility provided under the law, as well as that he/she possesses all requisites provided by the law;</p> <p>C) a copy of the certificates delivered by authorized intermediaries and certifying the ownership of the number of shares required to</p>	<p style="text-align: center;"><b>20. Appointment, composition and requirements of the Board of Statutory Auditors</b></p> <p>20.1 The Statutory Auditors are comprised of three regular Auditors and of two <u>or more</u> deputies, appointed by the Shareholders Meeting.</p> <p>20.2 The auditors are appointed on the basis of lists presented by the Shareholders in which candidates are indexed by progressive numbering, <del>where possible</del>, specifying if the candidate presents himself/herself, as regular or deputy auditor.</p> <p>The lists must be deposited at the head office <del>and published in at least one daily national newspaper</del> no less than fifteen days before the date set for the Shareholders' Meeting <del>in first call and, accordingly, they must be forthwith published on the internet site of the Company at this latter's charge.</del></p> <p>Upon filing, they shall be accompanied by:</p> <p>A) exhaustive information on the personal and professional qualities of the candidates, on the acquired expertises and on their past experiences and an indication of the management and control offices held in other companies and their expiration date;</p> <p>B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility provided under the law, as well as that he/she possesses all requisites provided by the law;</p> <p>C) <u>information concerning the personal identity of the Shareholders that have submitted the list, together with the total</u></p>

<p>file the lists.</p> <p>The denial expressed by public administrations or bodies pursuant to provisions of law applicable to the Company, are construed as causes of ineligibility to the office of Statutory Auditor and/or Chairman, or if appointed, shall result in their termination of office.</p> <p>Each Shareholder can put forward or contribute to only one list and each candidate can appear in only one list under penalty of disqualification.</p> <p>The shareholders belonging to the same group and the shareholders that have executed a shareholders agreement concerning the shares of the Company may not submit nor vote more than one list, also if through a third party or through other companies.</p>	<p><u>percentage of share capital owned, as well as</u> a copy of the certificates delivered by authorized intermediaries and certifying the ownership of <u>said amount of shares;</u> <del>the number of shares required to file the lists.</del></p> <p><u>D) a declaration by the Shareholders that have presented the list, stating the non existence of any connection to be regarded as relevant pursuant to the law with the Shareholders that hold, also jointly, a shareholding that allows the control or the simple majority of the share capital of the Company.</u></p> <p><u>The Company shall immediately, and in any event within 10 days prior to the Shareholders' Meeting summoned to resolve on the appointment of the Statutory Auditors, fulfil all the disclosure requirements provided by the law.</u></p> <p>The denial expressed by public administrations or bodies pursuant to provisions of law applicable to the Company, are construed as causes of ineligibility to the office of Statutory Auditor and/or Chairman, or if appointed, shall result in their termination of office.</p> <p><u>Even if through a third party or trust companies:</u></p> <p>- <del>Each Shareholder</del> <u>no one</u> can <u>vote,</u> put forward or contribute to <u>more than only</u> one list <del>and each candidate can appear in only one list under penalty of disqualification;</del></p> <p>- <del>—F</del> <u>the Shareholders belonging to the same group – made of the parent company, its subsidiaries and the companies subjected to the same controlling shareholder -</u> and the Shareholders that have executed a shareholders agreement concerning the shares of the Company may not submit nor vote more than</p>
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<p>The number of candidates in each list must not be higher than the number of auditors set out by art. 20.1 above;</p> <p>other candidates, if any, shall not be considered.</p> <p>Only the Shareholders who singly or together with the other Shareholders represent the minimum percentage of shares provided by the law can present lists or the different minimum percentage possible provided by the law.</p> <p>Those lists or any candidate submission, the presentation of which do not comply with all</p>	<p>one list, also if through a third party or through other companies.</p> <p>The number of candidates in each list must not be <b><u>lower than one nor higher than three, for the office of effective Statutory Auditor, and not lower than one nor higher than five for the office of deputy Statutory Auditor;</u></b> <del>than</del> the number of auditors set out by art. 20.1 above. <del>O</del> other candidates, if any, <b><u>in excess of the above limits,</u></b> shall not be considered, <b><u>also for the replacement of the Statutory Auditors that have ceased or not taken their offices.</u></b></p> <p><b><u>Each candidate may run in only one list, under penalty of ineligibility.</u></b></p> <p>Only the Shareholders who singly or together with the other Shareholders represent the minimum percentage of shares provided by the law can present lists. <del>or the different minimum percentage possible provided by the law.</del> <b><u>Such percentage shall be indicated in the notice of summon of the Shareholders' Meeting called to resolve on the appointment of the Board of Statutory Auditors.</u></b></p> <p><b><u>In the event that upon expiration of the term given to submit the lists only a single list be submitted, or only lists by mutually related Shareholders as intended by the law, then any further list will be admitted up to the fifth day following said expiration date. In such case the given thresholds needed for submitting the lists shall be reduced by half, and information thereof must be promptly disclosed in accordance with the provisions of law. All the other provisions governing the appointment of the Statutory Auditors shall remain in force.</u></b></p> <p>Those lists or any candidate submission, the presentation of which do not comply with all</p>
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<p>the above provisions, except for those to be complied with by the Company, are deemed as non-submitted.</p> <p>All those having the right to vote can vote for only one list.</p> <p>Selection of the Auditors will proceed as follows:</p> <p>a) 2 (two) regular and 1 (one) deputy auditor(s) will be elected from the list which achieves the majority of the Shareholders' votes, following the progressive numbering of the list in case the candidates to regular auditor and deputy auditor have not been duly distinguished;</p> <p>b) the remaining regular – with the position expressly reserved for Statutory Auditors expressed by the minorities by the law if any – and the remaining deputy auditor, will be elected from the list which has the second highest number of votes following the majority list and is not connected in any way not even indirectly, to the shareholders that have submitted or voted the list ranked first, following the progressive numbering of the list in case the candidates to regular auditor and deputy auditor have not been duly distinguished.</p> <p>In the event that non majority lists have obtained an equal number of votes, the candidate shall be appointed from the list submitted by the shareholders owning the greater number of shares or, in sub-order, by the greater number of shareholders.</p>	<p>the above provisions, except for those to be complied with by the Company, are deemed as non-submitted.</p> <p><del>All those having the right to vote can vote for only one list.</del></p> <p>Selection of the Auditors will proceed as follows:</p> <p>a) 2 (two) regular and <del>1 (one)</del> <b>2 (two)</b> deputy auditors, will be elected from the list which achieves the <del>majority</del> <b>greatest number</b> of the Shareholders' votes (<b>hereinafter referred to as the "Majority List"</b>), following the progressive numbering of the list; <del>in case the candidates to regular auditor and deputy auditor have not been duly distinguished;</del></p> <p>b) the remaining regular with the position of <b>Chairman</b>, expressly reserved for Statutory Auditors expressed by the minorities by the law if any – and the remaining deputy auditor, will be elected from the list (<b>hereinafter referred to as the "Minority List"</b>) which has the second highest number of votes, <b>excluding the Majority List</b> – following the majority list, <b>among those submitted and voted by the Shareholders that are not</b> – and is not connected in any way, not even indirectly, to the Shareholders that have submitted or voted the <b>Majority List</b> ranked first, following the progressive numbering of the list in case the candidates to regular auditor and deputy auditor have not been duly distinguished.</p> <p>In the event that <del>non majority</del> <b>several</b> lists have <b>repeatedly</b> obtained an equal number of votes, the <b>prevailing list shall</b> candidate shall be appointed from the list <b>one</b> submitted by the Shareholders owning the greater number of shares <b>at the moment the list was submitted</b> or, in sub-order, by the greater number of</p>
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<p>The appointment of the Chairman of the Board of the Statutory Auditors, if not expressly reserved by the law to minorities, will take place by resolution of the Shareholders' Meeting to one of the regular statutory auditors.</p> <p>In the event that, for whatever reason, the Auditor cannot accept the office or, having it accepted, ceases such office, and in the absence of replacement criteria being provided by the law, the minority Auditor is replaced by the deputy – if indicated – or by the following candidate belonging to the same list, or, if not present, by the first useful candidate, eventually even deputy, according to the progressive order of the minority list that has obtained the second largest number of votes.</p> <p>In the event that such by-laws criteria may not be applied, in order to proceed with the replacement, the first useful candidate, also</p>	<p>Shareholders <b><u>or, in further sub-order, the Statutory Auditors shall be taken on the basis of their seniority;</u></b></p> <p><b><u>c) all those individuals that have been indicated as deputy Statutory Auditors in the Minority List and in the list ranked second for number of votes (hereinafter referred to as the “Second Minority List”), among those submitted and voted by the Shareholders that are in no way connected to the Shareholders that have submitted or voted the Majority List, shall be appointed as deputy Statutory Auditors.</u></b></p> <p><del>The appointment of the Chairman of the Board of the Statutory Auditors, if not expressly reserved by the law to minorities, will take place by resolution of the Shareholders' Meeting to one of the regular statutory auditors.</del></p> <p>In the event that, for whatever reason, the Auditor cannot accept the office or, having it accepted, ceases such office, <b><u>the effective Statutory Auditor provided in letter b) shall be replaced, on the basis of the progressive numbering it was listed by the first available deputy Statutory Auditor of the Minority list or, in sub-order, of the Second Minority List.</u></b> <del>and in the absence of replacement criteria being provided by the law, the minority Auditor is replaced by the deputy – if indicated – or by the following candidate belonging to the same list, or, if not present, by the first useful candidate, eventually even deputy, according to the progressive order of the minority list that has obtained the second largest number of votes.</del></p> <p><del>In the event that such by-laws criteria may not be applied, in order to proceed with the replacement, the first useful candidate, also</del></p>
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deputy, shall be appointed in accordance with the progressive order of the minority list placed in the immediate following position for number of votes obtained. In the event that only one list is submitted or voted, all auditors, both regular and deputy, shall be elected therefrom. [...]	<del>deputy, shall be appointed in accordance with the progressive order of the minority list placed in the immediate following position for number of votes obtained.</del> In the event that only one list is submitted or voted, all auditors, both regular and deputy, shall be elected therefrom. [...]
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### **3. OPINION OF THE BOARD OF DIRECTORS AS TO THE OCCURRENCE OR NON OCCURRENCE OF THE SHAREHOLDERS' RIGHT TO WITHDRAW**

The proposed amendments described hereabove do not fall under any of the provisions under art. 2437 of the Italian Civil Code.

The proposals concerning the appointment of the management and control bodies (Articles 13 and 20 of the by-laws) are aimed at aligning the by-laws to binding law provisions and at improving the comprehension of the text.

On the other hand, with particular reference to the amendment to the corporate object, made necessary for purposes of executing the deed of concession arising from the possible award of the Superenalotto Tender, the Board believes that it does not involve a change of activity of the Company, which will anyway remain focused on gaming, and in particular on the game of Lotto.

The right of withdrawal is therefore deemed excluded.

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Dear Shareholders,

based on the foregoing, the Board of Directors hereby proposes to adopt the following resolution:

“The Shareholders’ Extraordinary Meeting of Lottomatica:

- having examined and discussed the report of the Board of Directors, filed in accordance with the law;
- having acknowledged the proposed amendments to the By-Laws,

**resolved**

1. to amend Articles 4, 13 and 20 of the By-laws in accordance with the above said report;
2. to grant the Chairman and either Managing Director from time to time in charge, such powers, to be severally exercised even through third parties, as to do everything necessary for purposes of executing the above said resolution and to carry out all the related activities, including the enrolment with the Register of enterprises pursuant to Section 2436 of the Civil Code and the faculty to amend the above resolutions and the Directors' report in the event of any request from the competent Authorities or if anyway deemed necessary or appropriate in order to implement the above new provisions of law.

Rome, November 23, 2007

Lottomatica S.p.A.

On behalf of the Board of Directors

The Chairman