

PRESS RELEASE

Snai Spa signs agreement to acquire the Cogetech Group

Porcari, 29 December 2011 – Today SNAI S.p.A. (hereafter the “**Company**” or “**SNAI**”) – a company controlled by Global Games S.r.l. (hereafter “**Global Games**”), in turn indirectly equally owned by Investindustrial IV L.P. and Venice European Investment Capital S.p.A. - signed an agreement (hereafter the “**Agreement**”) with Orlando Italy Special Situations SICAR (S.C.A.), International Entertainment S.A., OI-Games S.A. (hereafter “**OI-Games**”), OI-Games 2 S.A. (hereafter “**OI-Games 2**”) and other minority shareholders (hereafter the “**Industrial Shareholders**”) and, together with OI-Games and OI-Games 2, the “**Selling Shareholders**”) of Cogemat S.p.A. (hereafter “**Cogemat**”) the subject of which is the acquisition of at least a 96% of Cogemat share capital for a sale consideration (i.e. equity value of 100% of the share capital) of approx. € 140 million. At present Cogemat holds, both directly and indirectly, the entire share capital of Cogetech S.p.A. (hereafter “**Cogetech**”) and New Game S.r.l. (hereafter “**New Game**”) and, together with Cogemat, Cogetech and the companies controlled by them, the “**Cogetech Group**”), companies operating in the sports wagering and games machines sector, including the handling of a network for the electronic management of legal betting (the transaction, overall, the “**Cogetech Transaction**”).

Snai Spa is Italy’s leading betting shop operator (bookmaker), thanks to its wide network of bet acceptance points (more than 3,800 between Snai Shops and Corners). It is the major operator also in the new slot, video lotteries, online poker, skill and casino games, online bingo segments and owns the Milan and Montecatini horse tracks (hippodromes, horse training tracks, logistics structures).

Cogetech Spa is one of Italy’s main concession-holders in the amusement machine management sector (the so-called *new slot* or *awp* machines) with well over 38 thousand amusement machines in approximately 15 thousand public outlets as well as in the video lottery management of with more than 5,200 terminals (VLTs). Cogetech directly manages over 1,000 *awp* machines, collects online gaming through the Iziplay.it platform, and owns a betting collection network comprising 189 shops and betting corners, as well as 300 betting shops connected to the B2B network.

Snai and **Cogetech** will remain two separate legal entities also from the management point of view, until all the conditions required to proceed with the acquisition have been fully met.

Stefano Bortoli, Chief Executive Officer of Snai Spa: “*The acquisition of the Cogetech Group by Snai Spa provides the basis for the setting up of a new entity that, thanks to a network of over 4,300 bet acceptance points, has collected over € 7 billion from games in the first ten months of 2011 and is strengthening its leadership in the sports and horse betting segment. The new group represents a significant force also in the amusement machine segment, it ranks second in terms of machines installed with a collection of € 4.7 billion and a market share of 13.75% at 31 October 2011. The reinvestment by Orlando Italy, that alongside Investindustrial and VEI Capital will be part of the new group resulting from the integration of SNAI and Cogetech supports the validity of the transaction and confirms the opportunities for development and added-value creation. The company operates through State concessions with expiry dates spanning 2016 to 2020. Its headcount is 1,300 staff and the combination of the management skills of Cogetech and Snai provide the foundations to reap all the opportunities that will arise.*”

Subject of the Agreement

More specifically, the Agreements provides for:

- The acquisition by SNAI of approximately 27% of the share capital of Cogemat (collectively the “**Stake being Acquired**”) for a cash consideration of approximately € 38 million (hereafter the “**Acquisition**”); and
- The transfer of the remaining 69% of Cogemat share capital (collectively the “**Stake being Transferred**”) to SNAI for a consideration of approximately € 97 million (the “**Consideration**”).

With regard to the Transfer, the Agreement provides that a divisible share capital increase reserved for Cogemat shareholders and, therefore, excluding pre-emption rights pursuant to art. 2441, fourth paragraph, first sentence, of the



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Italian Civil Code ("**Share Capital Increase in Kind**") of € 99,210,620.95 ("**Sale Consideration**") of which € 21,056,948.12 nominal value and €78,153,672.83 share premium, with a share capital increase of € 21,056,948.12 and issue of max. no. 40,949,131 SNAI ordinary shares of the same category as shares already issued at € 2.45 each (hereafter "**SNAI New Shares**"). Said values of the Share capital Increase in Kind assume that the entire share capital of Cogemat will subscribe to the Cogetech Transaction; in this respect, the Agreement provides for a subscription procedure for that portion of Cogemat share capital (approx. 4%) that is not initially part of the same.

Global Games, SNAI's controlling shareholder, autonomously sent a separate notice to the Issuer informing the latter of its irrevocable commitment to vote in favour of the Share Capital Increase in Kind.

SNAI New Shares are expected to be SNAI ordinary shares with regular dividend and enjoying the same rights as SNAI ordinary shares already in circulation; these SNAI New Shares will be the subject of a subsequent application for listing on the Italian MTA.

Conditions Precedent

Pursuant to the Agreement, the completion of the Cogetech Transaction is subject, inter alia, to:

- (a) Filing the related go-ahead application with the competent Antitrust Authority;
- (b) SNAI and Cogetech finally obtaining the concession to develop and handle the network for the electronic management of legal gaming using AWP machines and VLTs game systems following the positive outcome of the procedure launched by the Autonomous Administration of the State Monopoly ("**AAMS**") by call for tender sent for publishing on 8 August 2011 (the "**Procedure**");
- (c) Obtaining the AMMS go-ahead with regard to the Cogetech Transaction;
- (d) Compliance with the so-called "*Acquisition Criteria*" imposed by the loan contract signed by SNAI on 8 March 2011 (hereafter the "**Loan Contract**") as regards the so-called "*Compliant Acquisition*" (by applying the criteria and the calculation methods defined in the aforesaid contract);
- (e) The valuation of the Stake being Transferred as per the expert appraisal, pursuant to and for the purposes of art. 2343-ter, second paragraph, letter b) of the Italian Civil Code, that should not be less than the Consideration Value;
- (f) The issue by the auditing company in charge of the audit of SNAI of its audit opinion pursuant to art. 2441, sixth paragraph of the Italian Civil Code and art. 158 of the *TUF* with regard to the Share Capital Increase in Kind; and
- (g) The resolution passed by SNAI Shareholders' Meeting on the Share Capital Increase in Kind and the registration of the related resolution with the Companies' Register.

The Cogetech Transaction is expected to be finalised on the 10th working day following the date on which the last of the afore-mentioned conditions precedent will have taken place in chronological order (hereafter the "**Execution Date**").

If, for any reason whatsoever, one or more of the aforesaid conditions precedent does not occur (or is validly waived by the party interested in such condition precedent) by 30 June 2012, the Agreement will be automatically and definitely deemed to be terminated and no longer valid.

Termination conditions

The following are, instead, conditions that may lead to the termination the Agreement (as soon as such conditions occur, both SNAI and the Selling Shareholders will be released from their obligation to finalise the Cogetech Transaction):

- (i) Failure by the banks involved in the Loan Contract to grant the loan amount through the related credit lines before or, at the latest, on the Execution Date, to enable SNAI to pay the agreed sale consideration to those entitled;
- (ii) The resolution to distribute dividends (or available reserves) by the Shareholders' Meetings of SNAI or Cogemat after the signing of the Agreement; and
- (iii) The occurrence of any relevant negative event concerning both SNAI and the Cogetech Group, meaning any event or circumstance (including relevant negative changes or continued circumstances occurring after the signing date) that cause or might cause a negative effect (x) on the activities, (financial and non-financial) conditions, liabilities (including extraordinary losses or write-downs), assets (including permits and concessions)



and/or the operations of the Cogetech Group, on the one hand, or of the SNAI Group, on the other hand; and/or (y) on the financial or capital market(s), whether Italian or international, in both cases referred to in (x) and (y) such as to significantly jeopardise the Cogetech Transaction, it being understood that should the related concessions be withdrawn or suspended (including those the obtainment of which is a condition precedent of the Agreement) will be considered as a relevant negative event (a).

Financial parameters

Both SNAI and Cogemat are entitled to withdraw from the Agreement and therefore neglect to complete the Cogetech Transaction if (i) on 28 February 2012 or 31 March 2012 SNAI's "PFN/EBITDA" ratio, calculated using the consolidated and combined financial figures of the SNAI and Cogetech Groups by applying the calculation criteria and methods defined in the Loan Contract, exceeds 4.50:1.00.

Agreements with the Industrial Shareholders

Furthermore, the Agreement provides that:

- (a) After the Consideration, and therefore the Issue of SNAI New Shares, the Industrial Shareholders (as well as the other minority shareholders of Cogemat that have meanwhile adhered to the Agreement) take steps to ensure that the Articles of Association of the new corporate vehicle to which they transferred SNAI New Shares (hereafter the "**Industrial Shareholders' Vehicle**"), following a series of extraordinary transactions, provide for (i) a 24-month *lock-up* starting from the date when the Share Capital Increase in Kind is completed, (ii) the issue of Category B deferred shares having no right to vote at shareholders' meetings, except for extraordinary shareholders' meetings convened to resolve, inter alia, on the elimination of the *lock-up* and ordinary shareholders' meetings to be convened (by express statutory clause) to authorise the sale of SNAI New Shares, such modifications/resolutions requiring the favourable vote of all Category B shares. Category B shares will be transferred (at nominal value) to SNAI which will grant the shareholder of the Industrial Shareholders' Vehicle transferring said Category B shares a 'call' option to repurchase, at the same price, exercisable starting from the end of the lock up period referred to in point (i) above or at any time in the event of a change in control of SNAI (this meaning any event, taking place after the signing date of the Agreement, as a result of which the present controlling shareholder of Global Games becomes the owner of SNAI shares equal representing at least 32% of the share capital); and
- (b) A lock-up on SNAI New Shares held by the Industrial Shareholders' Vehicle entailing a commitment (safeguarded by the articles of association as seen earlier on) towards SNAI not to cede SNAI New Shares (without prejudice to any transfers in favour of Global Games), and ensure that they are not ceded, for a period of 24 months starting from the date the Share Capital Increase in Kind is completed; such commitments will be no longer binding in the event there is a change in control of SNAI.

To safeguard the implicit goodwill in the Cogetech Transaction, it was provided that a certain part of the Industrial Shareholders (deemed to be strategic with regard to the Cogetech network) (i) commit towards SNAI not to acquire or hold stakes, either directly or indirectly, nor become shareholders in limited liability companies and/or partnerships operating in EU countries where SNAI Group companies operate or will operate, that are or will become holders of "AWP" and "VL7" concessions, except for acquiring or holding stakes (a) in companies that have relationships with the SNAI Group; and (b) in listed companies not exceeding (x) 2% of the share capital or (y) a lower percentage granting the holder of such shares the right to submit lists for the election of administrative or controlling bodies in such listed company, all of this until the second anniversary since the Execution Date, and (ii) recognise SNAI, up to 31 December 2013, a pre-emption right to any transaction involving the transfer of own activities in the "AWP" and "VL7" sector to third parties.

Nature of Transaction with Related Party

Considering the relevant stake indirectly held by Investindustrial IV L.P. both in SNAI (through Global Games and Global Entertainment S.A.) and in OI-Games 2 (through International Entertainment, controlled by Investindustrial IV L.P.), the Cogetech Transaction qualifies as a "related party transaction" in accordance with Regulation no. 17221 governing Related Party Transactions adopted by Consob and the associated "Related Party Transaction Procedure" adopted by SNAI; in accordance with the provisions of the aforementioned Consob Regulations and SNAI Procedure, the Company fulfilled the obligations imposed by the legal regulations referred to above by (i) letting the Board of Directors decide whether or not to proceed with the Cogetech Transaction (the Board unanimously resolved upon the matter on today's date); (ii) as regards the preliminary investigation stage and the transaction negotiations, guaranteeing the independent directors a complete and timely flow of information and the possibility of asking for clarifications and comment on the



corporate bodies and the subjects in charge of conducting the negotiations or the preliminary investigation stage (iii) as regards the resolution stage, the passing of the resolution subject to justified favourable opinion of the independent directors with regard to SNAI's interest in carrying out the Cogetech Transaction as well as the advantage and substantial appropriateness of the conditions of this last transaction. The independent directors, Lawyers Carlo D'Urso and Stefano Campoccia, have in fact issued a justified favourable opinion on 22 December 2011 on SNAI's interest in proceeding with the Cogetech Transaction and the advantage and substantial appropriateness of the conditions of this latter transaction.

In line with the provisions of the "Related Party Transaction Procedure" adopted by SNAI, in performing the evaluation activity assigned to them, the independent directors were supported by Lazard & Co. S.r.l. (hereafter "**Lazard**"), which accepted the engagement as independent expert, expressing a positive opinion on the reasonableness of the sale consideration to be paid by SNAI as a result of the Cogetech Transaction.

It is worth noting that, according to the time limits set out by the law, the following documents will be made available for public inspection at the registered office of SNAI (Porcari (Lucca), Via Luigi Boccherini no. 39), on the company website and at Borsa Italiana S.p.A.: (i) the information document drawn up in accordance with art. 5 of the Regulation approved by Consob by Resolution no. 117221 of 12 March 2010, and subsequent amendments and (ii) the information document drawn up in accordance with art. 70, fifth paragraph, letter b), and art. 71 of the Issuers' Regulation adopted by Consob by Resolution no. 11971 of 14 May 1999, as subsequently amended and integrated.

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All press releases issued by SNAI S.p.A. pursuant to art. 114 of Law Decree no. 58 of 24 February 1998 and related implementation rules are also available on the company's website www.snai.it