



PRESS RELEASE

Press release in accordance with Article 66 of the Consob Regulation n. 11971/1999

DESCRIPTION OF THE STOCK OPTION PLAN TO BE SUBMITTED FOR APPROVAL OF A GENERAL MEETING

Milan, August 23, 2007 – DeA Capital S.p.A. communicates, in accordance with Article 66 of the Consob Regulation n. 11971/1999, the information relating to description of the Stock Option Plan to be submitted for approval of a General Meeting, called for September 7 and 10, 2007, respectively, prepared in accordance with Article 84-(ii) of the above mentioned Consob Regulation.

Introduction

On July 30, 2007, the Board of Directors of DEA CAPITAL S.p.A (the **Company**) decided to submit to the first and second convocation of the General Meeting, called for September 7 and 10, 2007, respectively, a stock option plan reserved for Executive Directors and Senior Managers of the Company, its subsidiary or parent companies, as described below (the **“Plan”**).

Of note, the Plan is to be considered in relation to Article 114-(ii), paragraph 3, of Legislative Decree 58/98 (the Financial Securities Act, hereafter referred to as the **“TUF”**) and Article 84-(ii), paragraph 2 of the Regulation adopted by the Consob in decision no 11971 of May 14, 1999, as subsequently revised (the **“Issuers’ Regulations”**).

The present document was prepared in compliance with the provisions of Section 7 of Appendix 3 of the Issuers’ Regulations, including the numbering of the relative paragraphs.

Definitions

In the present document, the terms below have the following significance:

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| “Shares” | indicates ordinary shares of the Company with a par value of one Euro each; |
| “Beneficiaries” | the beneficiaries are those who will be granted options; |
| “Date of Grant of Options” | indicates the date on which the Board of Directors of the Company will grant the options to the beneficiaries, calculating the number granted to each of them, and will set the exercise price of these options as detailed in point 4.19; |

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“Senior Managers”	are senior managers of DeA Capital, its subsidiary or parent companies (including senior managers transferring from one to another of the above companies);
“Adjusted NAV”	is the net asset value (<i>value of the net equity</i>) restated by the Company, as disclosed in 4.5 below;
“Options”	are the options under the Plan, that give their respective beneficiaries, the right to subscribe to an equal number of shares under specific conditions;
“Plan”	is the <i>stock option</i> plan reserved for Executive Directors and Senior Managers of the Company, the subject of the present document;
“Stock Market Regulations”	are the regulations of the markets organized and managed by Borsa Italiana S.p.A;
“Issuers’ Regulations”	are the Regulations adopted by the Consob with decision No 11971 of May 14, 1999 as subsequently revised;
“Company or “DeA Capital”	is DEA CAPITAL S.p.A., with its registered office at Via Borgonuovo 24, Milan, Italy;
“TUF”	is the Legislative Decree of February 24, 1998, no. 58 (the Financial Securities Act, the single law in respect of financial intermediation);
“TUIR”	is the Consolidated Law on Income Tax approved with D.P.R. December 22, 1986, no. 917.

1. The subjects of the Plan

- 1.1 Among the beneficiaries of the Plan is Mr. Paolo Ceretti, the Chief Executive Officer of the Company. It is noted that Mr. Paolo Ceretti is also Managing Director of the parent Company De Agostini S.p.A..
- 1.2 The Plan also covers Senior Managers.
- 1.3 Not applicable, as none of the Beneficiaries belong to the groups indicated.
- 1.4 It is currently expected that the *Chief Financial Officer* and a maximum of two Senior Managers, in addition a maximum of three newly hired Senior Managers involved in Company *Investments* be included as the Senior Managers among the Beneficiaries of the Plan, who have access to privileged information and the power to make management decisions that may affect the evolution and future prospects of the Company.

2. The reasons for adopting the Plan

- 2.1 It is the opinion of the Board of Directors that a shareholding in the capital of DeA Capital by those who hold roles of strategic importance, with influence over the success of the

Company and the Group, constitutes an ongoing incentive for the growth in value of the Company.

The principal goals of the plan are to focus the attention of the beneficiaries on factors of strategic importance, to encourage loyalty and commitment to the Company or its subsidiaries, to link remuneration to the creation of value for shareholders and to encourage the maintenance of a competitive market position for the remuneration of the Beneficiaries.

Also the corporate governance code for listed companies recommends the adoption of incentivized remuneration packages for Executive Directors and Senior Managers with strategic responsibilities, as the use of a variable remuneration system, including *stock options*, is known to provide an incentive to senior managers, and encourage loyalty. The revisions recently applied to the Stock Market regulations have made this a mandatory requirement for Executive Directors, for membership of the Star segment.

- 2.1.1 The Plan has an overall timeframe of six years. The three-year vesting period was considered to be the most appropriate to achieve the objectives of the Plan, and in consideration of the duration of the Directors' mandate. This timeframe will also enable Beneficiaries to benefit from the tax concessions provided by current tax regulations.

As stated in point 2.3 below, the number of options to be granted to each Beneficiary will be determined by the Board of Directors within the limits set out in point 4.4. The company has used techniques in line with best practices adopted by companies operating in similar sectors to that of DeA Capital for the calculation of the relationship between stock option based incentivized remuneration and the other components of remuneration packages, also taking account of potential compensation received by the Beneficiaries in respect of positions held in other companies within the De Agostini Group.

- 2.2 The exercise of the options by the Beneficiaries will be subject to the achievement by the Company of a preset level of *Adjusted NAV* at June 30, 2010, to be calculated in more detail by the Board of Directors when the Plan is being realized.
- 2.2.1 The *performance* conditions stated in 2.2 above will apply to all Beneficiaries without exception and will also take into account the medium-long term objectives of the Company.

The Board of Directors has decided that the selected performance indicator (*Adjusted NAV*) represents the best parameter to indicate the creation of value by the Company, in view of the type of business carried out by the Company (the realization of diversified financial investments).

- 2.3 The Board of Directors will calculate the number of Options to be granted to each Beneficiary, within the limits described in point 4.4 below, by evaluating the capacity of each Beneficiary to contribute to Company development, taking into account their experience, expertise, role within the organization, and their Company loyalty.
- 2.3.1 The number of Options to be granted to each Beneficiary will be calculated by considering the factors described in points 2.1.1 and 2.3 above, as a function of the performance objectives identified.
- 2.4 Not applicable, since the Plan is based on financial instruments issued by the Company.

- 2.5 Some specific conditions of the Plan have been dictated by the applicable tax regulations and, in particular:
- Article 9 section (a) of TUIR determined the selection of the exercise price of the Options, equal to the nominal value of the share;
 - Article 51, paragraph 2-(ii), of TUIR determined the selection of the *vesting period* whereby the Options may not be exercised within three years from the Date of Grant and the requirement to maintain, for a period of at least five years from the date of exercise of the options, a number of shares with a total value, determined at the date of their grant, not less than the difference between the total value of all shares granted at that date and the amount paid by the employee.
- 2.6 The Plan has no support from the special Fund to encourage shareholding by employees in a company, as in Article 4, paragraph 112, of the Law of December 24, 2003, No 350.

3. Approval and timeframe for granting Options

- 3.1 The General Meeting of the Company, which will be called to approve the Plan, will be requested to confer on the Board of Directors all powers necessary or appropriate to execute the Plan. For example, the Board of Directors will have the power, and the option to sub-delegate, to (i) determine the Senior Manager Beneficiaries and Director Beneficiaries and grant Options to them, as in point 1.1. above, calculating the number of Options to grant to each Beneficiary; (ii) set the performance conditions required for the exercise of the Options; (iii) establish all other terms and conditions for the execution of the Plan, including varying these among Beneficiaries; (iv) to prepare and approve one or more executive regulations of the Plan, including their revision or making addition to them, with the option to draw up further regulations for different categories or groups of beneficiaries, all in compliance with the present document.
- 3.2 The administration of the Plan will be handled by the Human Resources and Organization Department of the Parent Company De Agostini S.p.A..
- 3.3 With the exception of those provided in points 4.5 and 4.23 below, no procedures have been provided for the revision of the Plan in respect of future changes in the base objectives.
- 3.4 At the same time as the approval of the Plan in ordinary session, the General Meeting will be called to authorize, in extraordinary session, the granting to the Board of Directors, pursuant to Article 2443, paragraph 2, Civil Code, of the option to increase the share capital, on one or more occasions, with cancellation of the pre-emption right pursuant to Article 2441, paragraph 4, to service, amongst others, one or more stock option plans reserved for Directors and/or employees of DeA Capital and/or its subsidiary or parent companies. Using this authority, the Board of Directors may as a result decide on one or more share capital increases to service the Plan.

In light of the preceding, the Plan is subject to the approval by the Extraordinary General Meeting of the insertion into the bylaws of the provision of Article 2441, paragraph 4, thus granting the Board of Directors the option to increase the share capital within the above provision.

- 3.5 The Plan was drawn up by the Board of Directors with the assistance of external consultants. The Board of Directors decided to submit the Plan for approval by shareholders in the course of a meeting held on July 30, 2007. On that occasion the Chief Executive Officer



Paolo Ceretti informed the other Directors and members of the Board of Auditors present of his interest in the transaction, as a Beneficiary under the Plan, and he refrained from voting.

- 3.6 The Board of Directors decided to submit the Plan for approval by shareholders in the course of a meeting held on July 30, 2007.
- 3.7 Options shall be granted by the Board of Directors by virtue of the delegation given by the meeting (see point 3.1 above). The Date of Grant of the Options will be published pursuant to Article 84 (ii), paragraph 5, section (a), of the Issuers' Regulations.
- 3.8 The official price of shares listed on the Automated Share Market organized and managed by Borsa Italiana S.p.A. on July 30, 2007 was €2.828. The official price registered on the Date of Grant of the Options will be published pursuant to Article 84 (ii), paragraph 5, section (a), of the Issuers' Regulations.
- 3.9 It is expected that the Board of Directors will decide on the grant of Options to the Beneficiaries, in one or more tranches, while deciding on an increase to Company share capital to service said Grant of options and setting the exercise price of these Options. In this regard, it is expected that the method of calculating this price, defined on the basis of the average market prices recorded during a significant time period (see point 4.19 below), in compliance with the applicable tax regulation, be such to ensure that it be influenced significantly by the disclosure of relevant information pursuant to Article 114, paragraph 1, of TUF.

4. Features of the instruments granted

- 4.1 The Plan provides for the free grant of Options which enable the Beneficiaries, under certain preset conditions, to subscribe to newly issued shares, with payment on delivery (*stock option*).
- 4.2 The Options will be granted to the Beneficiaries in one or more tranches and can be exercised, also in a number of tranches, no sooner than three years from their grant, and in all cases before the maturity date indicated in point 4.18 below.
- 4.3 The Plan will terminate on December 31, 2013, in all cases.
- 4.4 In relation to Company Directors, a maximum of 1,250,000 Options will be granted to Mr. Paolo Ceretti. A maximum of 400,000 Options will be granted to Senior Managers. The exact number of Options to be granted to each Beneficiary will be set by the Board of Directors when the Grant is being made.
- 4.5 In respect of the currently available methods and conditions of realization of the Plan, details can be found in the individual points of this information document. As stated in point 3.1 above, the regulations for the execution of the Plan will be prepared and approved by the Board of Directors, applying the powers to be granted by the ordinary meeting which will be called to approve the Plan.

As stated in point 2.2 above, the exercise of Options by the Beneficiaries will be subject to the achievement by the Company of a preset level of *Adjusted NVA* at June 2010, to be calculated in more detail by the Board of Directors as part of the realization of the Plan.



The *Adjusted NAV* is the value of the assets of DeA Capital, net of liabilities, calculated on the basis of Company equity at June 30, 2010, and, where necessary, restated to take account of the fair value valuation of financial investments. The *fair value* valuation of all financial investments will be carried out by an independent third party expressly appointed, on the basis of standard valuation methods adopted, taking account of the investments' specific characteristics. Of note, where capital transactions occur, or distribution of reserves or dividends, between the Date of Grant of the Options and June 30, 2010, the *Adjusted NAV* will be restated to take them into account; i.e. the *Adjusted NAV* will be reduced by any capital increases carried out and increased by any dividends distributed.

- 4.6 Options are granted to the Beneficiary personally and cannot be transferred by a deed between living persons to any other individual, as the offer by the Company was made on a personal basis to the Beneficiary. In all cases the Options may not be given in pledge or subject to other deeds of disposition, either free, or for consideration, by the effect of law or otherwise; they may also not be the subject of acts of exemption or precautionary measures by third parties, or risk the rights granted to the Beneficiary on the basis of the Plan expiring immediately.

Shares resulting from the exercise of Options may not be sold or given in guarantee for a period of five years from the exercise of the Options, for a number of Shares with a total value, determined at their date of grant, not less than the difference between the total value of all shares granted at that date and the amount paid by the Beneficiary, in accordance with Article 51, paragraph 2-(ii) of TUIR, except in the event that the exercise of the Options occurred in the circumstances provided by the Plan Regulations and referred to in point 4.8 below, before three years had elapsed since the Date of Grant. After this five-year period, or in the event that the exercise of Options occurred less than three years from the Date of Grant, the beneficiaries may freely dispose of all shares resulting from Options exercised.

- 4.7 Resolving conditions are not provided in the event the beneficiaries carry out *hedging* transactions that offset the prohibition of the sale of Options granted.

4.8 Directors

Apart from the provisions made herein for the death of a Beneficiary, should a Beneficiary cease to hold a mandate of Executive Director of the Company for whatever reason, that Beneficiary loses the right to exercise the Options granted but not yet exercisable, as well as the Options exercisable but not yet exercised. It is also specified that, without the preceding limitation, Options will also be lost in the event of dismissal, with just cause, or resignation. Of note, the cessation of mandate at the end of its term, followed by reappointment, does not cause the Options to lapse.

In partial derogation of the preceding, in the event of dismissal without just cause, or should a Beneficiary suffer a permanent disability such as to inhibit the continuation of duties as a Director, the Beneficiary has the right to exercise the Options exercisable at the time of leaving office solely and exclusively, forgoing all future Options, within a timeframe to be determined by the Board of Directors.

The Board of Directors may, at its own discretion and unquestionable judgment, permit the Beneficiary to exercise all or some of the Options granted in a broader manner than provided above, assigning a particular term, or assigning to one or more other Beneficiaries the Options that expire.

In the event of the death of the Beneficiary, the following conditions apply:

- The Options exercisable at the date of death of the beneficiary, but not yet exercised, may be exercised by the heirs or successors of the Beneficiary, during a time period established by the Board of Directors, on production by the heir or successor of appropriate documentation to prove their legitimacy as heirs or successors in their own right in compliance with the law.
- The Options not exercisable at the date of death of the Beneficiary expire and may not be exercised, unless the heirs and successors in their own right to the Beneficiary have the right to some departure indemnity or compensation. The Board of Directors may assign the Options that expire to other Beneficiaries.

Senior Managers

Apart from the provisions made herein for the death of a Beneficiary, in the event of severance of the employment contract (in a management framework) between the Beneficiaries and the Company or with a subsidiary or parent company, the following conditions will apply:

- a) In the event of cessation of employment contract for dismissal with just cause or justified by a subjective motive, or the dismissal of the Beneficiary for any reason, the Beneficiary loses the right to exercise Options assigned but not yet exercisable, as well as Options exercisable but not yet exercised at the same time, from the moment when notice of severance or resignation is received. It is understood that if disciplinary legal proceedings are underway, the right of the Beneficiaries to exercise Options exercisable will be suspended at the moment of sending or receiving in hand the letter of formal notice of accusation.
- b) should an employment contract cease in a manner other than indicated in point a) above, for example, in the event of dismissal without just cause or justification by a subjective motive, or the consensual resolution of an employment contract, or the occurrence of permanent disability to the Beneficiary such that it inhibits the performance of duties, the Beneficiary will have the right to exercise solely and exclusively the Options exercisable at the moment of cessation of the employment contract, forgoing all subsequent Options, within a timeframe to be determined by the Board of Directors.

In the situations detailed above in a) and b), the Board of Directors may, at its own discretion and unquestionable judgment, permit the Beneficiary to exercise all or some of the Options granted in a broader manner than provided above, assigning a particular term, or assigning to one or more other Beneficiaries the Options that expire.

The transfer of a Beneficiary from the Company to a subsidiary or parent Company (continuing to hold a professional role for the Company) or vice versa, as well as the transfer of a Beneficiary to another company controlled by the Company as a Manager, does not lead to the rescission of Options.

Should the subsidiary relationship between the Company and the subsidiary company end, where a Beneficiary is a Manager at a subsidiary company, the Beneficiary has the right to exercise the Options potentially exercisable at the time of cessation of the subsidiary relationship solely and exclusively, forgoing all subsequent Options, within a timeframe to



be determined by the Board of Directors. However, the Board of Directors of the Company may, at its discretion and unquestionable judgment, permit the Beneficiary to exercise all or some of the Options granted in a broader manner than provided above, assigning to one or more other Beneficiaries the Options that expire.

In the event of death of the Beneficiary, the following provisions will apply:

- The Options exercisable at the date of death of the beneficiary, but not yet exercised, may be exercised to by the heirs or successors of the Beneficiary, during a time period established by the Board of Directors, on production by the heir or successor of appropriate documentation to prove their legitimacy as heirs or successors in their own right in compliance with the law.
- The Options not exercisable at the date of death of the Beneficiary expire and may not be exercised, unless the heirs and successors in their own right to the Beneficiary have the right to some departure indemnity or compensation. The Board of Directors may assign the Options that expire to other Beneficiaries.

- 4.9 No other reasons for cancellation of the Plan are provided.
- 4.10 The repurchase by the Company of shares under the Plan is not provided
- 4.11 The concession of loans or other facilities to purchase the Shares pursuant to Article. 2358, paragraph 3, of the Civil Code is not provided.
- 4.12 The cost expected by the Company cannot be quantified; it will take account of the administrative and management costs of the Plan.
- 4.13 The dilutive effect determined by the Plan, calculated assuming the grant of the largest number of Options detailed in point 4.4 above and the exercise of all of them, would be equal to around 0.54% of the share capital of DeA Capital at the date of the Meeting of shareholders.
- 4.14 Not applicable, since the Plan relates to a *stock option*.
- 4.15 Not applicable, since the Plan relates to a *stock option*.
- 4.16 Every Option granted gives the right, under the terms of the Plan, to subscribe for one share.
- 4.17 The Options will be exercisable, in one or more tranches, before maturity as stated in point 4.18 below.
- 4.18 The Options may be exercised by the Beneficiaries, in one or more tranches, always for an amount, for each tranche, not lower than a preset percentage of the Options exercisable, with effect from the 31st day following the approval by the Board of Directors of the Company of the half year report at June 30, 2010 and until the 3rd anniversary of that date. Regardless of this expiry date, no Options may be exercised until three years after their grant date. The exercise of the Options will be suspended at times to be specified in the executive regulations of the Plan.
- 4.19 The Board of Directors, in compliance with Article 2441, paragraph 4, second sentence, of the Italian Civil Code, must calculate the issue price of the Shares (and then the exercise

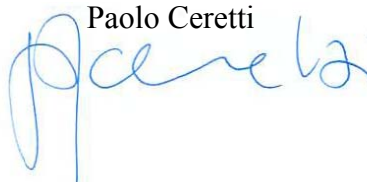


price of the Options) in relation to their market value, taking account the average stock market price of Company shares over a significant time period, and always not less than the arithmetic average of the official prices recorded for the shares on the Automated Share Market organized and managed by Borsa Italiana S.p.A. in the month preceding the grant of Options by the Board of Directors (being the month which ended with the Date of Grant of the Options and started on the same day of the preceding month, on the understanding that in that said period, in order to determine the arithmetic average, account is taken only of the stock market trading days on which the official price of the Shares was effectively recorded).

- 4.20 The mechanism to calculate the exercise price of the Options corresponds to the fair market value (see point 4.19 above).
- 4.21 No other criteria are provided to calculate the exercise price among the Beneficiaries, as the price may differ, due to possible different Dates of Grant of the Options, as the Grant may be made in a number of tranches.
- 4.22 Not applicable, as the shares are traded on the Automated Share Market organized and managed by Borsa Italiana S.p.A., Star segment.
- 4.23 In the event of the free or cash increase in capital, splits or combinations of shares, distribution of reserves, mergers, demergers, exclusion of the Company's shares from the official quotation or the Automated Share Market (or on another regulated market), change of the parent company, public offer to purchase and/or exchange the shares, legislative or regulatory changes (including those relative to social security and applicable tax codes), or any other event likely to influence Options, shares, the achievement of objectives or, more generally, the Plan, the Board of Directors may make changes and /or additions to the Plan to maintain the essential features of the Plan as much as possible, including the option to enable the early exercise of Options.
- 4.24 Section 1 of square 2 of the table with section 7 of Appendix 3A to the Issuers' Regulations will be published within the timeframe provided by the temporary provisions contained in the Consob decision no. 15915 of May 3, 2007.

Section 2 of square 2 of the above mentioned table will be published pursuant to Article 84-(ii) paragraph 5, section a), of the Issuers' Regulations.

Board of Directors
Chief Executive Officer
Paolo Ceretti



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