



RAI GROUP
Reports
and financial statements **2010**



**Reports and financial statements
at 31.12.2010**





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Corporate Bodies

Board of Directors

Chairman	Paolo Garimberti
Directors	Giovanna Bianchi Clerici Rodolfo De Laurentiis Alessio Gorla Angelo Maria Petroni Nino Rizzo Nervo Guglielmo Rositani Giorgio Van Straten Antonio Verro

Secretary	Nicola Claudio
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Statutory Auditors

(from 3 August 2010)

(until 3 August 2010)

Chairman	Carlo Cesare Gatto	Domenico Tudini
Regular auditors	Antonio Iorio Maria Giovanna Basile	Gennaro Ferrara Paolo Germani
Alternate auditors	Liana Meucci Pietro Floriddia	Rosa Grimaccia Domenico Mastroianni

Director General

(from 4 May 2011)

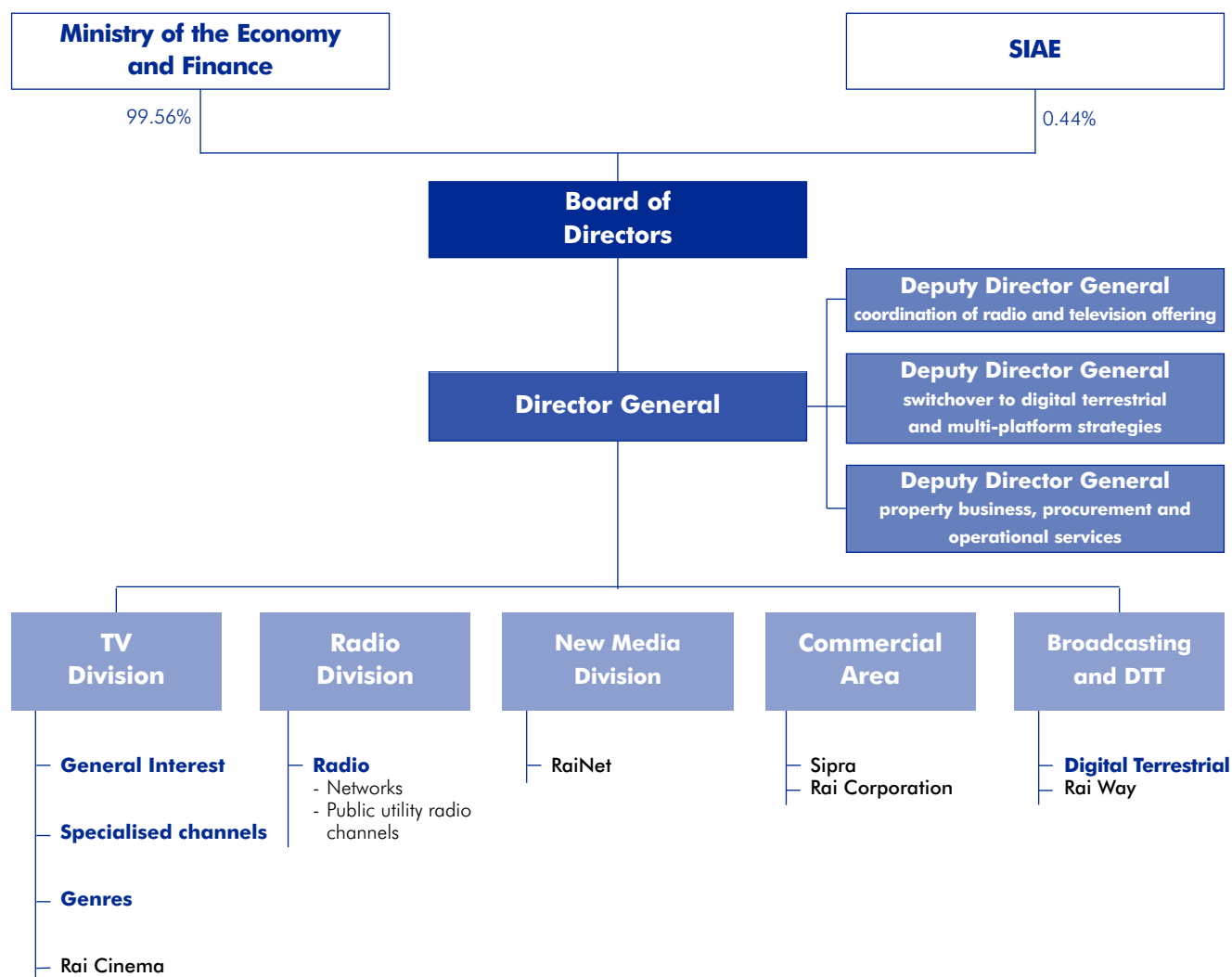
(until 4 May 2011)

Lorenza Lei	Mauro Masi
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Independent auditors

PricewaterhouseCoopers

Organizational Structure







Report on operations

To the Shareholders,

In 2010, Rai posted a **loss of 128.5 million euros** (loss of 98.2 million euros at Group level), with a **positive net financial position for Rai** (3.8 million euros) and a **negative net financial position for the Group** (150.4 million euros).

The result for 2010 has deteriorated compared to the previous year, which closed with a loss of 81.3 million euros (61.8 million euros at Group level).

The negative results of 2010 can be attributed to on-going economic and financial difficulties triggered by the heavy structural contraction of resources.

The adaptation of the per-unit licence fee, in line with the long-term trend and anchored to the rate of inflation, determined an increase of 40 million euros in public resources, and this was partly due to the contribution of compulsory collections.

This result was positively influenced by the dynamics of new subscribers, which is recovering after the decline that marked 2009: paying users have now almost reached the 16-million family mark.

Following the significant drop in revenues from advertising endured in 2008-2009 – amounting to about 230 million euros – 2010 showed a reversal of trend, with an increase of just over 30 million euros, corresponding to just over 3 percentage points.

Other revenues, those of a typically commercial nature and agreements with the Public Administration, present a decline of around 67 million euros, completely cancelling the improvement of primary resources, this being partly due to the general situation of economic weakness. Almost half this reduction can be attributed to the

strategic decision not to renew the agreement for the supply of channels produced for the Sky bouquet.

In terms of operating costs, taking into account that – as in every other even year – the 2010 income statement was influenced by heavy expenses for big sports events (almost 108 million euros for the World Cup and the Winter Olympics), the tendency towards a reduction in expenditure was confirmed – within a constant setting, thanks to a combination of coordinated projects.

Actions to increase efficiency and rationalisation applied to all corporate areas and to the subsidiaries had an immediate positive effect, creating the conditions to permanently consolidate the benefits.

The impact on the consolidated operating result, the most significant analysis dimension, highlights an improvement – following the deduction of the impact of big sports events to make comparison easier, of around 130 million euros.

These results were achieved through a combination of targeted and selective operations which made it possible to attain real and significant increases in operating efficiency and to optimize the level of utilisation of internal resources, also thanks to the implementation of more streamlined and effective production models.

The income statement also benefited from the stability of labour costs. The managerial operations entered into, including early retirement incentives and the substantial blockage of retribution policies, made it possible to neutralize the impact of the renewal of contracts and expenses linked to the stabilization of employees with temporary employment contracts.

The absence of the inspection of the retributive component linked to the reaching of specific targets/aims, due to a lack of the necessary requirements, also made a contribution.

In greater detail, as regards revenues, the cost of the licence fee for 2010 went up by 1.4% (from 107.5 to 109.0 euros). This is a percentage which is substantially in line with the planned rate of inflation.

The policy for the annual adaptation of the per-unit licence fee has been confirmed on the same basis again for 2011, with a rise of 1.5 euros (to 110.5 euros).

The licence fee continues to be the lowest in Europe for public broadcasting companies and also holds the negative record for particularly high tax evasion, which is estimated at around 25-30%, compared with the European average of under 10%.

A gradual alignment with the European standard, with a consequent recovery of significant resources, would require a revision of the payment collection methods, joined by a strengthening of the regulatory instruments designed to combat evasion, which are currently blatantly inadequate.

More effective actions to considerably expand the subscriber portfolio would help Rai in the pursuit of its mission as a Public Service in a rapidly changing context which requires consistent investments in technology and particularly in the products offered.

These actions would also have positive effects on viewers, thanks to the balanced distribution of the benefits

resulting from the reduction in tax evasion, and also on the audiovisual industry in general.

On the basis of the results of the separate accounting for the 2009 financial year, certified by independent auditors, the imbalance between public resources and the costs sustained by the concession holder for the fulfilment of public-service responsibilities amounts to about 438 million euros.

This imbalance falls to 337 million euros after the allocation of the specific share of the advertising revenue from the programming.

The recovery of the world economy recorded in the first half of 2010 showed the first signs of slowing down beginning in the second half of the year. The international macroeconomic dynamics penalised the recovery of the Italian economy, initially sustained by higher international exchanges but then slowed down by uncertainties regarding the evolution of demand, with particular regard to the consumption component, which is affected by uncertain employment prospects and continuing stagnation of real household incomes.

In this context, the advertising market, following the general decline of over 13% in 2009, recovered almost 4%, while television advertising posted a growth of about 6%.

Moving on to the more specific setting of the reference market, emphasis should be placed on the huge change in competition, characterised by broader, more articulated, multilevel, and consequently multi-dimensional, competition between different platforms, business models and operators.

Competition takes place at different levels: between broadcasting and commercial platforms to adjudicate audiences forced to abandon terrestrial analogue television due to the switch-off processes by technical areas: between free channels and pay-tv channels; between the operators active within the two market segments.

In the pay-tv segment, despite the fact that the predominant role continues to be played by the satellite operator, the competition between the two major operators, Sky and Mediaset, is becoming fiercer and fiercer. This is having evident effects on the acquisition of premium rights, which are absolutely critical to success. This aggression in the strategies used in the procurement of sports and film rights represents a potential threat to Rai's competitive positioning as these are areas traditionally covered by the Public Service Operator.

As regards free-TV, the affirmation of digital terrestrial TV – which is now the platform most popular among users – has brought about immense changes in the service offered. General interest channels have been joined by a variety of semi-general interest and specialised channels.

There are almost 50 in the 'all-digital' areas and this number looks set to rise, considering the channels due to be launched by the operators taking part in the so-called beauty contest for the assignment of the television frequencies available.

The proliferation of new free semi-general interest and specialized channels has inevitably led to the division of viewing figures among broadcasters and the types of programmes on offer. This has determined a natural contraction of the broadcasting performances of the general-interest channels.

The framework outlined is represented by the evolution of the resources of the television system, characterized by the extensive growth of revenues from access to pay TV and pay per view services, which now account for over 35% of the total, and by the market shares of collection of payments for advertising. Mediaset showed a stable performance, while Sky enjoyed a significant increase and Rai suffered a decline.

In the presence of a structural weakness of resources and the need to strengthen the products on offer, Rai has developed the 2010-2012 Industrial Plan with a view to maintaining its presidium of premium products in order to compete effectively within an extremely complex market setting and continue to occupy a leading role within the television system.

The Industrial Plan is the response developed by Rai to create balance within the company, also envisaging operations that will influence industrial layouts, with discontinuous actions on the outline of the activities supervised.

Rai is currently engaged in implementing that envisaged by the Industrial Plan, developing the operational and detailed projects of the activities outlined, which will take quite some time to accomplish due to the structural nature of some of the actions. Several important points relating to simplifying the Group's corporate structure are almost completed.

The incorporation of RaiSat and Rai Trade into Rai and of 01 Distribution into its holding company, Rai Cinema, will follow, before the end of the summer, that of RaiNet into the Parent Company.

On the strength of its strategic address/industrial tool and the television

offering plan, both of which are scheduled to be implemented over the long term, Rai is pursuing its mission to offer all users access to the broadest and most articulated offering of free broadcasts, achieving excellent viewing figures across the various reference audiences. In the all-digital areas the offer currently consists of 14 channels, one of which in HD: RaiUno, RaiDue, RaiTre, Rai 4, Rai 5, Rai Premium, Rai Movie, Rai Storia, Rai YoYo, Rai Gulp, Rai News, Rai Sport 1, Rai Sport 2 and Rai HD.

Rai is confirming and strengthening its role as leading national broadcaster. In terms of broadcasting performance, this lead is further accentuated by the contribution of the new specialised offer.

In addition to digital terrestrial platform, Rai is also present on all the main consolidated and emerging platforms on the market.

With a complementary role, both for territorially margin areas or those penalised by possible reception difficulties and in order to fulfil the obligations imposed by the Institutions with regard to technological and competitive neutrality, Rai has set up, in conjunction with Mediaset and Telecom Italia Media, the first free satellite platform, Tivù Sat, offering complete broadcasting services, without the blackout of any programme within the whole bouquet available on the DTT network in the all-digital areas. This offering has continued to evolve since its launch in the middle of 2009 and now has about 50 domestic and international channels.

The development of DTT in compliance with the calendar for the switch-off by technical areas requires a consistent financial commitment, starting with that

for the construction of the network infrastructure: a technical investment which, by the time it has been completed, will have absorbed resources of about 400 million euros, much of this being concentrated in 2011-2012, as well as significant commitments and investments in the area of contents to expand the offering.

Rai will have to face this considerable investment programme without the support or with only the marginal support of public funding taking into account the specific role of the concession holder and its particular network configuration, in a market phase which continues to be difficult.

The insufficiency of resources from the licence fee is joined by continuing uncertainties relating to the dynamics of advertising revenues. The general weakness of advertising, while conditioned by the on-going negativity of the macro economic situation, seems to present structural characteristics, partly deriving from the expansion of investment alternatives available to those placing adverts and the more targeted proliferation possibilities offered by advertising campaigns available on other channels.

In this context, the outlook for 2011 – which has the possibility to benefit from improvements due to further actions to rationalize expenditure, enabled by stricter cost reduction policies, the implementation of certain actions included in the Industrial Plan and the absence of big sports events - is much better than it was for 2010, and should make it possible to achieve a substantial breakeven.

The extent of the improvement will depend on the performance of the advertising variable.

Due to the orientation expressed in certain legal provisions, during 2010 Rai became eligible for qualification as a public legal organization, with the consequential need to apply the instructions envisaged in the Code that regulates public contracts for employment, services and supplies.

Consequently, Rai – operating in a situation in which it has to compete on a highly competitive market – is required, in order to satisfy its requirements, and therefore for the selection of its contractors, to observe the principles and public procedures envisaged by the Code, allowing for all the exemptions and simplifications envisaged by the regulations, particularly in consideration of the prerogatives and characteristics of the television business.

The Public Service concession holder operates in the awareness of the fact that it belongs to the country. It endeavours to interpret the country's needs and hopes, translating them into a rich and varied proposal, always observing a very high level of quality, right across the board. It will continue to do so, maintaining the exclusive free nature that has always distinguished its mission and on which the particular responsibility of the Public Service is based, having been effectively conceived and addressed at all citizens-users.

Everyone knows that Rai accompanied the country's growth in the analogue sector and it nourishes hopes, which are already being partly fulfilled by the early results and acknowledgements, that it can play an important role in the digital world too, where the increase in the offering risks limiting the growth in overall reliability of the proposals.

At this point, we would like to reiterate that written in last year's report. The substantial belonging to the Institutions of our country, as an entity which performs a fundamental public mission on behalf of the country, subjects Rai to a series of increasingly severe addresses, directives and restrictions, which establish the details of the area of activity and, at least partially, the methods used to accomplish it.

Every three years, Rai and the Ministry of Economic Development draw up the Service Agreement, an 'operating charter' which, on the basis of EU and national legislation, established the details of the single tasks that the concession holder has to perform.

An Agreement which must comply with the preliminary guidelines established by the Italian Communications Authority in accordance with the Ministry of Economic Development.

The Consolidated Law on Finance makes express provision for a mechanism to guarantee the economic equilibrium of the concession holder, acknowledging that public resources must equate to the costs sustained for the performance of the activities delegated to it.

This legal order has not been respected up to now, causing enormous damage to Rai, year after year.

If the principle of proportionality between costs and resources had been respected, Rai could have had income for over 1.3 billion euros in 2005-2009.

Even without the results of separate accounting, the instrument that certifies the deficit of public resources, Rai endures a deduction of resources which is unequalled in other European

countries, due to the aforementioned anomalous extent of licence fee evasion.

The reduced annual income for Rai can be quantified at about 500 million euros.

It is obvious therefore that, if this evasion were to be drastically reduced, the imbalance that emerges structurally from the separate annual accounts would be resolved. This would guarantee the legal required proportionality between Public Service resources and costs.

The acknowledgement of public resources to Rai in an appropriate amount would have generally positive effects: on the comprehensive prospective balance of market resources, on the audiovisual industry, on the concession holder's capacity to improve its focus on the pursuit of the Public Service mission with a further advantage for the overall quality of programming.

Rai therefore believes that the recovery of the accounts and of a sustainable economic balance, as well as the restoration of a solid financial situation, require – not only for every possible initiative to lever costs dynamics, in line with the Industrial Plan – but also a decisive intervention on public resources.

Indeed, the intensification of competition and the consolidation of certain technological and consumption trends have excluded the possibility of the aid guaranteed so often in the past by advertising in relation to the modest income from licence fees. In addition to this, during recessions or weak market situations, the more restrictive conditions to which Rai is subject have always amplified market difficulties, and this despite recent positive publishing performances.

The maintenance of the structure of the layouts and area of activity, in relation to which the independence of Rai is bound to the decisions made by the Institutions, poses an obvious limit to the extent of the benefits that can be obtained with recovery policies concentrated solely on rationalising costs, which do however continue.

The need to make the licence fee the main source of funding for Rai, with a view to guaranteeing the prospective economic and financial balance, is shared and this forms a fundamental basis for progress.

Indeed, the 2010-2012 Service Contract recently signed between the Ministry of Economic Development and Rai contains – along with a further expansion of the mandate assigned to the public concession holder, induced by transformations linked to the switchover to DTT – certain important innovations.

The strategic importance of these guarantees for Rai, which will have to be applied promptly and meticulously, suggests their integral proposition at this time.

“The Ministry undertakes to identify, with the involvement of the pertinent administrations, the most effective methods to contrast evasion of the licence fee, suggesting appropriate legislative initiatives and taking the necessary administrative measures. To this end, the Ministry undertakes to set up a specific technical table, as soon as possible, to be attended also by the concession holder”.

“The Ministry and Rai shall report annually to the Parliamentary Commission on the results of the actions implemented to contrast licence fee evasion and shall present a report on the activities of the technical table”.

“The Ministry and Rai undertake, on the basis of the reports and proposals of the commission or of evidence gained from the separate financial statements, to review this Contract, in order to restore the best possible exercise of the service, where the proportionality and adequacy between Public Service mission and costs and the relative funding, as the result of this Service Contract, are significantly altered”.

In conclusion – with the support of adequate public funding – Rai will be able to ensure an even greater distinction of its offering. It will be able to make bigger investments in innovation, to build a bridge that can create a stable link with the new generations, who use a variety of technologies to access content, and it will be able to acquire the skills necessary in order to maintain a balanced central role within the communications industry.

Consequently, in the future it will be able to represent what it has done so far for Italian society: a place of understanding and unification for the country’s civil and economic growth.





Rai

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History

It was 3 January 1954 when television broadcasting began normal operations and Rai came to the small screen with its first channel. By the end of 1954, television was in 58% of Italian homes (by 1961, it reached 97% of the Italian population). Radio broadcasts, on the other hand, had been commonplace since the early 1920s with three national stations: Primo, Secondo, and Terzo (or networks 1, 2 and 3).

Subscription rates grew constantly over the first ten years, rising from just 24,000 in 1954 to more than 6 million in 1965, and in every home and in every public meeting place, the entire neighbourhood would gather to watch TV.

Television, as a public service, was intended not only as a source of entertainment, but also as a means to educate and inform, and even to help combat widespread illiteracy. In that regard, it helped create a national language much more than schools had been able to do.

At first, programmes lasted nearly four hours, and there was no advertising. Broadcasts began at 5.30 p.m. with *La TV dei Ragazzi* ('TV for Kids'), after which there was an intermission, followed by the news at 8.45 p.m. and other broadcasts until 11.00 p.m.

In 1957, we saw the first major change with the introduction of advertising and *Carosello*, an Italian icon in which entertainment took precedent over the actual advertising. In fact, it was typical for children to stay up to watch *Carosello*, after which they would all go to bed.

While television owes its rapid rise in popularity to entertainment, news and

information has remained Rai's claim to excellence, with more than 70% of the TV audience following the news. The most popular sports were cycling and soccer, which were broadcast faithfully by Rai.

Towards the end of the decade, recording systems became more diffuse, so that television was no longer tethered to live broadcasts, but could now record, save, and rebroadcast at a later date.

In 1962, Italy's second television channel came onto the scene, and, for the first time, Italian television was able to connect via satellite with America. A few months later, the first testing of colour broadcasting began, with the official launch not coming until the mid-70s.

Also in the second half of the 1970s, regional broadcasts made their debut, and the news anchor-man replaced the newsreader.

In 1979, the third television network was inaugurated, with both regional and national broadcasts, and the first local commercial networks made their entrance into the Italian television marketplace.

The 1980s saw the first testing of Teletext services, subtitling for the hearing impaired, and the Auditel audience-share ratings system. This was also the decade in which the nationwide commercial networks made their debuts.

In February 1996, Rai officially joined the Internet with its website at www.rai.it, and by the end of 1997 the company launched its first three digital satellite theme-based channels, testing of which had begun in the early 90s.

At the end of 2003, Rai's board of directors approved the creation of the *Italian association for the development*

of digital terrestrial broadcasting, and in January 2004, Rai launched its first offering on the new platform, beginning a new era in the development of the Italian television market.

Starting on 31 July 2009, Tivù Srl – a company set up in conjunction with Mediaset and Telecom Italia Media on 24 September 2008 – launched the free satellite platform Tivù Sat, which repeats the free television offering of the digital terrestrial platform.

Mission

The mission of general public service broadcasting is founded in the principles of the Italian Constitution and of the European Union in the 'Television Without Frontiers' Directive of 1989 and subsequent amendments, the ninth protocol on the system of public broadcasting as part of the 1993 Amsterdam Treaty, and the subsequent interpretative Communication of the Commission of the European Communities 2009/C 257/01 published in the Official Gazette dated 27 October 2009.

This mission is governed by Italian legislation and regulation, in compliance with the aforementioned principles.

Specifically, the public service obligations are defined by a series of sources, including Italian Law 249 of 31 July 1997, Law 112 of 3 May 2004, the Consolidated Broadcasting Law approved by Italian legislative decree no. 177 of 31 July 2005, and by the Service Contract, in line with the guidelines issued, in agreement with the Ministry of Communications.

In accordance with Article 45 of the Consolidated Broadcasting Law, general public service broadcasting must establish the minimum content requirements that can be integrated through the service contract, so as to provide for the following:

- a) the broadcast of all public service television and radio transmissions throughout Italy to the extent possible based on current science and technology;
- b) a sufficient number of hours of television and radio broadcasts dedicated to education, information, and cultural promotion, with particular emphasis on promoting theatre, cinema, television (including foreign language programmes), and music which is either of significant artistic value or particularly innovative; such number of hours is set every three years by the Communications Authority; children's entertainment broadcasts are not included in these hours;
- c) the broadcast of the programming specified under point (b) above in proportionate manner across all time periods, including those with the highest viewing figures, and across all television and radio networks;
- d) access to programming, within the limits and in accordance with the methods established by law, in favour of political parties and groups represented in Parliament and in regional assemblies and councils, of local self-government associations, national trade unions, religious groups, political movements, political and cultural associations, legally recognized national associations of the cooperative movement, associations for social promotion listed in regional and national registers, ethnic and linguistic groups, and other groups of social significance that should request it;
- e) the establishment of a company for the production, distribution, and broadcast of radio and television programming abroad for the purpose of promoting the Italian language, culture, and economy by broadcasting programmes and the nation's leading audiovisual productions;
- f) the broadcast of television and radio programming in German and Ladin for the autonomous province of Bolzano, in Ladin for the autonomous province of Trento, in French for the autonomous region of Valle d'Aosta, and in Slovenian for the autonomous region of Friuli-Venezia Giulia;
- g) the free broadcast of public service messages required by the Italian Prime Minister's Office and the broadcast of sufficient information regarding Italian roadways and traffic;
- h) the broadcast, at appropriate times, of content specifically designed for children and which takes account of the needs and sensitivities of all childhood age groups;
- i) the maintenance of radio and television archives and the guarantee of public access to such archives;
- j) the allocation of no less than 15% of total annual revenues to the production of European programming, including programmes produced by independent providers;
- k) the provision, within the terms specified by Italian Law 112 of 3 May 2004, of the infrastructure for digital terrestrial broadcasting;
- l) the provision of interactive digital public services;
- m) observance of the limits of advertising defined by Article 38 of the Consolidated Broadcasting Law;
- n) the distribution of the broadcasting company in one or more national offices and in branches in each region and, for the region of Trentino-Alto Adige, in the autonomous provinces of Trento and Bolzano;
- o) the adoption of appropriate accessibility measures for the hearing and vision impaired;
- p) the promotion and strengthening of decentralized production centres;
- q) the provision of distance learning services.

The Service Contract

As already mentioned, as regards the regulation of the sector, the public service concession holder's broadcasting activity is regulated not only by the Law, but by the Service Contract.

In accordance with the Service Contract, the offering of quality programming, which is to be in line with Italian values and ideals, as well as with audience sensitivities and the interest of minors, is characterized by a range of content and efficiency in production that gives the public a positive image of the public service provided, and this in terms of the level of programming, the appropriateness of the mission that it is required to fulfil as compared with commercial broadcasting, and the cost of the licence fee.

To that end, the following is a list of the primary responsibilities:

- the freedom, completeness, objectivity, and pluralism of information;
- safeguarding the national identity, as well as local identities and the identities of the minority language groups;
- the nation's political and economic developments and the challenges of modernization;
- the developments in political and economic relations with European partners and the dissemination of the key aspects of their cultures;
- providing information on the politics, economies, and societies of non-EU countries, particularly the world's least-developed nations both economically and socially;
- promoting culture, history, traditions, and artistic heritage;
- respect for the environment;
- representing the reality of daily living in Italy;

- promoting employment and employment conditions;
- the issues of civil law, solidarity, feminism, equal opportunities, and integration;
- public safety, reporting violence, crime, breakdown of the social fabric and social marginalisation;
- focus on the family;
- the protection of minors, the elderly, and other groups in need of protection.

On 6 April 2011, at the Ministry for Economic Development, the Service Contract with Rai, issued for the 2010-2012 term, was signed. The Contract will come into force, upon completion of the approval procedure, the day after publication in the Official Gazette of the Italian Republic. The main elements of the Contract are summarised below.

Digital Terrestrial Television

The term of validity of the Contract covers the switchover phase by the Italian television system from analogue to digital.

Within this framework, the switchover represents the central element of the Contract, both in terms of the offering and of technological development.

As regards the offering, the Contract requires Rai to create *"general interest, semi-general interest and specialized channels to fulfil the Public Service mission; in this area, Rai develops and articulates the offering of new channels with the aim of reaching all audience targets thanks to programming open to innovation and conceived in view of the growing complexity of television audiences"*.

It envisages:

- expansion to the new digital channels of the setting for definition of the predetermined offer of Public Service, with an increase in the minimum charge share from 65% to 70%;
- the development of specialized channels. This concerns minors (with Rai making a commitment to create two channels specifically for pre-school and school children), Italian and European audio and visual channels, information (with a commitment by Rai to reserve *"a specialized channel for information and general investigation"*).

As regards technology, the forecasts requiring Rai to play a driving role in the switchover of the Italian television system to the new digital technology are of particular importance. In this setting, the Concession Holder is required to *"implement the process of conversion of the networks to digital technology in accordance with the timing and methods indicated by the Ministry, as well as the Master Plan of conversion activities, drawn up by the Ministry for each of the technical areas"*.

Consolidation of the Public Service role

The Contract introduces a series of standards aimed at consolidating the public service role assigned to Rai. In this sphere the Rai is required to “create a comprehensive offering of quality programming, which is to be in line with Italian identity, values and ideals, as well as with audience sensitivities and the interest of minors, respectful of women and their human, cultural and professional dignity, characterized by a broad range of content and efficiency in production”, identifying the principles and general criteria for the pursuit of this aim.

The principle which establishes that Rai – among other things – must ensure “the quality of information as a necessary presidium of pluralism, completeness and objectivity” and favour “also through journalistic information, the development of a critical, civil and ethical sense of national collectiveness, with respect for the right/duty to provide information, the truth of the facts and people’s right to be informed”.

This also comprises the provisions requiring that Rai “apply, during the exercise of its activity, the principles, criteria and rules of conduct contained in the Code of Ethics and the Charter of Duties of Public Service Operators, considered as the combination of values which Rai acknowledges, accepts and shares and the combination of responsibilities taken on by Rai within its own organization and with others, and consequently to sanction every form of behaviour that goes against the letter and spirit of the above-mentioned documents, using the methods envisaged therein”.

The principles that establish that Rai “is required to acknowledge in the Code of Ethics (the pertinent part) and in the Charter of Duties, the Code of Self-conduct on the matter of the portrayal of legal issues in radio and television broadcasts, signed on 21 May 2009, the Code of Self-conduct of broadcasts commenting on sporting events, known as the “Sport and media code”, signed on 25 July 2007, and the TV and minors code pursuant to article 34 of the Consolidated Law, as well as specific provisions for reality programmes, to be communicated to the Ethics Commission within three months of entry into force of this Contract”.

Also of importance are the commitment to contrast “concealed forms of advertising”, developing a new monitoring system, and the commitment to publish the results to the Ministry for Economic Development, the AGCOM (Italian Communications Authority) and the Parliamentary Monitoring Commission.

The new Contract aims to launch a new cultural trend, requiring Rai to observe “the correct portrayal by television of the image of women and the female world in general” also through the promotion and exploitation of “a new direction in the use of the female figure, with complete respect for the professional and cultural dignity of women, also with a view to contributing to the removal of the obstacles that limit equal opportunities”.

Ratio between costs and revenues relating to the Public Service mission

The Contract introduces a series of defensive standards that allow Rai to propose changes to the Contract in the event of significant alterations to ratio between Public Service costs and revenues.

In this setting, we can see how the role of the Ministry-Rai Joint Commission has been strengthened. Not only is the Commission responsible (as already seen in the Contract currently in force) for “defining – in line with the evolution of the reference setting – the most effective operating methods for application and development of the activities and obligations envisaged in this contract”, but also for:

- “a) defining the appropriate interventions to overcome the difficulties of application and interpretation which might emerge;
- b) informing the parties to the contract of significant alterations to the contractual balance, also in terms of the proportional and adequate ratio between Public Service mission and costs and relative funding, suggesting the measures best suited to re-establishing it”.

It is also deemed appropriate to mention the Ministry’s commitment to “identify, with the involvement of the pertinent administrations, the most effective methods to contrast evasion of the licence fee, suggesting appropriate legislative initiatives and taking the necessary administrative measures”.

The new Service Contract will make Rai's Ethical Code, as approved by the Company's Board of Directors in 2003, binding with regard to the importance of the commitments envisaged in said Code.

With a subsequent resolution, the Company's Stable Commission, as envisaged by article 1.5 of the Ethical Code, was set up, in order to supply assistance and support with the implementation and control of the observance and effectiveness of the Ethical Code.

As envisaged by its regulations, approved in the first meeting held on 29 November 2004, the Commission met once a month.

Since 2005, the Ethical Code has been an integral part of Rai's Organization and Management Model under Legislative Decree 231/2001. It has been distributed to employees and staff members and is referred to for formal adhesion in all the agreements and contracts entered into. The Code can also be found on the corporate website (www.rai.it).

The television broadcasting market

2010 was a year destined to be remembered as one of the most important in the long history of Italian television. This is demonstrated by four particularly significant things:

- with the completion of the switch-off of analogue terrestrial broadcasts all over northern Italy, apart from Liguria, almost 65% of Italians have now switched permanently to digital television;
- the comprehensive dissemination of digital television platforms (digital terrestrial, satellite and lptv) has far exceeded 80%;
- use of decoders/digital televisions has now bypassed that of the traditional analogue terrestrial system;
- the television audience has reached the highest level ever, thanks to the expansion of the offering available to the public and particularly that of free digital terrestrial television, with over 9.8 million average daily viewers and a daily viewing time per-capita of more than four hours.

Despite the growing competition of digital media, television shows evident signs of vitality and strength which enable it to confirm, once again, its central role in the information and entertainment system.

2010 was also positive in terms of advertising revenues: according to the estimates of Nielsen Media Research, good growth (+6%) was recorded, enabling television media to recover about half the drop in advertising investments recorded between 2008 and 2009 due to the economic crisis.

As mentioned, the switchover to DDT was the main cause of discontinuity, capable of generating the most significant structural changes in the competitive layout of the market.

According to the Auditel figures, the dissemination of DDT exceeded 75% at the end of 2010 (with an absolute value of 18.7 million households) and in December, fruition through this platform reached almost 60%, making it the system used most by Italian viewers to watch television.

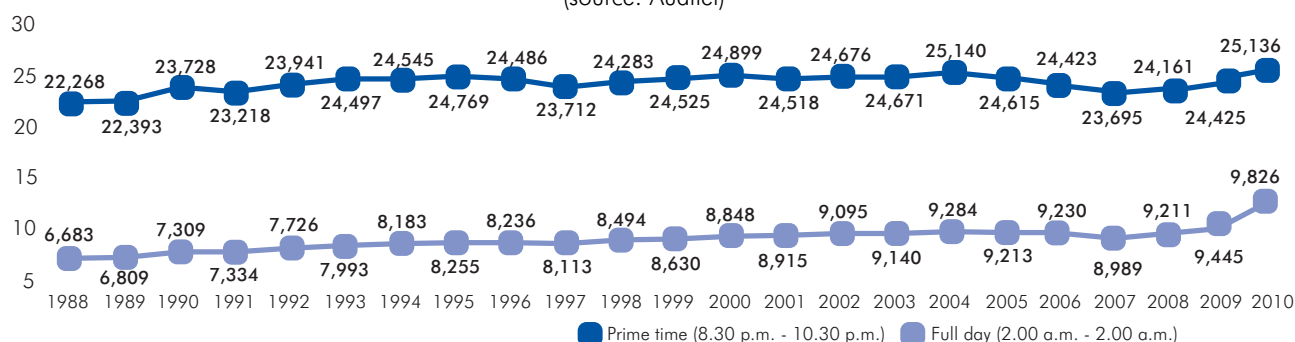
The offering available on the platform, particularly in terms of free viewing, was further strengthened thanks to the launch of new specialized broadcasters. The comprehensive share of digital terrestrial channels doubled during 2010, reaching about 15% of the whole day in the month of December.

The offering of pay-tv was also consolidated, gaining considerable increases in terms of dissemination with households, income from direct customer spending and advertising revenues, becoming even more competitive with respect to Sky.

The satellite platform is substantially stable. After about six months of a slight, but progressive decline in the user base, the pay operator, Sky, began growing again, closing the year with over 4.8 million customers (about 200,000 of which are business users), with a growth of about 130,000 units (+3%) compared with the end of 2009.

Changes in television audience

(source: Auditel)



The inversion in trend recorded in the second half of the year is due, among other things, to the operator's aggressive commercial policies to make the bouquet more competitive in terms of pricing and technological services (e.g.: My Sky HD decoder).

As regards the free satellite offering, the Tivù Sat platform managed as a joint venture by Rai, Mediaset and Telecom Italia Media and launched in 2009 with the aim of guaranteeing full access to the free offering by those people without coverage by the digital terrestrial broadcasting infrastructure, performed very well.

Tivù Sat closed the year with almost 800,000 smart cards activated, showing a clear increase compared to the end of 2009.

The IPTV platforms managed by the telephone operators Fastweb, Telecom Italia and Infostrada, continue to remain stably widespread (estimated use by about 600,000 households) at substantially marginal values.

While migration to digital televisions definitely represents the main factor of short/medium-term discontinuity for the television market, the long-term situation will probably be characterized by the development of landline and mobile broadband structures and by the growing offer of innovative content and services accessible through convergent devices capable of combining several technologies and functions.

On this front too, 2010 was a very important year for the definitive consolidation of certain trends (e.g.: online video consumption and the success of so-called "catch up tv" series), the acceleration of state-of-the-art smartphone sales, the launch of tablet pcs and the marketing of

television devices (e.g.: screens, decoders, blue ray players) equipped with Internet connections and therefore able to allow users access to interactive services and audio-visual content on demand.

These phenomena are inevitably destined to have even greater effects on the market layouts, because they encourage formidable boosts towards the innovation of business and offering models and are capable of opening up the doors of business television to new players, including those outside the editorial sector.

In response to this, Rai has strengthened its role, taking on the challenges posed by digital TV and proposing:

- a new idea of Public Service, capable of exploiting the multichannel opportunities of the new technology and placing itself at the service of the public to an even greater extent;
- an offering without equal, such as to simultaneously satisfy the specific demands of the country's whole creative and industrial system.

Revenues

The Italian television market in recent years has been aligning itself with longstanding trends throughout Europe, with an increasing amount of revenue from fee-based services joining public funding and advertising revenues.

In this landscape, the licence fee, despite rising in comparison with the previous year (+1.9%), shows a gradual decline in comparison to total revenues for the system.

Already, the inflows generated by the various forms of pay TV have exceeded funding from the licence fee.

Historically, the parameter used to adapt public funding has been the programmed inflation rate, and not the actual rate of inflation, meaning that not only does it not allow the concession holder to recover the entire effect of inflation within the Italian economy, it also fails to consider the significant pressure on production created by the increased level of competition within the marketplace that has been growing for several years now. In a context of such competitiveness, the Italian licence fee remains the lowest in Western Europe.

It should also be noted that in Italy, despite the steps Rai has taken to limit these effects, reliable estimates point to a significantly high rate of evasion with reference to both the special licence fee and the ordinary fee, the latter estimated at between 25 and 30% and far and away the highest in Europe, where the average rate of evasion is 10%, with a low of 5% in the U.K.

The Italian television system will, however, continue to be funded primarily through advertising revenues, although we are seeing progressive growth in revenues from pay TV on one hand and a shift towards investments in other emerging media on the other.

The gradual decline of revenues from television advertising in recent years is common to the main public service broadcasters throughout Europe, although audience figures continue to remain quite stable.

The regulatory framework

2010 was characterized by legislative intervention concerning the regulation of the broadcasting industry, as detailed below.

[Lgs. Decree no. 44 of 15 March 2010, implementing directive 2007/65/EC relating to the coordination of determined legislative, regulatory and administrative provisions of Member States concerning the exercise of television activities \(audio-visual media service directive\)](#)

On 30 March 2010, Lgs. Decree no. 44/2010, implementing Directive 2007/65 (audio-visual media service directive) entered into force. Its intent was to adapt European broadcasting regulations to the technological progress and changes underway on the audio-visual market. The regulation of the public and private broadcasting system in Italy over the past five years has been dictated by the Consolidated Law of television and radio broadcasting services, Lgs. decree no. 177 of 31 July 2005, the original version of which acknowledged the European Directive known as "television without frontiers". With the "audio-visual media services" Directive amending the "television without frontiers" Directive, the idea was to harmonize the broadcasting sector at European level, adapting it to technological development (characterized by the convergence between telecommunications, media and information technology) and market development, also taking into account the innovations introduced by the European directives on electronic communications. The main innovations introduced by the order in the Consolidated Law, renamed

Consolidated Law on Audio-visual and Radio Media Services (hereinafter TUSMAR), are listed below:

- the performance of linear and non-linear media services: the notion of "audio-visual media service" is introduced in paragraph 1 of the Consolidated Law. It comprises linear services (supplied, regardless of the broadcasting method, for the simultaneous viewing of programmes on the basis of a programming schedule) and non-linear services (supplied, regardless of the broadcasting method, for the viewing of programmes chosen at any given time by the user from a catalogue of programmes organized by the media service supplier). The notion of audio-visual media service does not include services performed during the exercise of non-economic activities, such as private websites and services consisting in the supply or distribution of audio-visual content generated by private users for the purposes of sharing or exchange within the scope of common interests. The traditional three-way division between content supplier / network operator / supplier of associated interactive services or conditioned access services contained in the Consolidated Law was replaced by service operator / media service supplier / supplier of associated interactive services or conditioned access services. In the Consolidated Law, as amended by the Romani Decree, the editorial responsibility of the media service supplier (the physical or juridical person that chooses the audio-visual content of the audio-visual media service) is defined, in article 2, paragraph 1, letter h), as "the exercise of effective control over the selection of programmes, including data programmes, and their organisation into a chronological programming schedule, in the case of television or radio broadcasts, or in a catalogue, in the case of audio-visual media services on demand". Article 2, paragraph 1, letter b) of the TUSMAR establishes the exclusion from the definition of "media service supplier" of physical or juridical persons who only broadcast programmes for which third parties are editorially responsible;
- qualifying titles: the new system envisages the ministerial authorisation, issued in accordance with article 25 of the Code on electronic communications (Legislative Decree no. 259 of 1 August 2003), for the network operator activity (article 15 of the Consolidated Law), of associated interactive service and conditioned access supplier, including pay per view, on digital terrestrial frequencies, via cable or satellite (article 31 of the TUSMAR). Likewise, the Ministry issues authorisation for the supply of audio-visual content and data destined for digital broadcasting on terrestrial frequencies (article 16), for the performance of linear or radio audio-visual media services via cable (article 21). Authorisation for the performance of linear or radio audio-visual media services via other electronic media is, on the other hand, issued by the Authority for Guaranteeing Communications on the basis of its regulations, to be adopted by 30 June 2010 (article 21, paragraph 1-bis). Furthermore, the authorisation to perform audio-visual or radio media services via satellite (article 20) and the authorisation to supply audio-visual media service on demand (article 22-bis) is issued by the AGCOM;
- audio-visual commercial communication: the decree introduces, in addition to the traditional definition of television advertising and television sales, a

broader definition of audio-visual commercial communication, including sponsorships, television sales and the inclusion of products. In relation to the limits posed to the overcrowding of advertisements, article 12 of the Romani Decree dictates new regulations, replacing article 38 of the Consolidated Law: it is established that the broadcasting of publicity messages by RAI cannot exceed four percent of the weekly programming time schedule and 12 percent of every hour (paragraph 1);

- secondary rights and European audio-visual production: in the system previously in force, in accordance with article 44 paragraph 4 of the Consolidated Law, independent producers had to be assigned shares of residual rights deriving from the time limitation of the television user rights acquired by broadcasting operators. In the new article 44 of the Consolidated Law, the notion of residual right is replaced with that of secondary right, which the media service supplier has to acknowledge to the independent producer, on the basis of the rules of the Authority establishing the criteria for the time limits to the use of secondary right by the suppliers of services, in proportion and connected to financial participation in the development and creation of the work by independent producers. The instructions regarding the so-called “issuance shares” and “investment shares” remain unchanged. Consequently the general broadcasting public service concession holder is required to reserve at least 20% of broadcasting time to European programmes produced within the past five years and to destine at least 15% of the comprehensive annual revenues from television licence subscriptions and the pertinent advertising revenues, net of income from agreements with

public administration and the sale of goods and services to European programmed made by independent producers;

- protection of on-line intellectual property rights: article 6 of the legislative decree (which adds article 32-bis to the Consolidated Law) dictates a specific rule in defence of intellectual property. The suppliers of audio-visual media services must ensure the complete observance of the principles and rights envisaged by the law on copyright (law no. 633/41 and subsequent amendments), regardless of the platform used to broadcast audio-visual content, and must operate in complete observance of copyright and other pertinent rights. In the light of the definition of audio-visual media services, the extension of the obligations contained in article 6 also to all continuous broadcasting services offered in live streaming, television broadcasts via webcasting and near video on demand carried through websites, including the obligation to abstain from broadcasting programmes covered by third-party property rights;
- events of particular importance and news flashes: articles 7 and 8 of the Romani Decree introduce two new articles into the TUSMAR, 32-ter and 32-quarter, on the basis of which it is established that the AGCOM must compile, following resolution, a list of events considered as being of particular importance, for which it is necessary to ensure free broadcasting. The AGCOM is also assigned the task of regulating the broadcasting by a network of events of outstanding public interest which have already been broadcast exclusively by another television network;
- defence of minors: article 9 of the acknowledging legislative decree contains some important operational

indications aimed at increasing the level of defence of minors. Special measures are envisaged to prevent minors from watching programmes characterised by the presence of harmful content.

Further regulatory provisions

Broadcasting news flashes on events of outstanding public interest

With resolution 667/10/CONS, the Authority for the Guarantee of Communications approved the Rules of broadcasting news flashes of events of outstanding public interest in accordance with article 32-quarter of the Consolidated Law on broadcasting. The above-mentioned provision acknowledges all television broadcasters, including those using the analogue platform, regardless of the electronic communication network used, whether or not broadcasting is free or encoded, and the territorial context, the right to use news flashes: the use of pictures of the event for news flashes is allowed within the time limit of three minutes for each event, exclusively within the scope of the news programmes and also in later editions, from one hour after the termination of the event until 48 hours from said termination.

Political and institutional pluralism in television news programmes

With resolution 243/10/CSP, the AGCOM drew up the criteria for the regulation of the observance of political and institutional pluralism in television news programmes broadcast by the national television networks. In order to guarantee maximum awareness and transparency of the Authority's assessments, the provision indicates the methods and the frequency of the

monitoring of the news programmes broadcast during the entire programming schedule, with reference to non-election or referendum periods and during election campaigns.

Performance of linear and non-linear services

With resolution 606/10/CONS, the AGCOM approved the Regulations concerning the performance of linear broadcasting services on other electronic communication media, in accordance with article 21, paragraph 1-bis of the Consolidated Law on Broadcasting. It also established that the suppliers of broadcasting services on terrestrial, satellite or cable platforms in possession of the relative valid qualifying title are allowed to simultaneously rebroadcast the complete programming on other electronic communication media, free of charge following the issue of notice to the Authority and to the Ministry, also including the necessary technical data, observing the broadcasting rights acquired. Resolution 607/10/CONS, on the other hand, approved the regulations governing the supply of broadcasting services on demand, in accordance with article 22-bis of the Consolidated Law on Broadcasting.

Assignment of frequencies

Resolution 497/10/CONS published the procedures for the assignment of the television frequencies available for DTT systems, along with measures to guarantee conditions of effective competition between operators.

Plan for automatic channel numbering

AGCOM Resolution 366/10/CONS approved the plan for the automatic numbering of free and encoded DTT channels, stating the methods for assignment of the numbers to the audio-visual media service suppliers authorised to broadcast audio-visual content using the digital terrestrial technique.








































Rai's offering

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- 31 TV product performance

Map of Rai's offering















Analogue terrestrial		Digital terrestrial		Satellite	
36		36		36	
38		38		38	
40		40		40	
54		46		46	(b) 
		46	(a) 	46	(b) 
		47	(a) 	47	(b) 
		47	(a) 	47	(b) 
		48		48	
		48	(a) 	48	(b) 
		55		55	
		56		56	
		56		56	
		45		45	
		28	(a) 	45	
		54		28	(b) 
				54	

(a) These channels can be seen in the areas which have already fully migrated to digital terrestrial only.











(b) These channels can be seen through the Tivù Sat platform.

(c) Television information is available on all the broadcasting platforms.

Web (www.rai.tv)

36	
38	
40	
46	
46	
47	
47	
55	
56	
56	
45	
45	
48	
48	

Radio

68	
71	
72	
70	
69	
66	
	
73	
73	
73	

IPTV

29	
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Internet

76	
76	

Information (c)

49	
50	
51	
52	
53	

International offering

42	
	
	
	

Publishing

85	
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Rai's offering

The Public Service covers all the consolidated and emerging platforms in the Italian marketplace, with a very broad and articulate offering capable of appealing to all types of audiences.

For a detailed description of the television programming and networks and the radio stations and genres, see the chapters below concerning television and radio programming in detail.

Digital Terrestrial Television

Digital terrestrial is the digital platform of reference for the public service broadcaster.

Rai has pursued a multichannel development of the offering and broadcasting infrastructures, which has enabled the provision of decisive support of the consolidation of the platform in line with the progress of the plan to gradually switch over the television system to the digital standard.

During 2010 the publishing strategy implementation process continued, leading to:

- the launch, on 18 May, of the new channel Rai Sport 2 and the approval of the restyling of the Rai brand and its channels, with the aim of making the whole Rai offering more recognizable;
- the launch, at the end of November, when the switch-off took place in the Milan area, of the broadcasts of the semi-general interest channel Rai 5, dedicated to cultural entertainment.

As regards the television offering, Rai has a publishing plan which envisages a bouquet of fourteen free channels, one of which in HD.

At the end of 2010, Rai's offering on DTT available at national level consisted of nine free channels:

- simulcast of the three general-interest channels - RaiUno, RaiDue and RaiTre;
- six specialised channels - Rai 4, Rai News, Rai Storia, Rai Sport 1, Rai Sport 2 and Rai Gulp.

In the 'all digital' areas, thanks to the greater broadcasting capacity available after the switch-off, these are joined by five more free channels which, at the end of the digitalisation process, which

could be brought forward to 2011, will be available nationwide:

- four specialised channels – Rai 5, Rai Movie, Rai Premium, Rai YoYo;
- a High Definition channel – Rai HD.

Furthermore, in the 'all digital' areas, Rai has launched an experimental broadcast in High Definition.

All this configures the broadest free offering available in Italy and among the main European countries.

The profiles of the Rai specialised channels are presented below.

Digital satellite television

Rai sees satellite television as a complementary broadcasting platform with respect to digital terrestrial, which will make it possible to reach areas which are not served, even just partially, by this broadcasting technology, and to further diversify the offering.

As regards the theme of complementariness, from the point of view of distribution of the signal, we ought to point out the strategic choice made by Rai, together with Mediaset and Telecom Italia Media, to create the first Italian free satellite platform (**Tivù Sat**), which, launched in July 2009, offers viewers the chance to access free digital channels via satellite.

Besides replicating the complete offering of long-standing Italian general-interest television channels and the new channels broadcast on DTT Satellite, the satellite platform also offers access to numerous other Italian and international television channels.

The offering of Tivù Sat is evolving constantly and has progressed from having about 20 national channels

when it was launched, to having a bouquet of no fewer than fifty national and international channels. Programming covers all genres: from entertainment to culture, from information to sport, from music to lifestyle, home shopping and gaming. The network is characterized by the presence of the most important international broadcasters of all-news and other genres.

The satellite platform also broadcasts the free programming of Rai Scuola, produced largely in conjunction with the Ministry of Education, University and Research, aimed at primary and secondary school children, with programming dedicated to various subjects and topics, including science, English and road use safety.

Rai's international offering is also broadcast through the satellite platform and currently consists of four networks:

- **Rai Italia;**
- **Yes Italia;**
- **Rai Med;**
- **Euronews.**

Internet

Together with DTT, the web represents a central platform in Rai's programming and industrial strategy, both in the light of its growing popularity with Italian families and due to its ability to determine in-depth innovation in the offering, consumption and business models.

Exploiting the growing diffusion of broadband among Italian households and the increased interest of users in this type of content, it is manifesting important growth trends as regards traffic.

Rai.tv is the environment through which it is possible to access the whole Rai audio-video offering available on the Internet, via an advanced graphic interface.

Rai.tv's offering was expanded in terms of video quality and the variety of contents and services offered to users in 2010.

Rai's website offers:

- In live streaming mode: 16 TV channels, 8 radio channels, 3 web radio channels and 16 specialised web channels;
- In on-demand mode: numerous programmes broadcast on the three general-interest channels, on specialised channels and extra productions created exclusively for Rai web.

The 'video chat' format was also consolidated.

In 2010 Rai.tv was enriched with the launch of the innovative new Rai Replay service, which enables users to access the programming of RaiUno, RaiDue and RaiTre broadcast over the previous seven days and to see repeats of all the programming in high quality streaming.

Rai.it aggregates and increases the accessibility to the vast web offering of the public service broadcaster, which comprises the information websites of Rai news programmes, those of the main radio and television channels and programmes, as well as an area dedicated to children.

Rai.it also proposes a series of important and interesting services for users, such as the programming guide to all the Rai radio and TV channels and the community that enables interaction with Rai's most popular programmes and celebrities.

Digital Internet protocol television (Iptv)

Iptv is another complementary broadcasting platform with respect to digital terrestrial television for Rai, offering opportunities to expand and diversify its offering. Unlike digital terrestrial and satellite broadcasting, Iptv allows a high level of interaction with the public, as well as the customising of view consumption thanks largely to the video on demand (Vod) services guaranteed by this technology.

Also in this segment, which is still marginally used by Italian families, Rai has always been highly active, with the development of a dedicated offering which aims to exploit the potential of this platform.

Rai is present, only on the platform managed by the Fastweb operator, with a video on demand service called 'Rai On', split into several theme-based channels featuring current and past Rai programmes.

During 2010 Rai continued to implement the theme-based channels of Rai On: Culture, Entertainment, News

and Sport, Fiction, Junior, for the Vod TV platform. Every month the offering envisages new contents and special scheduling for every channel, to enhance the value of television events and current affairs and metatelevision schedules.

Smartphone and tablet

Numerous successful applications were launched during 2010 for users of state-of-the-art mobile devise, comprising: RadioRai, Isola dei famosi, X Factor, the World Cup in South Africa, TG3, TG1 and the Rai Programme Guide.

TV product performance

2010 was characterised by further growth of the dissemination of DTT. At the end of the year, the all-digital regions had become ten, accounting for 65% of the Italian population.

The most significant effects of the expansion and diversification of the television offering include the increase in the television audience. 2010 was a record year for viewing figures. Over the whole day, 9.8 viewers were reached (the highest value ever recorded since the Auditel measuring system was introduced), which the average prime time audience was of 25.1 million viewers (equalling the absolute record set in 2004).

In this competitive rapidly and dramatically evolving context, characterized by the considerable increase in the number of television channels and the gradual strengthening of the specialized digital channels (terrestrial and satellite, free and pay), the Rai Group confirmed its leadership.

On an **average day**, Rai consolidates its share with 41.3% (+0.7% compared to 2009) compared to Mediaset's 37.6% (-1.9%).

This occurs within the scope of a general increase in the shares obtained by specialized satellite or digital terrestrial channels: excluding the Rai and Mediaset networks measured by Auditel, the totality of 'satellite TV broadcasters' rises to 9.4% (+0.2 share points on 2009), while 'Other terrestrial TV broadcasters' reach 8.5% (+1.0%). The positive performance of the Rai Group is largely due to the performance of the specialized channels ('Rai Specializzate'), which obtain a total all-day share of 3.0% (with an increase of +1.7 points compared to 2009), influenced mainly by Rai 4, Rai Premium and Rai YoYo.

This performance makes Rai Italy's second digital broadcaster, after Sky (3.2%) and ahead of Mediaset (2.4%), Fox (1.8%) and all the other Italian and international competitors such as Disney, Switchover Media, Viacom, Discovery Channel and Turner.

The results of Rai's specialized networks clearly offset the physiological decline of the three general-interest channels, with RaiUno being confirmed as the most watched channel of all (20.7% share; -0.5% on 2009) and RaiTre at 8.5% (-0.5%). The performance of RaiDue (9.1%) has remained quite stable with respect to 2009 (-0.1%), despite the switch-over of important areas of the country; In Lombardy and Eastern Piedmont, RaiDue was visible from May to October only to owners of digital terrestrial decoders (or televisions with built-in decoders) or satellite systems.

In **Prime Time** the Rai Group confirms its leadership with a share of 43.7% (+0.9% on 2009) compared to Mediaset's 39.1% (-1.7% points). RaiUno is confirmed as the leading channel with a 22.4% share. The prime time slot has also been characterised by a growth in 'Other TV' to the detriment of the traditional general-interest offering, with all 'Satellite TV' totalling an 8.5% share (+0.4 percentage points on 2009) and 'Other terrestrial TV' remaining stable at 7.3%.

Rai's results are based on the confirmation of the performances of RaiUno and RaiDue, while the slight decline of RaiTre (-0.3%) corresponds to a net increase by the 'Rai Specializzate' networks (2.4% share; +1.4 percentage points) drawn by Rai 4, Rai Premium, Rai Movie, Rai Yoyo and Rai Sport1, which are the most watched channels.

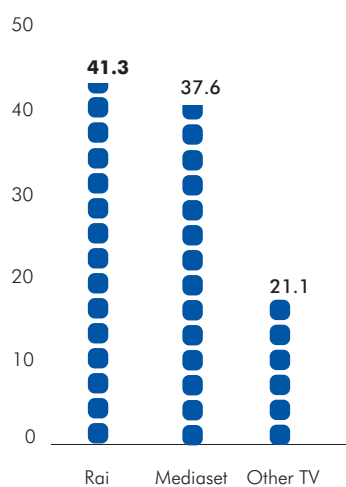
For details on the competitive setting for the near future, it is interesting to focus on viewing figures for the 'all digital' regions which, at the end of 2009, had already completed the switchover to DTT (Piedmont, Val d'Aosta, Trentino Alto Adige, Lazio, Campania and Sardinia – the last one already having switched to digital in 2008), because these areas had a broader television offering than the rest of the country for the whole of 2010. This combination of 'all digital' regions is a sufficiently representative basin due to heterogeneity and the extent of the population involved (about 30% of the whole Italian population). The results coming from the **all digital** regions continue to be very positive and prove the validity of the choices made by Rai. On the average day, Rai prevails over Mediaset even more than in the other areas: Rai group reaches 43.0% (+2.9% compared with 2009) against Mediaset's 35.7% (-3.1%).

Over the 24 hours, Rai's three general-interest channels have overtaken those of the direct competition (36.7% against 32.0%).

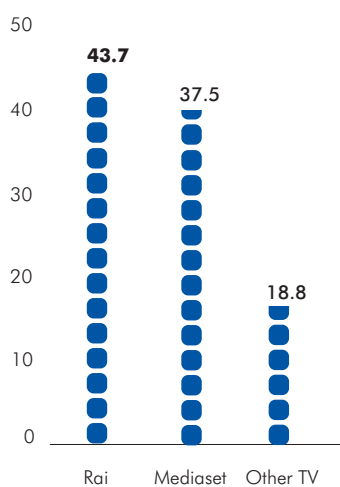
The 'Rai Specializzate' networks, with an offering on DTT divided over eleven channels, obtains a total share of 6.3% and place no fewer than 7 channels in the classification of the 15 most popular digital broadcasters (free and pay). Particularly evident are Rai Premium (1.3% share), Rai YoYo (1.3%) and Rai 4 (1.2%).

Average daily share

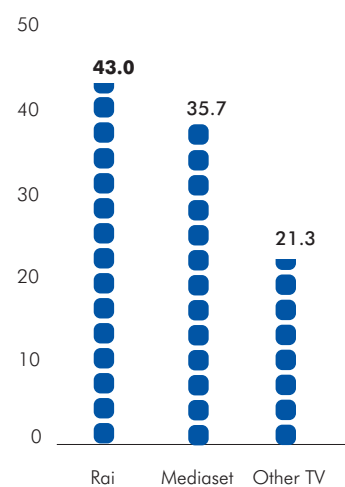
(source: Auditel)

**Prime time share**

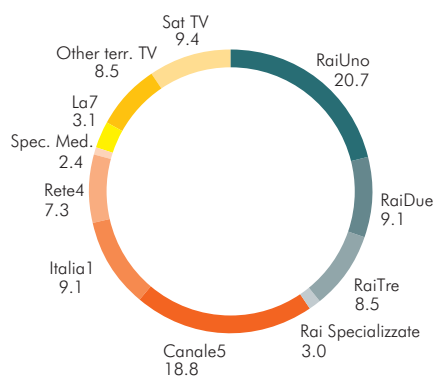
(source: Auditel)

**Average daily share – 'all digital' regions**

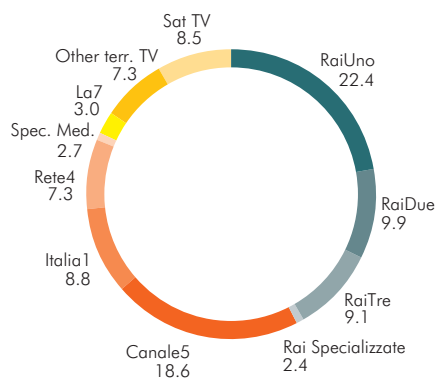
(source: Auditel)

**Average daily share per channel**

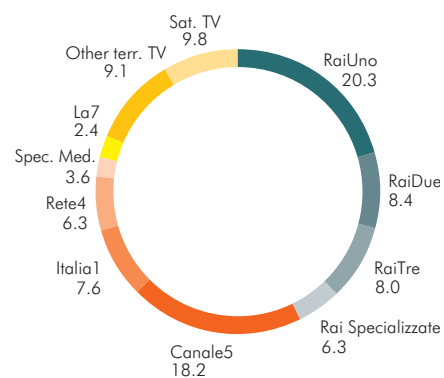
(source: Auditel)

**Prime time share per channel**

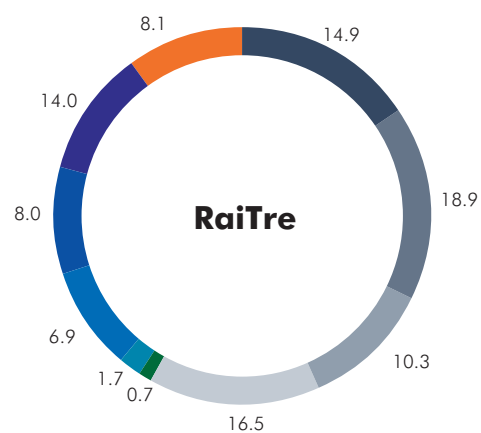
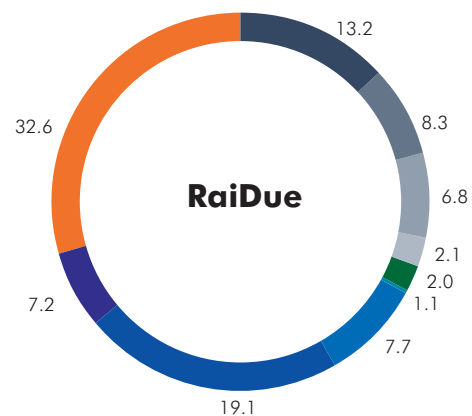
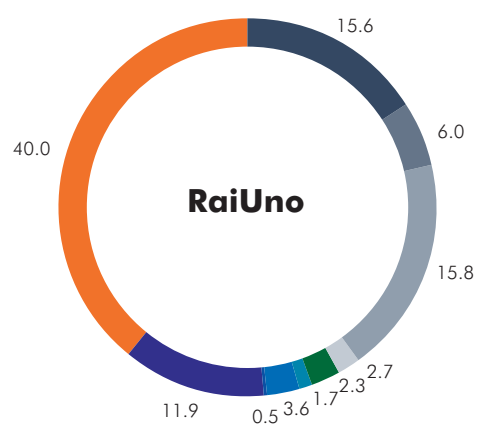
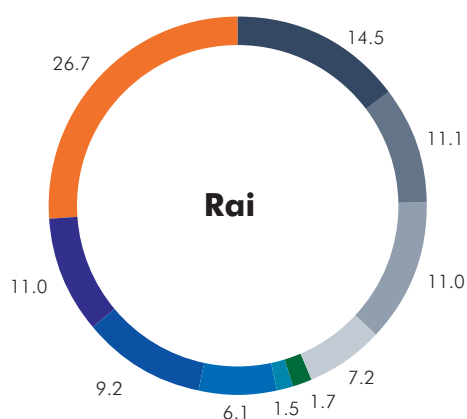
(source: Auditel)

**Average daily share per channel – 'all digital' regions**

(source: Auditel)



Television programming by genre (6.00 a.m. to midnight time slot)
Children account for 10.3% of audience (7.00 a.m. to 10.30 p.m. time slot)



- News & Information
- Analysis
- Public utility
- Educational and cultural
- Tourism and territory
- Shows
- Sport
- Children
- Audio-visual promotion
- Other genres

	Public Service Genres	Other Genres
Rai Networks	73.3	26.7
RaiUno	60.0	40.0
RaiDue	67.4	32.6
RaiTre	91.9	8.1





TV Division

36 Networks

- 36 RaiUno
- 38 RaiDue
- 40 RaiTre

42 Specialized offering

- 42 Raitalia
- 44 Rai Educational
- 46 Rai 4
- 46 Rai 5
- 47 Rai Premium
- 47 Rai Movie
- 48 Rai YoYo
- 48 Rai Gulp

49 News & Information Genres

- 49 Tg1
- 50 Tg2
- 51 Tg3
- 52 TGR
- 53 Rai Parlamento
- 54 Televideo
- 55 RaiNews
- 56 Rai Sport
- 57 Sport broadcasting rights

58 Genres

- 58 Rai Cinema
- 61 Rai Fiction

62 Tv Support

- 62 Rai Teche
- 63 TV production



2010 was the year in which the switchover from analogue TV to DTT with the consequent multiplication of the television channels available and the expansion of the television offering was extended to new, highly populated regions.

In this new setting the consumption models and competition between old and new broadcasters are changing, with an increase in viewers (averaging around 10 million over the whole day). This is thanks to the boost brought by the new digital channels and, more in general, by Other TV, which exceeds a share of 21% over the whole day, while the viewing figures relating to the traditional general-interest television channels are gradually declining (-4% during the prime time slot and -4.5% during the day time slot), despite the generally larger audience.

In this context, the results obtained by RaiUno for the whole day (20.71%; -0.46%) and during prime time (22.35%; +0.01%) are very good, enabling not only maintenance of the leadership of the broadcasting system, but promotion as the only channel with an average viewing figure in excess of 20%, albeit in consideration of the positive effects generated by the World Cup in the summer.

In the competition with Canale 5, RaiUno comes out as clear winner in terms of viewing figures and weeks of primacy (48 out of 52, with 4 draws), distributed evenly during the whole year.

The 'flagship channel' has succeeded in consolidating its relationship with the audience, with a popular, high-quality

offering which has attracted huge audiences, both with large-scale events, from the Sanremo Music festival to the World Cup and Formula 1 Motor Racing, and with highly innovative proposals, such as the theatre of Eduardo De Filippo, revisited by Massimo Ranieri and Marianegla Melato in *Filumena Marturano*, recorded in Rai's production studios in Naples, creating an original combination of theatre, TV and fiction. *Filumena Marturano* was the most watched cultural programme, among all the general-interest channels, with a share of almost 6 million viewers, opening up new prospects for a genre which seemed to be completely incompatible with the prime time slot.

The Sanremo Music festival, presented by Antonella Clerici with a view to prioritising an uncomplicated style and excellent music, obtained a 53% share on the closing night, with 12 and a half million viewers, mirroring the channel's past greatness, despite the increase in competition from new television settings.

Another innovation in programming in 2010, as emphasized in the Geca Yearbook was "the return of mass viewers to TV fiction series, with the classic mini-

1. *Soliti Ignoti*

presented by Fabrizio Frizzi

2. *Antonella Clerici*

and the success of the Sanremo Music Festival

3. *Carlo Conti*

in *I migliori anni*

4. *Filumena Marturano*

5. *La vita in diretta*

with Mara Venier and Lamberto Sposini

series events" (*Sissi, La mia casa è piena di specchi, Preferisco il paradiso, La leggenda del bandito e del campione, Sant'Agostino, Mia Madre, Lo scandalo della Banca Romana, La città dei matti*, etc.), mostly with historical and literary themes. These were also joined by TV series of medium duration: *Terra Ribelle* and *Paura d'amare*, with episodes that exceeded 7 million viewers, equalling the results of some of the miniseries listed above, and by Rai-produced TV movies, like *Mi ricordo Anna Frank* and *Il sorteggio* (over 6 million).

The strong vocation of the channel to the mission of Public Service Broadcaster was also expressed in the choice of cinema programming, with the Christmas offering of the Disney classics featuring the three princesses: *Sleeping Beauty, Snowwhite and the Seven Dwarves* and *Cinderella*. The over 7 million viewers offer proof of the aggregative strength that Rai holds in a context like that of children's television, which is increasingly fragmented.

In the entertainment segment too, RaiUno characterized its offering with tried and tested products, constantly renewing their language and presentation, with the aim of combining the features traditionally associated with the image of RaiUno, namely sobriety, elegance and the ability to successfully arouse audience emotions.

Music as visual entertainment, the discovery of new artistic talents and the posing of challenges represented the common denominator of programming ranging from *Ballando con le stelle* to *Ti lascio una canzone, Raccomandati* and *Ciak... si canta*, from evenings with Gigi D'Alessio to the nostalgic emotions of *I migliori anni*.

Cultural music was another surprising protagonist of RaiUno's programming:

20.7%

full-day share (2.00 a.m. - 00.00 a.m.)
(source: Auditel)

22.4%

prime time share (8.30 p.m. - 10.30 p.m.)
(source: Auditel)



3



4



5

after confirmation of the format, *Mettiamoci all'opera*, the special evening dedicated to opera and ballet from the Arena in Verona gained no fewer than 5 million viewers.

Michele Guardì, with *I Promessi sposi*, screened an original experiment of modern opera, a mix of musical and rock opera, in prime time. Lastly, we should remember the spectacular event broadcast at global level offered by Rigoletto from Mantua, a live television film, shot in the places and according to the timing envisaged by the libretto of Verdi's opera. The performance was directed by Marco Bellocchio, with Plácido Domingo in the leading role, and conducted by Zubin Mehta.

With a view to renewing a genre, entertainment, which increasingly identifies the general-interest offering, several experiments were carried out during prime time and in the strategic access slot. The new formats included 4 prime time appointments with *Voglia di aria fresca*, with Carlo Conti searching for new comedians, and the debut of *Da da da* with Michele Bovi, a proposal which was hugely successful during the channel's summer access slot, characterizing it with the originality of a story built-up entirely from material kept in the Rai Teche archives. *Da da da*, *Soliti ignoti*, *Affari tuoi*, three successful formats which alternate in RaiUno's access programming, guaranteeing a strong entry into the prime time slot.

In 2010 the traditional and consolidated talk shows and containers – *Uno mattina*, *La vita in diretta*, with Mara Venier alongside Lamberto Sposini, *Le amiche del sabato*, *Domenica in l'Arena* – and the programmes most popular with audiences – *Occhio alla spesa*, *Verdetto finale*, *La prova del cuoco*, which enjoyed the return of Antonella

Clerici, *Linea verde* presented by Elisa Isoardi – were joined by new proposals like *Bontà loro*, a current affairs, culture and entertainment programme presented by Maurizio Costanzo in the early afternoon slot on weekdays and *Se... a casa di Paola*, the new afternoon talk show presented by Paola Perego.

In 2010 RaiUno continued its gradual and consistent renewal during the day time, with a publishing style that continues to prioritise the direct relationship with the audience, as a characterizing element of general-interest television, and the appointments with considerable Public Service value, without neglecting the fun and games featured in Carlo Conti's *Eredità*, which provides a moment of undisputed success in the early evening slot.

With this in mind, we should also remember the new programming that characterizes Sunday afternoons, with Giletti's *Arena* followed by two new female faces, Sonia Grey with love stories and Lorella Cuccarini with the entertainment and variety of *Domenica in...onda*.

RaiUno's early morning weekend slot also features new programming, with the arrival of *Mattina in famiglia* where, under the guide of Michele Guardì, presenters Tiberio Timperi and Miriam Leone liven up the early hours of Saturday and Sunday.

News and information continue to represent the strengths of the channel's programming which proposes appointments with political, social and current events in the evening slot of *Porta a Porta* with Bruno Vespa and the incursions of Piero and Alberto Angela into the world of science, history and archaeology, with the traditional Christmas and summer versions of *Superquark* and the documents of *Passaggio a nordovest*.

A map of RaiUno

Emotions: Sissi, Terra ribelle, Capri, Paura d'amare, Ragazze dello Swing, Il bandito e il campione, Mia Madre

Events: Filumena Marturano, Rigoletto, Promessi Sposi, Festival di Sanremo, Miss Italia, Galà da Verona, Mondiali di calcio, Premio Regia Televisiva, Le tre principesse Disney

Entertainment: Ballando con le stelle, Voglia di aria fresca, Tutti pazzi per amore, Stasera è la tua sera, Soliti ignoti, Affari tuoi, La ladra, I Raccomandati, L'Eredità, Reazione a catena, Tutti i padri di Maria

Music: Ti lascio una canzone, Ciak si canta, I migliori anni, Gigi questo sono io

Commitment: La città dei matti, Lo scandalo della Banca Romana, S. Agostino, Sangue pazzo, Sorteggio, Sotto il cielo di Roma, Anna Frank, Cose che restano

Culture and science: Superquark, Passaggio a nordovest, Quark Atlante, Mettiamoci all'opera, L'appuntamento, Cinematografo, Applausi, Memorie in bianco e nero

News & Information: Porta a porta

In a television scene subject to transformation, RaiUno takes on a difficult challenge: the consolidation of its authority of Public Service reference broadcaster and the experimentation of new products and languages to intercept the needs and expectations of audiences which are evolving too.

1. **Michele Santoro**
presents *Annozero*
2. **Simona Ventura**
and her *Isola dei famosi*
3. **Maurizio Costanzo**
and his new programme *Bontà loro*
4. **Roberto Giacobbo**
at the helm of *Voyager*



Reaching different audiences thanks to an original approach, without forgetting the history of **RaiDue**: the channel continued to work in this direction in 2010 and intends to continue doing so in the forthcoming television seasons, with the aim of confirming the levels of success achieved last year, which confirmed RaiDue as holder of third place among the Italian general-interest channels in terms of viewing figures.

2010 was a particular year for RaiDue, which completed the renewal of its programming with a view to continuity and contemporaneity, in line with the directives issued by Company Management and the resolutions passed by the Board of Directors, which have assigned the channel the task of capturing a dynamic and culturally (not just physically) young audience.

The decision was made to focus on unbiased and curious analytically informative broadcasts; on buying TV series capable of gluing the whole new, young and dynamic Italian family in front of the TV; on high-quality music; on documentaries and specials and on cartoons. RaiDue's vast and broadly differentiated audience has understood this approach and the company's project, and has seconded the effort at renewal, rewarding the channel which, in the year in which ten regions and 70% of the population have switched over to DTT, confirms its positive trend also in the all-digital areas.

In a company which has a bouquet of 14 channels, the broadest of all the European broadcasters, confirming its position as national leader in terms of viewing figures by increasing its offering, RaiDue is obliged to tackle the cross-media challenge, concentrating on greater interactivity and convergence of its broadcasts and new technologies. Not restricting the sphere to DTT, it is also focused on the Internet and the mobile telephone system, because RaiDue's 'culturally young' public shows its appreciation and fruition of broadcasts that are available on a deferred basis, searching for them on the web.

A soft revolution which has not confused viewers, despite the introduction of new elements to programming.

RaiDue is a comprehensive project, which starts in the morning and continues through to the late night slot, offering large amounts of space for information and journalistic analysis (in 2010 Michele Santoro's *Annozero* was joined by *L'ultima parola* by Gianluigi Paragone, which has become a reference point in the Italian journalistic segment), for large-scale events in the world of music and in other sectors too, such as the specials dedicated to Luciano Pavarotti and Karol Wojtyła, rewarded by excellent viewing figures. Confirmation was also received for programmes and celebrities traditionally associated with the channel: *Quelli che...*, *X Factor* and *L'isola dei famosi*, which Simona Ventura and also Francesco Facchinetti have helped make appointments not to be missed for the entire television audience and critics alike.

Roberto Giacobbo's *Voyager* has earned itself an original space, moving along the fine line between mystery and knowledge and being able to boast a prestigious partnership with National Geographic for four episodes.

RaiDue shares the merit for these successes and this important productive effort with the Production Centres in Milan (where about 70% of the channel's programmes are produced), Rome and Turin (for the production of *Voyager* and the children's programmes).



9.1%

full-day share (2.00 a.m. - 00.00 p.m.)
(source: Auditel)

9.9%

prime time share (8.30 p.m. - 10.30 p.m.)
(source: Auditel)

A map of RaiDue

News & Information: Annozero, L'ultima parola, Rubrica economica

Sport: Domenica sportiva, Champions League, 90° minute

Entertainment: L'isola dei famosi, I Fatti vostri, Mezzogiorno in famiglia, Pomeriggio sul 2, Quelli che..., I love Italy

Music: X-Factor, Due, Emozioni, Top of the pops, Ritratti musicali, Musica & Co, Delitti rock

Customs and culture: Voyager, A come avventura, Speciale 150 anni Unità d'Italia, Sereno Variabile

TV series: NCIS, NCIS Los Angeles, Criminal minds, Cold case, Squadra speciale Cobra 11, The good wife, Castle, Hawaii Five-0, Numb3rs, Blue Bloods, Past life

Children: Cartoon flakes, L'albero azzurro, Voyager ragazzi

Religious programmes: Protestantesimo, Sulla via di Damasco, Sorgente di vita

Programmes in association: Cerca sapori, Capotavola, Grazie dei fiori, Abissi, La giostra sul 2, Il lotto alle otto

RaiDue knows that it has a demanding and active public, which watches its programmes by choice and not out of habit, a public which knows how to move among the various platforms but appreciates the programming dynamics of RaiDue and particularly its products. A contemporary audience which shares the channel's awareness that, in an ever changing world, only movement can guarantee consistency.



1



2



3



In 2010 **RaiTre**, confirmed its style of Public Service broadcasting, with an extensive offering of informative and analytical programmes, current affairs and cultural talk shows, and a marked tendency to create programmes based on stories and memories.

As regards viewing figures, RaiTre has succeeded in confirming its results both for prime time and for the whole day, despite the considerable increase in the performances of specialized channels. According to the Qualitel report for 2010, viewers' opinions of RaiTre remained stable throughout the whole of 2010, with assessments for autumn higher than the channel's average for culture, science, environment television news and current affairs.

The programmes that characterized RaiTre's programming in 2010 included *Vieni via con me*, the success of which was outstanding, forming the television event of 2010.

Characterized by immense formal and thematic innovation of the television language, the programme was written and presented by a new duo made up of Fabio Fazio and Roberto Saviano, an author who has now achieved international fame and whose works include the hugely successful *Gomorra*.

Their guests included Roberto Benigni, Stefano Bollani, Claudio Abbado, Angela Finocchiaro, Silvio Orlando, Luciano Ligabue, Pierluigi Bersani and Gianfranco Fini.

The episode aired on 22 November registered an all-time record number of viewers for RaiTre: 9,671,000 viewers with a share of 31.6%.

The average of the four episodes also created a record, thanks to the total of 8,765,000 viewers, with a share of 29.19%. This programme succeeded in attracting people who don't usually watch television. Indeed, when it was broadcast, the prime time television audience was about 30 million viewers, against an average figure during the autumn season of less than 28 million. The programme also achieved high performances among the audience target that rarely approaches general-interest television; attention should be drawn to the share of young people aged 15 to 34, in excess of 32%, and the almost 54% of the university graduate target.

Otherwise, the channel confirmed its prime time programmes with their marked service characteristics, attentive to social issues and always taking the part of the people, and the late evening mechanism with Serena Dandini's programme, which not only increased its viewers, but also obtained a good judgement of quality, registering values above average for the genre.

2010 witnessed a growth in viewers of RaiTre's news and information, service, culture and satire programmes. From *Ballarò* to *Chi l'ha visto?* from *Parla con me* to *Che tempo che fa*. *Chi l'ha visto?* followed controversial cases such as that of Sara Scazzi with elegance and professional correctness and registered outstanding viewing figures during autumn 2010, with an increase of 3.40 share points, amounting to about one million viewers.

Ballarò increased its already high share results in autumn 2010, climbing from 15.7%, the average value with which it ended the 2009/2010 season, to an average 16.05% as at 31 December 2010.

The culture, science and environment genre, which characterizes important portions of RaiTre's programming, secured its place with the audience in terms of perceived quality, with *Geo&Geo* in particular confirming its appeal.

Programmes such as *Che tempo che fa*, which recorded the highest figures among Current Affairs programmes, *Report*, *Presa Diretta*, *Ulisse*, *Parla con me*, *Blob*, *Amore Criminale*, *Un Giorno in Pretura*, *Doc3*, *Correva l'anno* and *Sfide*, the value of which has grown in time in line with their evolution in terms of language, continue to be strategic to the channel's success, as certified by the Qualitel report for 2010.

New programmes broadcast in 2010 and worthy of mention include *A Slum Symphony*, the documentary on teaching classical music to Venezuelan children, broadcast during prime time, and the three episodes of *Va' pensiero!* by and with Antonio Pappano, produced by the BBC and dedicated to opera in Italy.

RaiTre confirmed its role in 2010 as a modern, contemporary channel, made solid by constant work to renew its approach without losing continuity, which has helped strengthen the link and involvement with its audience: story-telling has always been and continues to remain the foundation of the programmes and it is around this that the channel is recognized and the viewers have grown.



1. **Presa Diretta**
with Riccardo Iacona
2. **Che tempo che fa**
Fabio Fazio and Luciana Littizzetto
3. **Milena Gabanelli**
in Report
4. **Alberto Angela**
in Ulisse
5. **Serena Dandini**
in Parla con me

Also starting in the autumn, and following the same logic, the children's programmes broadcast on Saturday and Sunday mornings were replaced with repeated utility programmes, films and telefilms for the whole family.

The changes made to programming did nothing to change RaiTre's identity and broadcasting style, but helped outline the spirit of its audience: viewers who want to be kept constantly up to date, who are curious about what's going on in the world 'near and far' and who want to understand and enter into the most current and relevant issues. An audience which enriches its culture, drawing on the information provided by television and media in general, who read newspapers and magazines, listen to the radio and use the Internet.

A map of RaiTre

News & Information: Ballarò, In 1/2 ora, Cominciamo bene

Inquiries: Report, Presa Diretta, Blu notte, C'era una volta

Irony: Che tempo che fa, Blob, Parla con me, Glob, Tatami

Memory: La Grande Storia, Enigma, Correva l'anno, Sfide, Ritratti

Commitment: Mi manda RaiTre, Chi l'ha visto, Racconti di vita, Doc3

Culture: Passepartout, Le Storie di Augias, Per un pugno di libri, Prima della prima, La musica di RaiTre

Noir: Un giorno in pretura, Amore criminale, Storie maledette

Emotions: Un posto al sole, Agrodolce, Terra Nostra, La scelta di Francisca, La nuova squadra, Medium, Un caso per due, Il circo

Nature and Science: Ulisse, Superquark, Geo & Geo, Nati liberi, Elisir, Pronto Elisir

Travel: Alle falde del Kilimangiaro

Children: Trebisonda, Melevisione, È domenica papà, Il Gran Concerto, Mamme in glob

In the world of increasingly standardised contemporary TV, RaiTre has a guiding thread all of its own, it has character and it's interesting. RaiTre is a network with brand value and visibility which have been far superior to its audience shares for years.

8.5%

full-day share (2.00 a.m. - 00.00 p.m.)
(source: Auditel)

9.1%

prime time share (8.30 p.m. - 10.30 p.m.)
(source: Auditel)



Raitalia is the Italian public service TV conceived and designed for Italians living abroad and for those who, while not of Italian origin, love our country, our culture and our history. During 2010, Rai Internazionale pursued a series of innovations to offer a better response to the need to promote the Italian image in the world and to provide information for Italians living abroad. Through a wide variety of programmes respecting the time differences in the various continents which receive the signal, the offering is addressed at enhancing the value of the Italian language, culture and enterprise, as well as guaranteeing an adequate level of information for Italian communities abroad.

Raitalia is distributed in all the continents, 24 hours a day with three different channels: Raitalia 1 for the Americas (United States, Canada and South America), Raitalia 2 for Asia and Australia, and Raitalia 3 for Africa.

It offers viewers the best of Rai's television production, of every kind: from TV series to entertainment, from information to journalistic analysis and cultural productions.

The television offering of the best of RaiUno, RaiDue and RaiTre is completed by the original productions of Raitalia, as well as 700 hours of television programming and 2500 hours of radio programming.

Information takes on a fundamental role within this sphere: *Italia Magazine*, the daily information magazine, with English and Spanish subtitles, featuring stories on Italians, art, culture and international cooperation, levels of excellence within the field of all things made in Italy; *Costanzo Italia*, the Sunday appointment with Maurizio Costanzo, who comments on the week's most important events; *Italia Chiama Italia*, a service programme dedicated to the life of Italian communities abroad, with two appointments a week, one on Thursday and the other on Sunday. The Thursday programme is dedicated to the political issues of the CGIE, Committees, Associations and Regions, and also offers opportunities to reflect on current affairs and matters of interest to Italians abroad. The Sunday programme on the other hand offers visibility to large-scale cultural events all over the world and a space in which to tell the stories of the protagonists of the communities, at all levels; *Regioni d'Italia*, the daily magazine which tells the life of Italy's towns and villages, created in conjunction with TGR.

A special space is dedicated to sport with *La Giostra dei Gol*, the traditional appointment for Italians living abroad all about Italian football, offering all the matches played in the Serie A and Serie B Football Championships. During the programme, broadcast every Saturday and Sunday, comments and confrontations liven up the studio.

The information pages close with the service broadcast, represented by the religious slot, *Cristianità*, broadcast every Sunday after the Pope's Angelus, with studio guests and recorded services.

The information programmes are joined by those of the network.

The programming of *Storie d'Italia* continued. This is a three-year cycle of programmes, dedicated to the 150th anniversary of the Unification of Italy, which provides an excellent opportunity to tell the story of our country, using the wealth of TV series, inquiries and documents from the Teche Rai. A rich anthology, dating from March 1861, introduced every week by studio guests who analyse the historical period on which the episode focuses, with immense appreciation by viewers.

Daily appointment with *Italia è...*, everything unknown to those with little knowledge of Italy, dedicated to the Italian language, music, entertainment, art and culture that have made Italy internationally great.

Gran Sportello Italia, the weekly information and service appointment which tackles issues relating to taxes, pensions, citizenship and the health service for Italians living abroad, offering extensive space to the stories of Italians who have made their mark outside of Italy.



4



5

And last but not least, the return to our screens of Renzo Arbore, with the programme *Oggi qui...domani là*, an ironic and entertaining 'hagiography' of the artist's television and musical activities, an opportunity to celebrate 20 years of concerts by Arbore and his 'Orchestra Italiana' all over the world, from China to the United States, from Russia to Brazil, from Canada to Argentina.

Raitalia is also radio and Internet, for a complete media offering.

The **radio** with news and information, with sport and the historical broadcasts of *Taccuino Italiano* and *Notturmo Italiano*.

Taccuino Italiano continues its journey through literature, art, music, entertainment and society.

Notturmo Italiano, the oldest programme in Rai galaxy, together with *La Domenica Sportiva*, on air every night from 20 past midnight to 6.00 a.m., has disseminated the tradition for Italian music of all times, also presenting, with live link-ups, some of the most important light music events that take place in Italy.

The Radio offering is completed with *Racconto Italiano*, drama-documentaries and TV series which tell the life and vicissitudes of famous Italians loved all over the world.

For a complete media offering, Raitalia is also the **Internet**, with two portals, both online in English and Spanish versions too.

The first, Rai Internazionale online (www.international.rai.it) is linked to radio and television production where users can consult the programming and enjoy TV on demand and radio via streaming. It is an information and

analysis service on the TV and radio programming of Italian public television abroad and the distribution of the signal in the world.

The second portal, Italice (www.italica.rai.it) is dedicated to Italian culture. A veritable virtual encyclopaedia of our country, dedicated to its history, customs and tradition, with the institutional aim of disseminating and promoting the knowledge of the Italian language and culture throughout the world.

In 2010 Rai Internazionale online and Italice totalled about 20 million pages viewed and about 4 million single users (Nielsen figures).

The average monthly traffic is about 1,650,000 pages viewed and 320 thousand single users.

The total number of pages online is over 100,000, with about 200,000 pictures and over 8,000 audio and video files.

The programming of the Television Channels (Raitalia Tv), the radio broadcaster (Raitalia Radio) and websites published by Rai Internazionale observe the inspiring criteria indicated by the Convention between Rai - Radiotelevisione Italiana and the Presidency of the Council of Ministers, signed in 2010, in force until 31 December 2012.

1. **Francesca Calligaro**
presents *La giostra dei goal*

2. **Parliamo italiano**
with Gloria De Antoni and Oreste De Fornari

3. **Cinzia Tani**
and the appointment with *Il Caffè*

4. **The portal of Rai Internazionale online**

5. **The Italice portal**

Rai is Italy's leading cultural company and Raitalia becomes the priority vehicle for all things Italian.

700/2,500 hours
of television/radio broadcast
produced in 2010



Rai Educational

The present, the past and the future presented on several multimedia platforms and as part of a single line linking the reasons of a society and its prospects.

A public service mission which aims to investigate history, art, science, economy, current affairs, observation and reflection. A project which comprises general-interest networks, two dedicated digital channels, interactive websites, series of DVDs, books co-published by Rai Eri, arrangements with authorities and institutions. A public service broadcasting project, to help create awareness among people of their time.

In 2010 **Rai Educational** remained true to its public service broadcasting role, creating top quality analytical programmes, proposing them both on general-interest TV, on the digital channel, Rai Storia, and on the satellite channel, Rai Scuola. Rai Educational's big commitment to production during 2010 was rewarded, within the sphere of national and international events, during which 84 programmes were presented (87 in 2009), with 286 candidacies (248 in 2009), and 76 total participations in and out of competitions (72 in 2009).

15 awards were assigned to Rai Educational programmes in 2010 (11 to *La Storia Siamo noi*, 3 to *Crash* and 1 to Rai Storia).

Noteworthy among the results achieved is the participation in the most prestigious national award for television journalism, the Ilaria Alpi Prize, with three titles competing in the main sections, Best long reportage (*57 giorni a Palermo – La scorta di Borsellino* by Francesca Fagnani and *Ex Eutelia – La vera storia*, a special episode of *Crash* by Federico Ruffo and Emilio Casalini) and Best short reportage (*Terra di nessuno* by Paolo Zagari, who went on to win the Jury award of Repubblica.tv). Up to now no Rai programme has had three programmes in the final.

Significant recognition for *Crash* came in the form of entry of two documentaries of the programme in the Special Awards of PrixItalia 2010 and particularly with the success of the documentary *Iran about* by Emilio Casalini at the acclaimed Enzo Baldoni e Reporter Italiani Caduti sui Fronti di Guerra prize, overall winner and winner of the Radio and Tv section.

1. Crash

and the weekly update on immigration

2. FuoriClasse

On general-interest TV, we find the titles that characterise the production of Rai Educational.

La Storia Siamo noi – aired in the usual morning slots on RaiTre, the very late night slot on Wednesday on RaiTre and the late night slot on Wednesday on RaiDue. Since September, the programme has been entrusted to the broadcasting responsibility of the structure Rai 150.

Crash: contatto, impatto, convivenza is broadcast on RaiDue at 9:45 a.m. and in the very late night slot on RaiTre on Wednesday, with 60-minute specials. *Crash* is a weekly analysis programme, featuring reportages, inquiries and current affairs, in which, also with the aid of studio debates, all the aspects linked to the most important phenomenon to affect our country in recent years, immigration, are discussed.

The aim of *Crash* is to explain to television audiences what is going on in Italy since our country has become a Country of mass immigration, showing the different stances taken by the political forces and the world of culture and associationism. It compares the experiences of other European countries which began taking in immigrants twenty years before Italy and tackles the delicate debate regarding intercultural exchange and inter-religious communication.

Extensive space is dedicated to the consequences of the economic recession and respect for human rights among weaker areas of the population, including immigrants: women, children, the unemployed, the problem of illegal immigration and the exploitation of workers paid cash in hand.

The innovations for 2010 include the new Saturday afternoon slot on RaiTre, from 2:45 until 4:45 p.m. for *Tv Talk*, the analytical programme and talk show

on TV, with the participation of communications experts, university students and professors and the television celebrities themselves. It is followed by *Art News*, the weekly programme on current affairs in the world of Italian and international art and culture. The new slot generated a significant growth of the share and audience.



In 2010 the identity of the **Rai Storia** channel has further consolidated its presence in the DTT segment. Rai Storia broadcasts every day, around the clock.

Programmes include:

- *RES*, by Giuseppe Giannotti, is the programme around which the programming of Rai Storia revolves, proposing the re-broadcasting of documents taken from the *Teche* and making specific programmes like: *Come eravamo*, snippets from the past to rediscover the way we were and how we related to the television, *ResGestae*, the appointment with the calendar and the main anniversaries of the day, and *ResTore*, the slot that makes the most of the rarest and most precious fragments from the Rai *Teche*;
- *Cult Book* by Stas' Gawronsky to flick through the pages of literature;
- *Rewind* – TV series, history, stories; an appointment coordinated by Alfonso Notari, which proposes cult TV series;
- *Visioni Private*, the story of a protagonist of our time told through his television memories, by Alfonso Notari, Cinzia Tani, Linda Tugnoli;

- *Scrittori per un anno*, Isabella Donfrancesco and Alessandra Urbani interview the great literary authors;
- *Magazzini Einstein*, by Maria Paola Orlandini, to analyze cultural and artistic matters, subjects and personalities;
- *Dixit*, by Giovanni Minoli, the two-hour appointment during prime time, the proposals of which cover a variety of topics: war, biographies, entertainment, foreign matters, science, etc. Since September, *Dixit* has been assigned to the new Rai 150 structure.

In 2010, Rai Storia had an all-day average of 13,632 viewers, with a share of 0.14%.



Rai Scuola is the Rai Educational channel created to encourage communication between the world of education, young people, families and students of all ages. A laboratory of ideas and contents which responds to the needs of a society undergoing transformation and which, above all, makes young people the starting point for reading the current situation and looking to the future.

Available on the satellite and web platforms, Rai Scuola's primary aim is to become a meeting place; a place in which to learn and study but also for lightness and leisure, to capture the interest of youngsters, sending them a precise message with a slogan: "school is you".

In 2010, the channel broadcast all the programmes made in conjunction with the M.I.U.R. (Italian Ministry for Education, University and Research):

- *In Italia*, the project dedicated by Rai Educational to teaching the Italian language to foreign adults and young adults with the ambitious aim of creating the foundations for a renewed concept of citizenship which is not inherited, but chosen.
- *Il D*, a multiplatform project which aims to respond, through the television teaching aid accompanied by the web, to the need to develop linguistic-communication and foreign language cultural skills of students at every level of education (particularly primary school children), to encourage the integration of families into the social fabric and support the linguistic training of teachers.
- *Medita*, the project intended to disseminate teaching content for Italian teachers via satellite, which also makes it possible to use the audio-visual materials through a specifically designed Internet portal.
- *FuoriClasse*, the project aimed at contributing to the guiding young people and families in the choice of education and training courses.
- *Esplora science now*, aimed at offering students, as well as a broader television audience, technical and scientific culture, with particular reference to maths and themes relating to technological innovation.

Innovations for 2010 include the programme *Gate C*: a selection of products purchased at the main international documentary fairs or coproduced by Rai Educational in agreement with the major European public television companies. A scientific documentary series, from the birth of antibiotics to health issues in Europe.



1. *Mad Man*

the successful series aired during prime time on Rai 4

2. *Step - Passi di danza*

top class dancing on Rai 5



Rai 4: dedicated to research and experimentation. Within the scope of the broad cultural mission of the Public Service, Rai 4 intends to talk about the world and ideas of the present in the narrative forms of the present.

In July 2008, Rai launched Rai 4, a semi general-interest channel dedicated to exploring new forms of film and television. The mix of genres on which the channel's offering is based sees a clear prevalence of TV series purchased by the company (60% in 2010), followed by films (31%).

Specifically, day time programme focuses on serial products. The three main themes are teen, fantasy and crime, which in the afternoon and pre-evening slots are represented by those titles characterized by a higher level of contamination, well known to fans of the genre, insofar as they are veritable television cults. A perfect example is *Streghe* (which has run for 8 seasons), a hybrid of teen and family, gothic and comedy.

The prime time slot alternates TV series with films. The first are responsible for making the channel popular among young people, science fiction fans, women with a passion for drama and a more general crime-loving audience and, last but by no means least, critics and the press, with products that have received numerous awards, such as *Mad Men*. Films destined to prime time on the other hand are selected on the basis of three criteria: universally known films, programmable according to the 'saga' logic; particularly recent

titles with a spectacular feel, with famous casts, making them ideal for a general-interest audience, capable of developing a cinematographic fruition mechanism; action films, and consequently 'B-action', the cult films of the genre, and 'pop-action' or more recent international films, characterized by extensive use of digital technology and therefore particularly representative of the channel's multimedia and post-modern image.

Lastly, the evening slot is the space dedicated to the search for new audiences. The programming of Japanese anime (cartoon) series for instance responds to this logic, as it deals with a new, contemporary product well known to web users and also publicized through the channel's blog.



Rai 5: the channel dedicated to cultures and Culture.

The end of 2010 marked the birth of Rai 5, Rai's second semi general-interest channel dedicated to discovering territories, values, tradition, trends, fashions, habits and lifestyles.

This is a project that is closely linked to the obligations of a modern public service operator.

Undoubtedly ambitious, as it envisages the adoption of entertainment styles to create avant-garde, involving and spectacular products.

Rai 5 offers documentaries, reportages, magazines and entertainment programmes characterized by rhythm, lightness and vivacity.

The channel has been designed to fill a gap in the free digital offering, responding to the articulated and sophisticated needs of a target which is hard to intercept: dynamic, active individuals, with a tendency to take action, always in search of information to expand their knowledge and improve their quality of life.

Those chosen to represent the channel are Philippe D'Averio, Gualtiero Marchesi, Kledi Kadiu, Renzo Arbore and Benedetta Mazzini. Celebrities selected on the basis of their skills in the various disciplines: art, cooking, dance, music and territory. They have been assigned the task of accompanying viewers on a discovery of the world, civilisation and the arts.

Rai 5's mission also contemplates the opportunity, and consequently the need, to go beyond the television boundaries to create a sort of ecosystem with viewers, in which each one can have exchanges, but also find their natural habitat, in the conviction that the channel doesn't have a target to reach, but a combination of lifestyles with which to 'resound'.

Since the perfect place for interaction is the web, Rai 5 will focus more and more on this medium in strategic terms and in a way which is completely innovative.



1. *Provaci ancora Prof.*
high-quality TV fiction series
on Rai Premium

**2. *La bestia nel cuore* directed by
Cristina Comencini**
great films on Rai Movie



Rai Premium: the best of Rai's TV serial products.

Rai Premium (formerly RaiSat Premium) was launched in July 2003, with the reorganization of the bouquet of RaiSat channels, for the birth of Sky.

Initially available on a pay-TV basis via satellite only, it was later distributed via cable with the IPTV bouquet of Fastweb, Alice and Infostrada.

In July 2009, when the contract between RaiSat and Sky terminated, it became a free channel. The new name, Rai Premium, has been used since May 2010.

Rai Premium is a channel dedicated to serial products, mainly Italian and European titles.

In perspective, the channel's programme also offers space to those international titles, mainly American, in line with the tastes of a traditional audience, always in search of attentive and reassuring formats, not necessarily held in the company's repertory.

The enhancement of Rai's very rich wealth of TV series is one of the main aims of the channel, which spans from the most prestigious titles of the contemporary offering to Rai's past production, basing choices on the affinity with news and current affairs, theme-based cycles and cycles developed by director, actor or genre.

Rai Movie: from cult to blockbuster, the most interesting films of the Italian and international panorama.

Rai Movie (formerly RaiSat Cinema World and, even before that, RaiSat Cinema) is the theme channel broadcast by the Rai and dedicated to films.

Launched on the pay platform of Tele+ in July 1999 and subsequently transferred to the Sky bouquet, it became a free channel following failure to renew the contract between Rai and Sky.

Rai Movie is Rai's film brand: big Italian and international films with a rich selection of genres and titles, from classics of the past to the success of today, shorts and new works by emerging directors.

Always present all over the world, in places where films are the main focus, the channel proposes numerous appointments with the main film festivals: Cannes, Venice, Berlin, Rome Locarno and Los Angeles.

The products selected are those contained in the Rai/RaiCinema library, and are joined by those purchased, mainly of Italian and European origin, in observance of the indications of the Service Agreement,

With reference to foreign titles, an implementation of the services made available by the channel is envisaged.

As of next year, viewers will be able to decide whether to watch films in Italian or in their original language with Italian subtitles.



1



2

1. *La Melevisione*

and its *Fantabosco* broadcast on Rai YoYo

2. *The Victorious series* on Rai Gulp



Rai YoYo: a place of fairy tales, fun and learning.

This is the channel dedicated to preschool children. A place for playing and telling stories. The offering is rich and varied, with careful use of language and appropriate contents, fulfilling the heavy responsibility for guaranteeing entertainment for very young children as well as protection and quality for parents.

Its extensive and articulated library, organized by genres and production techniques (puppets, cartoons, productions) responds to the intention to educate while entertaining, prioritizing those titles characterized by a pedagogical approach.

An easily recognizable broadcasting and communicative project strengthens the distinctive nature of the channel's identity-related mission with respect to competitors in the segment, which offer nothing more than entertainment, promoting interesting and evasive stimuli but rarely contemplating educational aims.

Besides a meticulous selection of the most interesting products available on the international market: *Teletubbies*, *Waybuloo*, *Pocoyo*, *Il mondo di Elmo*, *Raccontami una storia*, *I Barbapapà*, *Peppa Pig*, the channel also promotes the historical appointments of the general-interest channels, like *Albero Azzurro*, *Melevisione*, *Il giornale del Fantabosco*, *Lo Zecchino d'Oro*, capitalizing on professional experiences and production models that have led Rai to become leader in the national world of productions for children.



Rai Gulp: Rai-branded children's TV: lively, energetic and fun.

Lively, energetic and fun, Rai Gulp is the channel dedicated to school children. Its quality programming is based on the company's experience and historical tradition.

During 2010, programming focused mainly on cartoons, using mainly titles owned by Rai which are popular with and enjoyed by young viewers, such as *Winx Club*, *La Compagnia dei Celestini*, *Geronimo Stilton*, *Lupo Alberto*, *Pretty Cure*, *Teen Days*, *Un Medico in Famiglia*, *Martin Mystere*, series, documentaries, film shows and magazines (to a lesser extent), all aimed at stimulating creativity and active participation by children.

In order to expand the reference target's age range, the channel's programming is going to be extended to include other genres.

The use of cartoons will be increasingly limited and selective, while series will form the main part of the offering.

Programmes like *Music Gate* and *Special X Factor*, already featured in programming for 2010, will be proposed more and more, due to their ability to reflect the activities and interests preferred by the target: music, dance, games, sport, themes which are not considered all that much by the rival channels for this audience segment.

1. The Tg1 studio



Tg1 is Rai's leading news and information product: the moment when people are able to meet the world of government agencies, politics, society, the economy, culture and religion, with considerable attention dedicated to what's going on outside of Italy.

During the past year, Tg1 confirmed its status as the most watched television news programme in Italy. All the top 50 positions in the ranking of the most-watched news programmes are occupied by Tg1; in the top 100, 95 places are occupied by Tg1, and 5 by Tg5.

The productive efforts made by Tg1 in the last year have made it possible to create a quantity of broadcasts (news reports, specials, features, analyses and special editions) totalling about 1,100 hours, with 4,038 television events.

The year that has just ended has been characterised by numerous events in Italy and the world. In Italy, for months the news was dominated by the sad story of two teenage girls: the disappearance and murder of Sarah Scazzi and the disappearance of Yara Gambirasio.

At international level, the tragedy of the earthquake in Haiti, the oil that leaked out of a BP platform in the Gulf of Mexico and the dramatic story of the Chilean miners, trapped underground for weeks on end, with its happy ending. In 2010, 13 Italian soldiers were killed in service in Afghanistan, in the Taleban ambush on 4 October, in the Gulistan Valley, in which 4 members of the Alpine Corps lost their lives.

To cope with competition from the Internet, the Tg1 has completely renewed the offering of contents of the web and improved Internet broadcasting, developing a high-quality online news page which has achieved record numbers of visitors in the few months since it was launched: over 8 million pages visited every week, 810 thousand visitors, with an average of 5.5 pages seen during each browsing session.

The success of Tg1 Web is due to the amount of news published, inquiries, videos and video chat in which the leading names of the channel are involved.

The 8.00 p.m. edition of the Tg1 is confirmed not only as the leading source of information and as one of the most watched TV programmes every day. Since September, the Tg1 has had a new competitor: the two editions of Enrico Mentana's TgLa7, at 1.30 p.m. and 8.00 p.m.

In 2010, the 8.00 p.m. edition of the Tg1 had an average number of 5,877,000 viewers with a 27.0% share. The advantage over the Tg5 rose to 970,000 (+4.6 share points). The record number of viewers during the year (7,802,000 viewers and a 29.42% share) was achieved on 10 March, during the regional electoral campaign.

The 1.30 p.m. edition of the Tg1 was confirmed as the most watched news programme in the afternoon, reaching an average number of 4,529,000 million viewers (26.7% share). The Tg1 Economy supplement, which lasts 10 minutes and is broadcast at about 2.00 p.m., attracts 2,117,000 viewers with a share of 12.9%.



1

1,100

overall hours of broadcasts in 2010

The 5.00 p.m. edition of the Tg1 in 2010 obtains an average of 2 million viewers (21.0%); for the second year running this TG has recorded a rise in viewers. In the last year, the trend has been +185 thousand and 1.4 share points compared with 2009. In 2009, Tg1 Notte recorded an average of 463 thousand viewers and an 11.7% share.

Since September, the three main editions of Tg1 Mattina, at 7.00, 8.00 and 9.00 a.m., are broadcast 7 days a week. This has made it possible to enrich the news coverage of the Tg1 in the morning time slot, also on Saturday and Sunday. The 7.00 a.m. edition of the Tg1 obtains an average of 891 thousand viewers (27.8%); the 8.00 a.m. edition 1,449,000 viewers (26.3%) and the 9.00 edition 1,328,000 viewers (27.4%).

*Once again in 2010
Italians preferred the
Tg1 as their leading
source of information.*



1

1 and 2. The Tg2 studio



2



Tg2 has always been the news programme marked by innovation and in-depth analysis, key elements for a public service news programme.

2010 has been characterised by numerous events of international importance covered by the TG. The tragedy of the earthquake in Haiti with a global humanitarian mobilization, the oil that leaked out of a BP platform in the Gulf of Mexico and the dramatic story of the Chilean miners, trapped underground for weeks on end, with its happy ending. In 2010, 13 Italian soldiers were killed in service in Afghanistan, in the Taliban ambush on 4 October. The Italian news was dominated by the disappearance of two teenage girls, with the discovery of the body of Sarah Scazzi and the search for Yara Gambirasio.

The television system in 2010, with the switchover to DTT of important regions, including Lombardy last November, is gradually changing the television habits of Italians, as the free offering of channels is much greater than on the analogue platform and, even during the traditional time slots occupied by the television news, the viewing figures of children's programmes broadcast on free digital channels is rising. We ought to mention that RaiDue was the first Rai channel to be switched off from the analogue platform in many regions, to encourage families to switch to digital. For months this had a negative influence on the viewing figures of the channel and the Tg, considering that the Tg2 is often the most watched programme of RaiDue.

Over the last year the Tg2 has broadcast the record number of 4,372 events among news reports, specials, features, analyses and live events, totalling about 1,198 hours.

The 8.30 p.m. edition of the Tg2 which, with an average viewer age of 53, represents Rai's youngest news programme, reached an average 2,314,000 viewers in 2010 with a 9.7% share.

The 1.00 p.m. edition of the Tg2 over the last year has recorded an increase in viewers of almost 30,000, reaching an average of 2,866,000 viewers (18.1% share); *Tg2 Costume e Società* an average of 2,125,000 viewers (12.8% share); and *Tg2 Medicina 33*, on air at 1.50 p.m., recorded 1,727,000 viewers and a share of 10.3%.

The early evening Tg2, broadcast at 6.30 p.m. until 9 July, with an average of 849,000 viewers (6.8% share), was brought forward to 6.15 p.m. from 10 July, reaching an average of 813,000 viewers in this new time slot (7.0 % share).

The night time edition of the Tg2, with an increase in viewers of almost 30,000 in 2010, reached an average of 842,000 viewers (6.8% share), securing its place as the most-watched late evening television news programme.

In the morning time slot, the journalistic "container" *Tg2 Punto.it* is broadcast at around 10.00 a.m. from Monday to Friday, reaching 244,000 viewers in 2010 (5.5% share). It is followed at 11.00 a.m. by the feature on domestic economy *Tg2 Nonsolosoldi*, with an average of 238,000 viewers (5.5 % share). The Tg2 feature *Cinematinee*, dedicated to the films currently in the programming schedule, is broadcast at 10.55 a.m.

on Friday. The 32 episodes broadcast had an average of 319,000 viewers (7.2% share).

Until the end of May 2010, RaiDue's weekend container broadcast three editions of the Tg2 on Saturday and Sunday, at 7.00, 8.00 and 9.00 a.m. Since September the morning television news programmes have been moved to the Tg1.

During the year the Tg2 produces numerous journalistic analysis features, including *Achab libri in onda*, *Eat parade*, *Tg2 Mizar*, *Dossier*, *Tg2 punto di vista*, *Tg2Motori*, *Tg2 Storie* and *Tg2 Si viaggiare*.

Tg2 has accepted the challenge of digitalisation, which requires extensive investment also in terms of redefinition of the journalistic activity, confirming a vocation and courage to experiment which have always characterised it.

1,198

hours of broadcasts produced in 2010



The **Tg3** is the news programme that combines authority with unpredictability, capable of surprising and breaking free from traditional restraints to be there, where things are happening, and take viewers inside the events.

The Tg3 is immediately recognisable by its originality, its live coverage and the way it tells stories.

The commitment is to help viewers to formulate their own opinion, providing all the useful elements, information, background and characterisers and telling the changes in society which take place every day, either right next door or far away from us. A choice which is rewarded by viewers despite the multiplication of sources of on-line information which pre-empt more traditional media.

The main edition of the Tg3, which goes on air at 7.00 p.m., occupies a stable third place among the evening editions of all the Tg journals. The figures for the Tg broadcast at 2.20 p.m. and the lunchtime Tg at 12.00, the only RAI national news programme broadcast from Milan, are also excellent. The viewing figures for *Linea Notte*, an hour of news and information presented live from midnight until one a.m., are very flattering, and this programme is highly innovative compared to the traditional night-time news programmes. *Linea Notte*, has increased its share by over one point (from 7.4 to 8.5% on an annual average). A Tg which talks about society, with its changes, particularly attentive to the categories of the so-called 'weak subjects' who only make a marginal appearance in traditional news programmes and find specific spaces and attention in the Tg3.

Tg3 Lis – on air every day, using sign language and translated simultaneously, offers news flashes for two/three minutes for hearing impaired viewers.

Since September 2010 the space devoted to features broadcast from Monday to Friday at 12.27, lasting twenty minutes, has been replaced by *Fuori Tg*, a live informative programme with guests and experts linked up from the Rai studios or the Tg3 studio. *Fuori Tg* takes a daily look at people's problems, ranging from health to consumer issues, from immigration to social matters in general. The new formula is proving to be highly successful increasing last year's viewing figures by about 2 share points and practically doubling the number of viewers.

Agenda del mondo with the foreign political reportages comprising the stories and everyday lives of people who are not necessarily famous but are highly representative of the situations discussed.

Sabato notte is a feature which deals with a variety of issues: live entertainment, theatre, dance and circus, with studio guests.

Pixel focuses on technology and innovation, Internet and questions linked with energy and the environment.

Persone proposes films that tell interestingly original and thought-provoking stories of ordinary people and their everyday lives first hand (without journalistic mediation).

The Tg3 has always paid particular attention to the search for new languages in order to offer better information.

The Tg3 has had its own website since 2009, with over 100 pages and the possibility to see every edition of the Tg on line, along with the weekly features, *Fuori Tg* and videos sent in by users.

We are about to launch new broadcasting proposals and this commitment is rewarded by the constant increase in the number of contacts received every day, as shown in the charts sent in every month by the RaiNet marketing department.

Tg3 is the people's news programme, the news programme of society, attentive to social issues and rights.

It keeps an eye on politics, but not 'parliament' and is particularly sensitive to issues which determine the quality of everyday life.

14.4%

share in 2010 of the 7.00 p.m. broadcast



1



2

1 and 2. **Lisa Marzoli and Roberta Ammendola**
the new presenters of TG Lazio



In 2010, the Rai's regional news, provided by the **TGR**, Testata Giornalistica Regionale, positioned its activities in the Public Service area, enriching its offering and innovating the broadcasting proposal with a substantial reorganisation of its programming.

Following a short period of experimentation in May, *Buongiorno Italia* began to be broadcast from September. This is a new appointment which completes RaiTre's morning offering of news and information.

Two central studios, in Milan and Naples, directly linked with the other 21 studios, guide viewers through a series of nationwide news programmes.

A window open onto all regions, with the latest news, a look at the newspapers, the weather forecast and the most important traffic reports.

With *Buongiorno Italia* and the new initiatives being defined, the programme is testing the capacity to quickly develop, in synergy and with the support of other corporate structures, a channel or extensive programming dedicated to the territorial realities.

As regards features, during 2010 a thematic reorganisation took place. The new order of programming now envisages the presence of analytical features dedicated to Italy on Saturday, while the features regarding relations with neighbouring countries are broadcast on Sunday, always on RaiTre.

The presence of the scientific news programme, *Leonardo*, has been confirmed from Monday to Friday.

With its 912 members of staff, comprising journalists, cameramen and office staff, the TGR as expanded the boundaries of its product, creating over 8,500 hours of regional television news and information in 2010, 500 of which dedicated to linguistic minorities, with about 260 hours of features broadcast nationwide, and 6,200 hours of regional radio news and information, 2,000 of which dedicated to linguistic minorities.

*With Buongiorno Italia
and Buongiorno Regione,
the TGR opens up
numerous windows all
over the country,
informing Italians of
what is happening in
their communities.*

18.0%

share in 2010 of the 2.00 p.m. broadcast

1. *Tg Parlamento*2. *La Tribuna Politica*

1



2



Rai Parlamento is the news programme that keeps television viewers abreast of the workings of the Italian and European Parliaments, in close connection with political developments.

Rai Parlamento also produces the *Tribune Politiche* and *Tribune Elettorali* broadcasts and national publicly accessible programmes.

Rai Parlamento is a theme-specific broadcast specifically responsible for in-depth reporting on parliamentary and political activities. With three editions of the daily *Tg Parlamento* on RaiUno and RaiDue, from Monday to Friday, Rai Parlamento offers a full range of detailed and complete information on the activity of the Italian government and the two branches of Parliament, with a particular focus on the inner workings of Parliament, which do not usually fall within the range of the general-interest news programmes.

Tg Parlamento is broadcast on Fridays on RaiDue and hosts the feature entitled *Le Pagine della Politica*, with brief studio interviews with authors of political articles or publications, whether they are members of Parliament or the Government, journalists, professors and university students.

Debates, inquiries and parliamentary investigations, work in the permanent Commissions of the Chamber and Senate and in the bicameral Commissions are at the centre of attention of the *Tg Parlamento*. This attention is furthered in the weekly feature *Settegiorni*, which goes on air on Saturday mornings on RaiUno: fifty minutes, not only to discuss the political

week, but also to assess the affects of politics on the life of the public, with services, inquiries and interviews.

Quello che is a weekly programme which is on RaiDue, for 40 minutes, every Saturday at 10.50 a.m.. Inquiries, stories and testimonials which focus on current affairs and forecasts for the future, using clear and direct language to draw young people closer to the institutions and understand the world they live in, paying particular attention to Regions and Local Autonomies.

The activity of the Italian Parliament is monitored live during Specials dedicated to broadcasting the main debates at Montecitorio and Palazzo Madama, and through the weekly broadcasting of *Question Time*, the moment dedicated to immediately answered questions that implicates harsh confrontation between members of parliament and the Government.

These live broadcasts from parliament are usually well received by viewers, especially when they cover issues of particular political and social interest, or during 'hot' moments for the government agencies, like the election of the President of the Republic or the Presidents of the Chamber and Senate, or during debates with regard to confidence in the Government.

Political communication regulated by the Parliamentary Commission for the General Address and Vigilance on Broadcasting Services is the other main production branch of Rai Parlamento.

The forms of political communication vary from season to season.

Tribune elettorali uses different methods to host the confrontation between the political forces competing in general, European, regional and local elections and referendums.

The theme-specific *Tribune Politiche* hosts the confrontation between the political forces represented in Parliament during periods when there are no electoral consultations in progress. The studio presenter chairs the debate with the aid of articles and films. These programmes are also broadcast on the radio.

10'... is the daily feature, broadcast from Monday to Friday, that hosts the programmes managed independently by the cultural, political and social organisations, usually expressions of private associationism, allowed by the Permanent Subcommission for Access. This is a space which has been creating a link between the general public and activities and enterprises which are only apparently 'minor' for thirty years.

*We give you
in-depth politics:
our aim is transparency.*

215

hours broadcast in 2010

60/4,000

indices/simultaneous pages
on RaiUno and RaiDue

21/13,000

regional editions/simultaneous pages on RaiTre



Televideo is one of the most recognisable and timeless Rai brands, with 27 years of history behind it. The teletext service is available on the three general-interest networks and the broadcast is presented in different original versions also available on the web, the Mhp application of digital terrestrial television and mobile telephone.

For the first time, from 2010 the classic Televideo Nazionale, available on RaiUno and RaiDue, is on air 24/7 also on all Rai's new DTT channels, with its news report in real time and with its 60 indices and roughly four thousand pages published simultaneously.

In addition to news and information (with *Ultim'ora*, *Prima Pagina*, which scrolls through the events of the day both in Italy and around the world, including the economy, politics, citizens' rights, sport, culture, and entertainment), Televideo Nazionale offers a bit of everything: from the stock exchange to the labour market, from social security to healthcare, from weather to transportation, from TV and radio programmes to the latest films, music and theatre, from the lotteries to horoscopes and cuisine, from environmental issues to consumer associations.

RaiTre broadcasts the 21 different editions of Televideo Regionale (an edition for each region, with two in Trentino-Alto Adige), with about thirteen thousand simultaneous pages. Televideo Regionale focuses on services and segments of a more regional scope, guaranteeing constant updates on local



pharmacies, cinemas, theatres, the weather, traffic and sport (with over 500 championships in the various disciplines), and tourism, while promoting relations between local government and its citizenry, also for those who still aren't habitual users of the web.

The huge audience gained over the years by Televideo withstands the challenge posed by the new media. 20 million 500 thousand Italians know and use Televideo, and 6.5 million people read Televideo Nazionale every day. The latest research carried out certifies that "71% of users use Televideo while watching television programmes and that the remaining 29% switch on the TV specifically to use it". Besides TV programmes, the themes which receive most viewers are current events and sport. The habits of Televideo users show satisfaction with use and well as quick, easy and user-friendly communication.

More than flattering results have been achieved for the web version (www.televideo.rai.it). In 2010, Televideo website totalled over 8 million 200 thousand single users (average 685 thousand a month) and conquered the record for the number of page views (almost 174 million).

Televideo's primary mission, together with the provision of information, is defined by the Service Contract between Rai and the Italian government. For the hearing impaired, Televideo provides live subtitles for numerous editions of the various Tg and for certain features. It also guarantees subtitles for a wide range of programmes – partly re-proposed on the web and differentiated by genre – (films, TV series, entertainment, information, football matches, documentaries, cartoons, etc.) and



supplied subtitles in English for a total of over 12,500 hours of subtitling in 2010.

Along with subtitling, Televideo also plays a very delicate role in providing programming for the blind, with news and information, audio-books and musical works, not only for informative purposes but also for computerised learning. Here, the highlight is the production by Televideo of a variety of multimedia works, especially fairy stories dedicated to blind and vision-impaired children, also for educational purposes.

The 'dear old' Televideo, the Rai's teletext which has no rivals in Italy and is one of the most authoritative and constant in the world, is always up to date. It is on all the DTT offering and is also 'web friendly'. On the Internet it holds the record for the number of pages visited among the news and information websites and breaks free from its 'historical' boundaries on television: from 2010, Televideo Nazionale is available on all the DTT channels.

Rai News

Again in 2010, **Rai News**, having left the 24 by the wayside, following the reorganization of Rai's offering on DTT, confirmed its growth, obtaining an annual average over the whole day which is more than double that of the previous year (23,675 viewers against 9,145, without counting the contribution from the free broadcasts on RaiTre).

This is a decidedly positive result, especially if we think of the repositioning – which the public received no notice of – of the all-news channel, from channel 506 to channel 508 on the satellite platform and from channel 42 to channel 48 on DTT. To tell the truth, it should also be said that the major diffusion of DTT throughout the country, with entire geographic areas finally being covered by this type of broadcast, has undoubtedly contributed to the success of Rai News, culminating in December with the overtaking of its direct competitor, Sky Tg24 (45,188 average monthly viewers for the whole day, 36,323 for the competitor).

Faithful to its philosophy of not being just another journal, but more of a window onto national and international events, to offer live opinions of the political situation and the complex issues characterising a world which is becoming more and more globalised, Rai News has continued to offer the right to receive a complete range of unbiased information, with comments and opinions, without ever taking it for granted or automatically assuming that it is unquestionable. This is proven by the more than bipartisan compliments,

considering that Rai has always tried to avoid the logic of opposing blocks, offering space to minorities and realities that general-interest channel news programmes consider to be little more than marginal.

New to programming are the health feature, *Ippocrate*, produced in the virtual studio of Saxa Rubra, and *Alle venti*, a sort of immediate comment on the events of the day by protagonists and experts. It should also be pointed out that the reformulation of *Tempi dispari*, broadcast from 9.30 p.m. to 10.30 p.m., which is now *Prima serata* and features themes, with Monday dedicated to entertainment, Tuesday news, Wednesday politics, Thursday science and Friday sport.

Also interesting is the transformation of the website, www.rainews24.rai.it, which has now become a real web newspaper and central engine of a presence of Rai News also on the social networks, from Youtube to Facebook and Twitter, without forgetting the direct participation of viewers through the network's numerous moderate blogs. During big events, the website also hosted – during the opening – the channel's live signal, highlighting the strong sense of integration between the two media.

The excellent season of Rai News is also due to the collaboration of certain corporate structures, particularly the Production Division, which, thanks to the use of light media, contributed to an increased presence of the news channel across the territory, making competition with its direct rival less imbalanced. The digital mosaic is where the challenge remains imbalanced, having actually deteriorated: while Rai News failed to obtain the channel that would have enabled it to monitor events live in a more agile manner, Sky Tg 24

over **23,600**
annual average viewers for the whole day

assigned each of the four pieces which, with the weather and live broadcasts, made up its mosaic, four independent channels. The new Sonaps server, despite having a series of problems, gave Rai the opportunity to manage a much higher volume of images than in the past, greatly improving the overall quality. Works for the new studio seem to have gotten past the planning phase: in place of the consistent works envisaged in the so-called 'shell' premises, the existing news room has been renovated to transform it into a television studio with more options. In the 'shell' area, a permanent studio will be set up, which will enable the channel to go on air while the news room is being renovated.

In short, the attempt to transform Rai News into the news of the Rai is continuing successfully. There's no time to waste or to rest on our laurels: it has been found that every little pause, every moment of fatigue, has a negative effect on the channel. The all-news channel's destiny and mission are to tell the world live, finding the end of the bobbin in an increasingly fast-moving sequence of events. Maybe it isn't even necessary to find the end, but simply to testify events, with intellectual honesty, to be at least able to say "we were there", accompanied by our viewers.



1. Formula 1

the Ferraris in pole position

2. Cycling

big competitions on Rai Sport

3. 90° minuto

Rai Sport

2010 was a year of further development and strengthening of **Rai Sport**, thanks partly to the launch on the digital platform of two new channels: Rai Sport 1 and Rai Sport 2.

Two new additions have been made which enrich the public service operator's sports offering. The birth of these two digital channels has contributed considerably to 'spreading' the broadcasting of big sport events across several platforms, with live coverage and immediate analyses. Dozens of reports and detailed coverage were used on the Rai Sport website, which received hundreds of thousands of visitors in 2010.

Rai Sport consolidated its role as an internal theme-based agency for the three general-interest channels: RaiUno, RaiDue and RaiTre, with dozens of live broadcasts, reports and interviews released to the three news departments. Thanks to the investment of human and technical resources – albeit within a cost containment framework – in 2010 fans of the various sporting disciplines were able to follow a range of events in real time: the World Cup in South Africa (11 June / 11 July 2010); the Vancouver Winter Olympics (13/28 February 2010); the Winter Paralympics (7/15

March 2010); the European Athletics Championships in Barcelona (27 July / 1 August 2010); the European Swimming Championships in Budapest (4/15 August 2010); the World Fencing Championships in Paris (7/13 November 2010). Not forgetting the commentary and analysis of the Serie A and Serie B football matches, with the usual appointments which are now distributed across several days of the week and not just Sunday, as used to be the case. Rai Sport also covered the prestigious Champions League, with two appointments a week, on Tuesday and Wednesday, with *90° Minuto Champions*.

Thanks to Rai Sport, its reporters and technicians, millions of Italians were able to watch the amazing and roaring Formula One Motor Racing 'circus' and top class cycling with the Giro d'Italia, the Tour de France, the world championships and the great classics. Then there were the World Ski Championships and World Cup 2010/2011, broadcast on the three free channels and on Rai Sport 1 and Rai Sport 2, managing to exploit the purchasing rights 100%.

Rai Sport also aired sporting disciplines that weren't broadcast by its satellite and digital rivals, with record viewing figures and with the consequent growth of revenues from advertising for the public service operator. A success in terms of the number of viewers, on the three general-interest channels and the two digital channels, also obtained thanks to the support of the Production Management.

This is the general picture which enables us now to go into detail. Rai Sport 1 characterised its programming with dozens of live sports broadcasts, increasing its offering of programmes compared to last year and covering the

24 hours with three fixed daily appointments: at 9.00 a.m., 2.30 p.m. and 11.30 p.m.. In addition to a new programme on football, broadcast before the Serie A matches, *Primo Stadio*, characterised by forecasts and all kinds of information, interviews with players and fans. Another new arrival was represented by the evening broadcasts after the match on Rai Sport 1, which involved all the Serie A and Champions Cup matches.

Rai Sport 2 represented almost a sort of integration of Rai Sport 1: Its programming was based on the deferred repeats of the events broadcast an hour earlier on Rai Sport 1. Nevertheless, on several occasions, Rai Sport 2 offered live broadcasts of various sporting events, increasing the so-called live offering.

The best of the Rai Sport offering continues to be the range of daily and weekly features and analyses: the *Tg Sport* at 5.50 p.m. on RaiDue, *La Domenica Sportiva*, *Dribbling*, *90° minuto*, *Sabato Sprint*, *90° minuto Serie B* and the features on Formula Uno Racing: *Pole Position*, *Pit Lane*, *Reperto corse*, *Numero Uno*.

63.2%

Audience share for the Italy-Paraguay match
(World Cup match)

5.5%

percentage of sport on Rai networks

1,365

hours of sport on Rai networks



DIRITTI SPORTIVI

The mission of the **Sports Broadcasting Rights** unit is to acquire the rights to broadcast national and international sporting events for the entire Rai Group.

The Buying Plan for sporting events is drawn up on the basis of the broadcasting assessment and Public Service operations that the Rai is required to perform and of the restrictions imposed by the budgets assigned. On this matter, considerable savings were made with respect to the reference budget in 2010.

The negotiations carried out with the counterparties holding the relative rights (International Organisations, Federations, brokerage agencies, etc.) are pursued taking care, on one hand, to purchase the rights to use on all the platforms on which Rai broadcasts, feeding not only the television programming (general-interest and theme-specific), but the radio and internet programming too. This phase is followed by entry into agreements to enhance Rai's sports broadcasting rights portfolio with important broadcasting events linked to the most significant sporting disciplines, and with the so-called 'minor' sporting disciplines which, while lacking relevance in terms of viewing figures, play an important role in Rai's mission as a public service broadcaster.

During 2010 the Sports Broadcasting Rights unit entered into over 300 agreements to purchase sports

broadcasting rights. In some cases these were renewals of agreements to purchase rights already held by Rai, while in others they were new purchases, which increased the Rai's portfolio of broadcasting rights in order to continue guaranteeing the richest free offering with respect to the reference market, as well as the consequent broadcasting on the general-interest and theme-specific free digital channels dedicated to Sport, Rai Sport 1 and Rai Sport 2, the latter of which was launched during the year.

In other words, the unit's activity focused on both the question of long-term agreements and renewals, and on the analysis and study of new buying opportunities, laying the foundations for launching negotiations for the completion of medium/long-term agreements.

Some of the important agreements which enabled the broadcasting on Rai of important events during 2010, primarily the World Cup in South Africa, are:

- the agreement with the FIFA for the 2010 World Cup;
- the agreement with the FIGC for the broadcasting of the matches played by the Italian football team (friendlies and qualifiers);
- the agreement with Lega Calcio relating to the highlights of the Serie A and B football championship matches;
- the agreement to purchase the Coppa Italia (Italian Cup) matches played from the eighth round;
- the contract with the UEFA to broadcast the Champions League (one match for every day's play);
- the agreements relating to the matches organised by the Lega Pro, 5-a-side football, women's football and other youth events;

- the exclusive contract for the Giro d'Italia and other cycling events;
- the agreement relating to the Tour de France;
- the agreements for the purchase of the men's and women's Serie A volleyball championship, as well as the men's world cup in Rome and the women's world cup in Japan;
- the long-term agreement relating to the downhill and cross-country World Cup Skiing;
- the agreement for the broadcasting of the world swimming cup.

Lastly, in terms of hours of programming, those dedicated to sport on the general-interest channels, among news bulletins, features and commentary amounted to a total of 1,365. These broadcasts allowed four sporting events to be among the six most watched programmes of the year.

1. *Mine Vaganti*
2. *Happy Family*
3. *The tourist*
4. *Maschi contro Femmine*
5. *La nostra vita*



Rai Cinema

Rai Cinema's main activities are the purchase of film and TV series in compliance with the needs of Rai networks which arise in the context of development of the television offering represented by DTT, film production and theatrical and home video distribution through the subsidiary **01 Distribution**.

While being forced to cope with a constantly falling investment capacity, Rai Cinema succeeded in maintaining a leading role in terms of weight and consideration thanks to a careful buying policy, cutting out a space of its own in a highly competitive and constantly evolving market, thanks to consolidated relationships and fast action.

It is vital to point out that, in 2010, Rai Cinema completely took over responsibility for purchasing from RaiSat (which converged into Rai during the year), taking on the product procurement activity also for the non-general-interest networks. Rai Cinema continues to pay attention to the different types of rights available for purchase, against the consolidation of more and more new ways forms of exploitation and a strategy of the Rai Group based on the development of DTT and renewed business models.

Among the Major CBS, an important and consolidated television producer, continues to be the exclusive mainstay of Rai

Cinema for free tv, while Disney, an historical and privileged interlocutor of the Rai brand for over two decades, secures its role as strategic partner.

As at 2010 Disney was the only Major free from framework agreements within the Italian television sector. After long months of negotiations, Rai Cinema succeeded in fighting off the economic bids of the competition, acquiring two thirds of the Disney product. With respect to the other Majors, the Disney policy is distinguished by a strong connotation of the brand and need for safe and controlled exposure of its product. In this sense, with an economic investment of such an important entity as to be competitive, the winning weapon of Rai Cinema and Rai was the possibility to offer Disney the prospects of excellent exposure of its products and its brand, which Rai has been and continues to be capable of exploiting with particular care.

If the agreement between Rai Cinema and Disney is undoubtedly the event of the year, the CBS agreement, which was entered into in 2009 but began to yield its excellent rewards in 2010, was no less important. Among the TV series with hour-long episodes, the most successful is the detective action series *Hawaii 5-0*, an updated re-make of the original *Hawaii Squadra 5-0*, a 70s classic. A dynamic series with fantastic locations, cast and special effects, well written and easily and broadly usable, it is the ideal product for guaranteeing viewers for RaiDue's prime time slot. To create an all-round broadcasting operation and develop a synergic promotion mechanism, the first two seasons of the original 70's series *Hawaii Squadra 5-0* have been purchased for inclusion in day-time, to run simultaneously with the first passage of the re-make.

Another two very different series by CBS are distinguished by a return to the screen of two big names in film and TV: Tom Selleck in the New York detective

family saga, *Blue Bloods*, and Jim Belushi in the ironic courtroom drama set in Las Vegas, *The Defenders*. These three series can benefit from the first free passage before the release on pay TV, with an exclusive window of ten months.

Among the returning series of CBS, Rai Cinema has obtained the second season of the huge successful *Navy Ncis Los Angeles* and of the female legal drama, *The Good Wife*, both prime time guarantees for RaiDue, along with the inter-generational dramedy, *Life Unexpected*, the first season of which was scheduled on RaiDue during daytime and is currently being shown on Rai 4 in the prime time slot, repeated during daytime.

Continuing CBS series, subject to negotiations prior to the first framework agreement between the parties, are brands with which the audiences of RaiDue and RaiTre are familiar: *Navy Ncis*, now in its 8th season, and *Beverly Hills 90210* (season III) are two mainstays of RaiDue's programming; *Medium* (season 7) is an important piece in the puzzle of RaiTre's prime time guarantee schedule.

Film product procurement is influenced by several factors, some of which have already been identified, while others are still in the development stages. First of all, the reduction in film requirements for programming schedules, which had characterised recent years, deeply affecting Rai Cinema's purchasing policy, seems to have come to a halt. It's true that the requirements are still restricted basically to RaiDue and RaiTre and that the use of film is still mainly a question of tactics as opposed to strategy, but RaiUno offers glimpses of programming openings for titles of some weight, in keeping with the broadcasting style with



JOHNNY DEPP ANGELINA JOIE

THE TOURIST

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5

which its audiences are familiar and RaiTre has begun the regular programming of films during prime time.

Access to the big international blockbusters is still largely denied to Rai Cinema, because the US Majors – apart from Disney obviously – are held more or less exclusively by the competition.

One of the reasons for this is Rai Cinema's long-standing conscious and responsible policy to lower the costs of the licenses. Certain important independent distributors are however able to partially make up for these shortcomings, proposing products that combine good television potential and quality at fair prices.

Furthermore, the pressing need for film products expressed by Rai's non-general-interest channels, each with its own specific broadcasting style but all with a currently limited investment capacity, launch a new vision of procurement onto the market, which Rai Cinema has complied with, contributing in terms of know-how and presence on the market. Rai

Movie primarily, but followed closely by Rai 4 and then by Rai 5 and Rai Gulp to a lesser extent (the latter limited to full-length cartoons or films for children, grew in credibility and visibility of their broad, free television offering.

Strategic value is taken on by procurement in Rai's general-interest and theme-specific channels three years after the acquisition of the famous library Titanus, with the acquisition of the second most important Italian film brand on the national scene today, Cristaldi. A grand total of 200 titles, which make up a prestigious synthesis of the most influential and rewarded Italian films.

To cope with the numerous requests from non-general-interest channels, Rai Cinema has entered not only into the broad spectrum agreements mentioned

above, but also into specific agreements, the negotiation of which takes place almost always following the broadcasting through agreements which, despite being cheaper than those sustained for the general-interest channels, implicate a constant commitment.

Finally, Rai Cinema continued to pursue its consolidated procurement policy of so-called 'full rights' launched in 2001 and aimed at the acquisition of the full rights to exploit appropriately selected foreign titles in Italy for a relevant period of time.

This purchasing method has enabled 01 Distribution to create composite lists, used to vehicle Italian-produced films in cinemas, flanking them with titles of diversified genres, most of which American and characterised by outstanding appeal to audiences. In a moment in which resources are scarce, this purchasing policy has turned out to be particularly clever, also in relation to the Rai networks' needs, being capable of supplying significant help to satisfy television broadcasting requirements, especially in consideration of the multiplication of Rai's multiplatform offering

2010 was another leading year for film production branded Rai Cinema. As regards the films on release in cinemas, the season was opened by three authors who have made a success return to comedy: *Mine vaganti* by Ferzan Ozpetek, with Riccardo Scamarcio, Ennio Fantastichini, Lunetta Savino, Elena Sofia Ricci, Nicole Grimaudo and Alessandro Preziosi; *Happy family* by Gabriele Salvatores, with Fabrizio Bentivoglio, Margherita Buy, Diego Abatantuono and Fabio De Luigi; *Matrimoni e altri disastri*, Nina di Majo's third full-length film with Fabio Volo, Margherita Buy and Luciana Litizzetto.

January witnessed the remarkable success, due to the product type, of *L'uomo che verrà*, the second film by Giorgio Diritti, winner at the Rome Festival of the grand prix of the jury and title of best film for the public. This led to the attainment of the most prestigious national award as best film of 2010 at the David di Donatello ceremony. The author is currently assessing a new project, *Io sono l'amore*, by Luca Guadagnino, released in Italy in March.

The box-office success of *La nostra vita* by Daniele Luchetti, the only Italian film in competition at the Cannes Film Festival, followed the highly prestigious prize awarded there to Elio Germano, for best leading actor.

Also successful at the box-office was *Maschi contro Femmine*, the fourth success in a row for Fausto Brizzi, who made his debut with *Notte prima degli esami*.

The season of festivals was characterised by numerous films co-produced by Rai Cinema at the Venice Festival, in the various categories.

The following were selected in the competition: the comedy by Carlo Mazzacurati, *La passione*, with Silvio Orlando; *Noi credevamo*, the grand presentation of the Italian 'Risorgimento' by Mario Martone (the only film to celebrate the 150th anniversary of the unification of Italy); the much-appreciated directing debut of Ascanio Celestini, *Pecora nera*.

At the Rome Festival, Rai Cinema was represented in the competition by, amongst others, *La scuola è finita*, a film by Valerio Jalongo, a story of schools today, depicting their degradation and the dedication of some teachers, and by *Una vita tranquilla* by Claudio Cupellini, which confirmed the director's talent, as well as that of the leading actor Toni Servillo, winner of the award for Best leading actor.



1



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Films made in 2010 and released in 2011 include *Habemus Papam*, the long-awaited return of Nanni Moretti, with a story featuring unexpected twists, set in the Vatican during a conclave, starring Moretti, Michel Piccoli and Margherita Buy.

Qualunque, directed by Giulio Manfredonia, based entirely on the hugely successful TV character, Cetto La Qualunque, played by Antonio Albanese, was released in cinemas in January 2011 and was invited to the Berlin Festival in the Panorama section.

2010 also marked the return to film of Ermanno Olmi after the success of his last work, *Centochiodi*, in *Il villaggio di cartone*, Olmi tells the story of contemporary Italy, through a real evangelical parable. It offers a clear and simple message in relation to the deeper meaning of mankind.

Based on the novel *Ruggine* by Stefano Massaron is the film of the same name by Daniele Gaglianone, a harsh and gripping story of children living on the outskirts of a big city in Northern Italy in the 1970s.

The profitable cooperation with Fandango continued in 2010, with the identification (to be completed and subject to written agreement in 2011) of some prestigious and commercially profitable projects: the forthcoming film by Matteo Garrone on reality shows, the film by Ozpetek, set in Turkey this time, and two promising debuts: by the comic strip artist Gipi, whose drawings are famous not only in Italy, and Pippo Mezzapesa, who has already created shorts which have received several awards.

Rai Cinema is also contributing to the development of numerous scripts for possible new productions. Particular success was achieved by the annual

documentary produced by Rai Cinema with Teche: *1960*, by Gabriele Salvatores, presented at the Venice Festival as a special event and broadcast soon afterwards in prime time, with 2.2 million viewers, is continuing its success on the home video circuit.

The full-rights and production activity already described allowed 01 Distribution to consolidate its ranking among the first five Italian distributors in 2010.

Titles worth mention are *Happy Family* by Gabriele Salvatores, *Mine Vaganti* by Ferzan Ozpetek and *La Nostra Vita* by Daniele Luchetti, which received numerous awards at the David di Donatello, Nastro d'Argento and Globi d'Oro from the foreign press, *Maschi contro femmine* by Fausto Brizzi and *The Tourist*.

2011 seems to be proceeding brilliantly, with *Qualunque* by Giulio Manfredonia which, with 16 million euros in box-office takings, is achieving the best-ever performance by 01 Distribution.

As regards the home video segment, the haemorrhaging of rental has slowed down, while cartoons, especially those produced by Disney, continue to sell well. Despite the fact that piracy continues to be very aggressive, 01 Distribution has managed to maintain its market position, further enhancing the number of products available.

With a view to improved integration, in November 2010, the Shareholders' Meetings of the respective companies approved the merger by incorporation of 01 Distribution into Rai Cinema, which will be completed in 2011.

Rai Cinema product on Rai networks

- 20% of network programming throughout the day (5,370 hours)
- 28% of prime time programming (618 hours)
- 658 'pieces' (films, TV movies and series) with 372 prime time placements (34% of the total)

Films

- 122 prime time placements, of which:
 - 17 on RaiUno (18.1% audience share)
 - 30 on RaiDue (9.3% audience share)
 - 75 on RaiTre (7.6% audience share)

TV movies

- 4 prime time slots on RaiUno with an average share of 20.7%
- 10 prime time slots on RaiDue with an average share of 10%

Series

- 235 evenings, mainly on RaiDue
- 9.4% average share for RaiDue
- 6.6% average share for RaiTre

131

evenings of film in 2010

204

evenings of TV movies in 2010

1. *Sissi*
2. *Mi ricordo Anna Frank*
3. *Sant'Agostino*
4. *La mia casa piena di specchi*



3



4

Rai Fiction

Rai Fiction is Rai structure responsible for the production of TV fiction series and cartoons for the Rai general-interest networks and the Group's theme-based channels.

For years now, Rai's production of TV fiction series has been one of the genres on Italian television that has gained most success among audiences and critics.

Thanks to Rai's action in the sector in conjunction with independent production companies and the best authors, directors and actors, Italian TV fiction series have been consolidated as the leading genre in the television offering: the stories, settings and landscape, the culture and current social issues that characterise Italy, can be presented to the general public in this way – unlike in other countries, where similar stories are told exclusively by foreign, usually American productions.

In this context, Rai's TV fiction series offer a very broad range of genres, formats and languages. Mini-series are a traditional strength of Rai's Italian TV fiction segment, recognised at international level due to their ability to tell the stories of famous people or periods of Italian history, or subjects of particular importance, in four television hours.

From *C'era una volta la città dei matti* on the professional and personal vicissitudes of Franco Basaglia (winner of numerous awards), to the European co-production on *Sissi*, from the return of Sofia Loren in *La mia casa è piena di specchi*, to the legend of Girardengo and Sante Pollastri, to the story of San Filippo Neri, and others: among the 10

most successful Italian TV fiction series of last year, all Rai productions, there are no fewer than 8 mini-series. The tv-movie *Mi ricordo Anna Frank* represented Rai's contribution to the Giornata della Memoria (a day to remember) once again in 2010.

As regards the overall volume of the offering, serial production accounted for about 70% of Rai's fiction product.

Fiction series in 2010 were characterised by the launch of new titles, like *Terra Ribelle* and *Paura d'amare*, which flank and renew the offering of the most consolidated sequels, enriching Rai's range of long-term titles and projects.

Perhaps the most significant figure in terms of Rai product value, however, is the outstanding result of fiction repeats, also during prime time: 65 prime time slots on RaiUno were occupied by fiction repeats, with more than positive viewing results, making the most of the initial investment in production. Something not to be underestimated from this point of view is the performance of the specialised channel Rai Premium, based entirely on Rai Fiction products, and the non-stop growth of viewing of fiction on the web, within the scope of the service offered by Rai.tv.

Overall, the offering of TV fiction series during prime time has passed the level of 185 evenings on the three general-interest channels, particularly on RaiUno, to which over 200 episodes of the soap series *Un Posto al sole*, produced at the Rai production centre in Naples must be added. This is one of the very few cases in Europe in which a soap opera is broadcast during prime time.

In terms of international acknowledgements, Rai's TV fiction series have won 28 awards at the international festivals held during 2010.

The TV fiction series production activity is joined by that of the co-production of cartoons.

These are usually products for children and the whole family.

The specials produced in 2010 included *Giovanni e Paolo e il mistero dei Pupi*, a cartoon dedicated to the judges Giovanni Falcone and Paolo Borsellino.

188

evenings of Rai-produced fiction
on RaiUno, RaiDue and RaiTre

7,659

thousands

viewers for *Sissi* on 1 March 2010



1



2

1. presentation of the documentary 1960 at the Venice Film Festival

Barbara Scaramucci with Gabriele Salvatores, actor Giuseppe Cederna and the producers of the documentary

2. Rai's first studio

Milan, January 1954



Samuel Taylor Coleridge wrote that "imagination is nothing other than an aspect of memory released from the order of time and space". This is an interesting principle which is remembered by those who create Rai's digital channels based largely on material stored in the company's archives.

During 2010, the Rai Storia channel, with which the Teche cooperate also at concept level, was consolidated, Rai 5 was launched and Rai Premium continued broadcasting, moving from the satellite platform to DTT. These are the three offerings that use the television archives more than others for their programming.

In this context, the users of the **Teche's Multimedia Catalogue (CMM)** grew again, reaching a total of 10,500, with an average of 610,000 searches a month. The catalogue is expanded each year by digitally storing all Rai television and radio broadcasts and by gradually recovering past material: on 31-12-2010 a total of 2,009,306 hours were available for consultation in the catalogue.

Television content is being recovered, stored and catalogued all the way back to 1954. The CMM's complex and advanced technologies make it possible to view or listen to the archived material from any corporate workstation. Besides the documentation of the programmes broadcast every day by the three general-interest networks and the radio channels, the recovery of material from the past is also taking place in the regional offices. This includes rough

material from the TGR and Tg2, in view of the digitalisation of the programmes' production process. The national recovery of past material however has now partly diminished, due mainly to technical reasons.

The activity of the **Rights Archive** increased in intensity, with a considerable rise in the number of certifications required, not only by DTT channels, but also by the new replay TV, available on the web, which made its debut in 2010.

The number of hours of material released to third parties for institutional reasons (schools, universities, local authorities, etc.) is rising constantly, with significant participations by management in events of particular importance and in agreements with cultural institutions, like the MAXXI museum of contemporary art and the Casa del Cinema in Rome, the Alberto Manzi Centre, the Museum of Astronomy in Turin and the Tuscan Regional Media Library.

During the year, the Teche launched the collaboration with numerous initiatives linked to the 150th anniversary celebrations of the Unification of Italy, including the exhibition organised in Turin and entitled *Fare gli italiani* and the evenings organised by the Corriere della Sera Foundation *Gli anni dell'Italia*.

At the Premio Italia, held in Turin, management contributed to the creation of the documentary *Concerto italiano* and, with the Technological Support department, created the digital system for viewing the materials related to the award and available to all participants and visitors.

Together with Rai Cinema, management co-produced the documentary by Gabriele Salvatores 1960, presented

with immense success at the Venice Film Festival and broadcast on RaiTre, with excellent viewing figures.

The documentary was subsequently screened on more than ten evenings in various Italian theatres.

Other important productions for institutional purposes were the documentaries *Il giardino perduto* by Giorgio Bassani (by Silvana Palumbieri) during the festival organised on the writer by Cineteca di Bologna, and *Roma 1960, le Olimpiadi della TV*, a DVD (by Daniela Piccioni) enclosed with the book of the same title published by Rai ERI and curated by Barbara Scaramucci and Claudio Ferretti, in bookstores from December 2010. ERI also published the book by Ettore Pacetti, Teche official, entitled *Segreti concerti* which won the in-house company competition 'Narrerai'.

The European project **Presto Prime** was developed, with management contributing in terms of organisation of the database for audio-visual broadcasting rights.

Rai archive is a unique company asset and a great treasure for the country. This is why UNESCO has included Teche Rai in its official register of Italian Records.



1. programme construction

the filming of SuperQuark in chrome key to build up a virtual set around Piero Angela

2. production and filming

equipment for filming in motion



PRODUZIONE TV

Beside the ordinary part relating to the production and broadcasting of the programming of the Networks and Departments, the **TV Production** activity in 2010 guaranteed the production and television coverage of important events, such as big international sports events, prestigious productions broadcast all over the world. Investments continued for the switchover to digital and there has been an increase in the number of specialised channels. All these activities were tackled with the aim of optimising internal resources and rationalising costs.

Particular events included:

- the Vancouver Winter Olympics and the 10th edition of the Winter Paralympics. The TV Production technical teams ensured the high-tech filming and broadcasting of the major sporting events from Canada. About 7 hours of sport every day, split between RaiDue, RaiTre and Rai SportPiù in HD and 16:9 formats.
- the World Cup in South Africa (11 June/11 July). The 25 most important World Cup matches and the final phases were broadcast on RaiUno. The broadcasting offering also included a high definition (HD) channel, which is available to viewers also on the satellite platform Tivù Sat, on channel 101, thanks to an experimental agreement between Rai and Telespazio and Eutelsat. We should also remember the technical set-up for the Fifa Fan Festival of Piazza di Siena, a space within which the programme *Notti Mondiali* was broadcast on RaiUno.

- Volleyball World Championships (24 September/10 October). A considerable amount of technical support was supplied to the company which, in its capacity as Host Broadcaster, transmitted the signal of the international event. Ten cameras were positioned around the volleyball court, with filming in 16:9, a particularly advanced replay system to see the most exciting stages of the game again, with careful positioning of microphones to offer extremely sophisticated audio recordings. This was broadcast through RaiSport 1 and RaiSport 2, with a total of 42 matches (broadcasting 4 matches on each day of play: two live at 5.00 p.m. and 9.00 p.m. and two recorded, one at 11.20 p.m. and the other the following morning at 10.00 a.m.).
- Rigoletto Le vie della musica (4/5 September), live all around the world. An impressive production lasting 11 weeks and using 3 sets. Giuseppe Verdi's homonymous opera was transposed live in HD and 16:9 for spectacular vision by viewers with new screens, broadcast with the new Eurovision music, customised with the new Rai logo.
- The launch of the new specialised channels, which particularly involved the CPTV (TV production centre) of Turin.

As regards ordinary activity, the return of the Naples CPTV to production for prime time should be mentioned, with the programme *Ti lascio una canzone* by RaiUno, made at the Auditorium.

In terms of technical investments, new projects have been launched, and the technological adaptations begun in previous years he continued.

With regard to the News area, relating to the renewal of the Tg2, the development of the Department's

digitalisation continued. The 'integrated production system' is being installed and this is a system which reconfigures and optimises work flows and allows the presentation of the offering on various platforms.

At the Production Centres and Offices, work has continued on the introduction of new acquisition standards and video-recording in High Definition (HD), based on a removable optic disk (Blu-Ray). As regards the plan for renewal of the light satellite stations, 4 more light media have been purchased for the News, the aim being to strengthen Rai's presence throughout the territory and to optimise the production system. A mobile HD direction unit essential to the customisation of sporting events by RaiSport has been set up.

As regards infrastructure, Central Control in Rome is undergoing digitalisation, completely in HD and fully automatable. The project for the introduction of information technology in relation to the production processes is also being launched. This system will guarantee a general improvement in production processes, enabling a considerable reduction in costs relating to multimedia supports, insofar as it will allow the creation, processes, transportation and storage of audio-visual contents in the form of computer files.

For the regional distribution of RaiTre, the special project for digital broadcasting is in the completion stages. During 2010 these operations were completed in Sardinia, Trentino, Valle d'Aosta and Alto Adige and are now being completed in Veneto, Friuli Venezia Giulia, Emilia Romagna and Liguria.





Radio Division

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Never more than in the year that has just ended have the new Radio applications become the flipside of an ancient and very valuable coin, which maintains and increases its traditional value in the digital age.

People listen to the radio anyway and everywhere, using any kind of technology: analogue, digital, web and satellite. With every instrument: transistor, stereo, car-radio, internet, mp3 player, smartphone, satellite and digital television or social network. For any reason and with any expectation, or maybe without any expectation at all. Simply because it exists, there's plenty of it and it's free. Because it works in symbiosis with the Network and with its style.

In 2011 Digital Terrestrial Radio has become operational, with the progressive availability of frequencies, with the experimentation of standards also accepted by private radio stations, and with the initiative of the producers of receivers and big car manufacturers, decisive for technological, industrial and social regeneration.

RadioRai is called upon to fulfil its digital destiny in a dynamic, pluralist market, which offers extensive growth potential, also at commercial level: the advanced audio products market.

This explains the considerable development of innovative services aimed at generating new flows of consumption, new listener profiles and new opportunities to generate income.

Podcasting. This is the first and most fortunate example of RadioRai's non-linear offering. In 2010, it totalled 21 million downloads (+56% on 2009), broken down as follows: 48% Radio2, 42% Radio3, 10% Radio1, reflecting the different broadcasting profiles. The growing appeal to a demanding and expert audience has favoured innovative choices: exclusive products, hybrid formats, language experiments and the first revenues from advertising (a total of 14 weeks of specially created advertising campaigns).

Streaming. Live listening via Internet, conditioned by the connection methods, is catalysed by big events. Radio1 touched the annual peak in June, with 1.5 million visits during the South African World Cup, Radio2 exceeded 1.2 million contacts during the specials of *Caterpillar – M'illumino di meno* (March), while Radio3 maintains a monthly level of 150,000 accesses.

Tutta la Radio in tasca. The smartphone application launched in May develops an average of 4,300 single users a day. Overall, it was downloaded by almost 160,000 users during the first eight months of service, with listening sessions with an average duration of more than 9 minutes.

Web Radio. The three new audio channels which draw on the endless RadioRai audio deposits were launched in November. A fourth channel dedicated to Neapolitan music and song is being planned.

WR6 The past present. Dedicated entirely to the rediscovery of the documents of RadioRai's digital audio library.

WR7 Music and musicians. Rare performances by masters, selected from almost 100 years of repertory kept in Via Asiago.

WR8 The world of the web. It reverses the traditional relationship between broadcaster and listener, opening up to the taste and style of user generated content.

Radio is very good at adapting to changing technology and consumption, but digital forerunners continue to prefer Radio on air. The effort to make Radio productions is a necessity which is far from obsolete. It continues to be the main mission assigned to RadioRai.

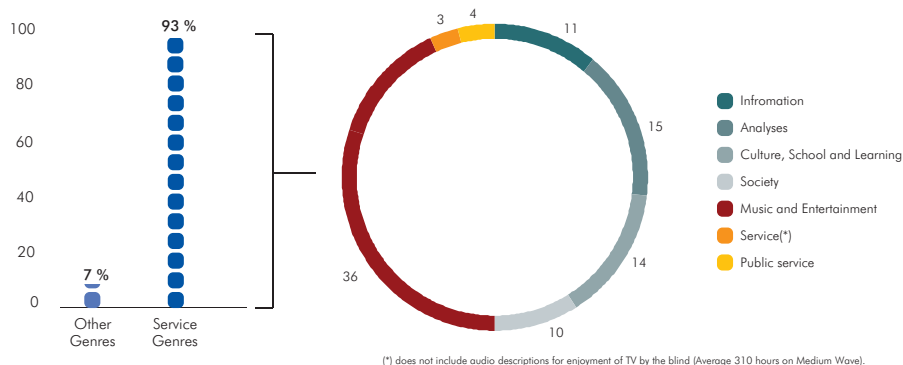
Programming in 2010 accentuated broadcasting and communication synergies with big TV events, making the different broadcasting profiles more recognisable, reducing fragmentation and strengthening interactions with the web. The editions of the *Giornale Radio* were redesigned, with exclusive Channel formats, diversification of themes by target, elimination of overlaps or photocopy editions.

The measuring of listeners was stopped following the decision by Audiradio to suspend the *Diari* panel research, which assigned the medium and the big radio stations flattering results which weren't actually truthful. Consequently, 2011 is expected to bring the indispensable recovery of an advanced research, capable of portraying the physiognomy and value of the Radio.

The Cati research continued to supply figure obtained from telephone interviews, relating to all local private broadcasters and a few national non-commercial stations, including Isoradio, which reports a stable performance compared to 2009 for the average day (1.0 million listeners) and a slight increase over the 7 days (4.2 million).

Radio programming by genre

(source: Radio Division – Programmes and Scheduling Optimisation)



A map of RadioRai

Radio1

Information: GR1 (25 editions a day) Hallo, Italia!

Analysis: Radio anch'io, Tutto il calcio minuto per minuto, Zapping, Zona Cesarini, Ventura football club

Culture, School and Learning: Con parole mie

Work, Society, Social Communication: Italia-Istruzioni per l'uso, La radio ne parla

Music and Entertainment: Festival di Sanremo, Start, Tornando a casa, Demo, Invito personale

Service: Oggi duemila

Variety: Ho perso il trend, Attenti a Pupo, Benfatto, Il comunicativo

Radio2

Society, Work, Social Communication: Ventotto minuti, Un giorno da pecora

Music and Entertainment: Caterpillar, Il ruggito del coniglio, Hit Parade, Decanter

Variety: Io Chiara e l'oscuro, 610 - Sei Uno Zero, Traffic, Ottovolante, Black Out, Nostree, Taxi driver,

Radio2 days

Sport: Circo Massimo

Radio3

Analysis: Prima pagina, Radio3 Mondo, Pagina 3, Tutta la città ne parla, Chiodo fisso

Culture, School and Learning: Fahrenheit, Hollywood party, Ad alta voce, Radio3 Scienza, Zazà,

Music and Entertainment: I Concerti del Quirinale, Momus, Passioni, Radio3 Suite, Sei gradi

Service: Uomini e profeti

Variety: Dottor Djembè, La Barcaccia



2010 was a fortunate year for **Radio1** and for the Giornale Radio Rai. Radio1 consolidated its leadership in terms of listeners and lengthened the distance from the private radio stations in direct competition with it. This was thanks to programming that was consistent with its mission as an all-news station, capable of combining the news with a base of music and of communicating with a younger audience than that traditionally loyal to the station, with live light entertainment.

The new Radio1: the news can't wait. During 2010 Radio1 passed the experimental phase with flying colours, securing its position as a strictly live informative station. The old restrictions linked with the breaking down into blocks of features and pre-recorded spaces, often divided by current events and lacking coordination, have been eliminated. A new open and flexible programming philosophy, capable of including breaking news and real time updates as and when necessary, has been tested.

Faithful to the station's slogan 'Radio1, the news can't wait', Radio1 has considerably strengthened its informative mission as an all-news station. Its programming is presented through big informative 'lungs'.

The morning slot, traditionally strong and credible, has confirmed the peak Radio Journals preceded and followed live by Emanuela Falcetti (*Italia, Istruzioni per l'uso*), the feature on the economy (*L'economia in tasca*), light news and

information (*Benfatto*) and the traditional morning talk show, now led by Ruggero Po (*Radio anch'io*). The central daytime slot has also been strengthened, with the lucky invention of *Start*, an information and music programme presented live by Giulia de Cataldo and Julian Borghesan.

The strength of the medical and social features leading up to the 1.00 p.m. edition of the Gr1 has been confirmed. Important confirmations and innovations characterise the afternoon of Radio1, with Umberto Broccoli (*Con parole mie*), Luzzi and Bassignano (*Ho perso il trend*), with 'concessions' to infotainment by Pupo (*Attenti a Pupo*) and the experimentation of young languages with Igor Righetti (*Il Comunicattivo*) which was awarded international third prize at the dell'Urti awards.

The news can't wait in the afternoon either, thanks to *Baobab*, the analytical news and information and music container, presented by Francesco Graziani and Tiziana Ribichesu.

The early evening and evening slots are characterised by the drivetime container led by Enrica Bonaccorti (*Tornando a casa*) and with the now historical evening appointment with Aldo Forbice (*Zapping*), which opens the way to a soirée usually dedicated to sport (football and other sports commentary) or music (*Invito personale* and *Demo*) moving on to the day's first presentation of the newspapers, presented by Giancarlo Loquenzi (*Prima di domani*), the perfect opener to the traditional appointment with the Giornale della Mezzanotte.

2010 was also characterised by a new, revolutionary opening: that of the night. Radio 1 doesn't close during the night and it doesn't broadcast pre-recorded music.

1. Enrica Bonaccorti

presents *Tornando a Casa*

2. Riccardo Cucchi

in *Tutto il calcio minuto per minuto*

3. the Radio1 offices

Besides the traditional appointment with Maurizio Costanzo (*L'uomo della notte*), space has been given to a new daily appointment of commitment and reporting, created by Francesca Barra (*La bellezza contro le mafie*). The container presented by Sandro Capitani and Francesca Parisella (*La notte di Radio1*) accompanies us live to the appointment with Paolo Notari (*Metro*), and the art criticism of Arnaldo Colasanti.

This takes us up to the brand new 'morning news' of Radio1, presented by Diana Alessandrini (*Hello, Italia*) and back to the morning news and information slot with link-ups from Italy and the world.

Things don't end there though. Radio1 also wins in terms of sport.

In addition to radio commentaries and numerous analytical spaces, the remarkable sports department led by Riccardo Cucchi has re-launched the appointment with *Tutto il calcio minuto per minuto*. This programme, which has celebrated its 51st birthday, is presented with the historical voice of Alfredo Provenzali and has been celebrated by the whole world of news and information, not just in the sports segment. The new programme by Simona Ventura entitled *Ventura Football Club* has fitted beautifully into the sports page, combining entertainment and information, in keeping with the network's philosophy.

A separate mention must go to music, which provides the basis for the news and information, and the soundtrack of Radio1 is a pleasant and weighty accompaniment, all strictly live, with the studio intervention of brilliant performers who sing their songs live.

Lastly, the features. All live and bang up to date. The farming feature *La terra* and the feature of travelling and literature *Il*



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3

viaggiatore passed the experimental stage brilliantly. Then there was the women's news programme presented by Maria

Teresa Lamberti and Jo Squillo (*Doppio Femminile*). The experimental phase was also passed by *Gr1 ragazzi*, the weekly children's news programme conceived by Laura Pintus as a Radio Journal created entirely by school children.

The consolidation of Radio1 in 2010 was completed by the remarkable summer programming, coordinated by Casimiro Lieto. With the slogan 'Radio1, open for vacation', the summer programming of Italy's leading radio station involved the morning slot with Francesca Fialdini and Roberto Zampa (*Un'estate fa*), that of the afternoon with Georgia Luzi, Laura Freddi and Arianna Ciampoli (*No comment*) and the early evening slot with Lorena Bianchetti (*Lido Lorena*).

In June and July, Radio1 became the 'World Cup Station', completely revolutionising its programming to following the World Cup Football from South Africa, being the only national broadcaster to cover the 64 world cup matches with commentary, discussions and analyses.

Last November, the brand new website www.radio1.rai.it was launched. Not only does it have fantastic new graphics, it represents a showcase to guarantee more interactivity between Radio 1 listeners and the station's main programmes. The new additions include the possibility to listen to Serie A and Serie B championship matches in real time.

Rai Giornaleradio

Giornale Radio Rai, one department for three stations, with Rai strengthening its traditional reputation as the 'aircraft carrier of radio news and information' in 2010.

The station has maintained its singularity, differentiating the programmes with the headings of Gr1, Gr2, Gr3 and Gr della Mezzanotte on the Rai's three radio stations. This differentiation has been the guiding light for the new broadcasting plan, making the news reports compliant with the standard of the reference station.

In this way, thanks to the boost provided by the new production department, Radio Rai no longer has 'photocopy Grs'. The Radio Journals are all different, right up to date and, most importantly, different from station to station. Those of Radio1 fit into a new logic of an all-news network, with a mainly informative network. Those of Radio2 fall within a fast network, aimed mainly at young people, using language and with contents designed specifically to reach this target. Lastly, those of Radio3, provide listeners with cultural analyses and reflection. This is the logic that inspires the remoulding of the news and information offering carried out by the new management.

The new project has eliminated all the overlaps between the Radio Journal edition on the three stations. Now it is possible to answer the question of information on the three Radio Rai stations in an almost constant manner during the day. Furthermore, the new Gr formats comply to uniform, easily recognisable standards.

Gone from Radio1 are the 'gr flash', replaced by Gr every five minutes, all with the dignity of a veritable radio journal. News flashes, breaking news and updates are given during the daily programmes.

Gr2 and Gr3 can also rely on standardised formats now, which make listening more pleasurable. Giornale Radio Rai also followed the big events that characterised 2010 (first and foremost the political situation, with the regional elections, and, more recently, the two-day debate and vote of confidence in the government), dedicating them long live broadcasts and special editions, also reporting on foreign events (the day dedicated to the twentieth anniversary of the demolition of the Berlin Wall); or culture and entertainment (special programming dedicated to the Book Fair in Turin or the Sanremo Music Festival); or sport (special to celebrate 50 years since the Rome Olympics). On the subject of sport, the sports department of Giornale Radio Rai offered outstanding performances during the Vancouver Winter Olympics and the World Cup in South Africa.

Since last November, the new website www.grr.rai.it, which has fantastic graphics, has been up and running. The Giornale Radio website offers the possibility to listen to programmes that have already been broadcast, to hear the original audio contributions of the Gr, to follow events in real time, with live audio-video coverage (e.g.: live broadcast from the Chambers or press conferences at Palazzo Chigi) and forms a leading new informative tool in the department's comprehensive offering.



1. View of the Chamber of Ministers at Palazzo Montecitorio

2. View of the European Parliament at Strasbourg



GR Parlamento is the representation of the public service as a whole: it is Rai's station for news and information on the activity of Republic Senate and the Chamber of Ministers. It is the radio of the government institutions which gives voice to Parliament and the representatives of the People, as well as the country's leaders, enabling them to make direct contact with the citizenry.

The station confirms GR Parlamento's nature as an institutional station and as the all-news station dedicated to parliament and the institutions.

Considerable changes have been made to morning programming, with extensive space given to live broadcasts from both branches of parliament and the parliamentary commissions. Progress has also been made in strengthening the station's institutional mission.

Parliamentary and institutional news and information have been reintroduced, in keeping with the station's mission. There are plans to strengthen the presence of reporters, technical equipment and live broadcasts from places where the country's parliamentary and institutional life takes place.

Special attention will be devoted to the GR Parlamento website, on which improvements have already begun, the final aim being to allow the on-line viewing of live broadcasts from the Chamber and Senate, and of the main institutional occurrences.

GR Parlamento is the first radio network that focuses on European institutions. It brings the institutions close to the people and the people close to the institutions. This goal, which represents the ultimate purpose of modern democracies, inspires all the network's programming.



1



2



Radio2 is a radio made up of ideas and personalities, of 'heavy' content and light entertainment. It offers a music proposal which is unique in its kind, free from commercial logics in a dynamic interaction with the web.

The station's staff was strengthened in 2010 with a long list of household names: Luca Barbarossa, Virginia Raffaele, Chiara Gamberale, Claudio Sabelli Fioretti, Dario Ballantini, Carlo Pastore, Davide 'Boosta' Di Leo and Benedetta Mazzini, Federica Cifola, Nuzzo and Di Biase, Neri Marcorè, Zap Mangusta, Eleonora Giorgi, Chiara Giallonardo, Max Giusti, Michele Cucuzza, Chiara Conti, Massimo De Luca, Teresa Mannino, Joe Violanti, Elena Di Cioccio, Giacomo Valenti, Marco Pesatori, Petra Loreggian, Marco Bazzoni 'Bazz' and Alessio Bertallot.

Piero Chiambretti and Diego Abatantuono covered Radio2's programmes for the World cup in South Africa, while director Giovanni Veronesi described *L'isola dei famosi* on the radio, for one of the cross-promotions with the television. Space was given to Radio2 on the big screen too, at *X-Factor* and *Il più grande*.

Veronica Pivetti closed the year, telling her version of the Christmas festivities, from 27 to 31 December, in *Veronica Out*: the embarrassing gifts, unwelcome guests, pretending to be nice to everyone, the nightmare of having to enjoy yourself.

The station's traditional protagonists were confirmed - *Il ruggito del coniglio*, *610*, *Caterpillar*, *Decanter*, *Black out*, 28

minuti, *Twilight*, *Effetto notte*, *Brave ragazze* – successful programmes, always original and competitive at the highest levels. Max Giusti made his radio debut with *Radio2 Supermax* from Monday to Friday, from 11.00 a.m. to 12.30 p.m., returning to pure entertainment, with the imitations that made him famous. Max was joined by Francesca Zanni, a familiar voice to radio listeners thanks to her ironic and cutting presentation style.

Three more new couples also made their debut: the dawn slot features Massimo Cervelli and Nicoletta Simeone (with the participation of Joe Violanti) in *Nostress*, the afternoon slot is occupied by Giacomo Valenti and Elena Di Cioccio with *Taxi Driver*, and weekends are enriched by Michele Cucuzza and Chiara Conti in *Radio2 Days*.

After the 'World Cup' experience, Massimo De Luca and Joe Violanti returned, by popular demand, with *Circo Massimo*, the radio commentary of the Serie A football championship, broadcast live from Studio U3 in Via Asiago. Friends and journalists, celebrities from the world of sport and entertainment, gather in front of a big screen to talk about all the phases of the matches, in their own words. There is more sport with *Fantacalcio*, *11 secchi* and *Bidone d'oro*, the competitions launched by Sergio Ferrentino in the evening of *Catersport*.

Every Saturday afternoon, Teresa Mannino tells stories of islands and islanders, with the programme *Isole incomprese*, while Marco Pesatori (also on Saturdays) holds lessons on astrology with Petra Loreggian in *Astrologica*: not your average horoscope, but reflections on love, friendship and news, with readings and stories told by celebrities and current events.

1. Sei Uno Zero

entertainment is everything. Everything and everyone can be entertainment. Programme with Lillo and Greg and Alex Braga

2. Caterpillar

current affairs, politics and satire on Radio2 with Massimo Cirri and Filippo Solibello

The celebrations of the 150th anniversary of the Unification of Italy were proposed through the comical attitude of Marco Bazzoni: an original fresco of the people that made the history of our country, in an ironic key.

Music is the engine that powers the renewal of Radio2, which has redesigned the offering in the evening time slot. *Moby Dick* with Silvia Boschero, *Pop Corner* by Francesco Adinolfi and the big concerts in Via Asiago were the mainstays of musical programming. Skunk Anansie, Malika Ayane, Francesco Renga, Alex Britti and Ludovico Einaudi are just some of the big names that performed on the stage in Studio A.

Alessio Bertallot landed at Radio2, where he has begun a new adventure in radio, from Monday to Friday, from 10.30 p.m. to midnight, with the programme *Rai Tunes*. Bertallot is perfectly in line with Radio2's new musical path, giving the station a fantastic opportunity to convey authoritative citizenship to contemporary musical cultures, free from commercial logics. The singularity of *Rai Tunes* is its dynamic interaction with the web. Part of the radio programme is achieved thanks to links with tracks on the web, suggested by listeners and then 'played' live on the radio, creating an unprecedented triangulation between radio, web and listeners. The first example of a social networking radio-show.

After the experience of *Traffic* with Brenda Lodigiani, a new programme for Carlo Pastore, *Babylon*, on air at nights during the weekend, which explores all dance genres: from electronic to dub, from house to hip-hop.

The new broadcasts made a decisive contribution to the relaunch of Radio2: the writer Chiara Gamberale with *Io, Chiara e l'oscuro* won the challenge with a complex format and in a time slot which has always been very difficult for RadioRai.

1. I percorsi di Stefano Bollani

one of the best-loved personalities of Radio Rai, Doctor Djembè, musical wanderings in the company of David Riondino



Un giorno da pecora with Claudio Sabelli Fioretti and Giorgio Lauro immediately became a reference for political broadcasters but particularly for all those people bored with the 'bogged down' interviews characterising television talk shows.

Record figures for the podcast of *Ottovolante* by Dario Ballantini. The snippets of philosophy of Zap Mangusta have proven that it is possible to present culture with an ironic touch, making it accessible to everyone.

In the studios in Via Asiago you can sing with the band of *Radio2 Social Club*, which, alongside Luca Barbarossa, witnessed the success as a presenter of the actress Virginia Raffaele – the season's real discovery – and that of Andrea Perroni.

During the year listeners occupied an increasingly important role in Radio2's broadcasts, with the audience becoming an integral part of the programmes: from *Ruggito* to *Radio2 Max live*, from *Circo Massimo* to *Radio2 Social club*, ending with *610* and the Special Live 2D from Studio A: Lillo and Greg and Alex Braga, accompanied by the Blues Willis Band and Max Paiella, worked with Nino Frassica, Virginia Raffaele, Caterina Guzzanti and many more comedians and actors.

Radio2 has also confirmed its travelling vocation: the showcase-bus made its debut in 2010 at the Sanremo Music Festival, later following the auditions for *X-Factor*, the Rome International Film Festival and all the most important Italian food and wine events. Radio2 followed other big events too: *M'illumino di meno*, the traditional Caterraduno, the Book Fair and the Taste Fair in Turin and the Venice Film Festival.

Lastly, the station made an important investment in the web and in new technologies: Radio2 can also be reached by smart phone, while the Radio2 website – which has been completely renewed and is easy to access and use – makes it possible to download the podcast of programmes, concerts and play lists.

Il ruggito del coniglio, *610*, *Radio2 Supermax* and *Ottovolante* are among the most popular programmes downloaded every week.



Radio3 is the most authoritative cultural station, systematically dedicated to music, literature, art, science, film and theatre.

The new articulation of the music/words ratio characterised the programming for 2010 right from the start, indicating a renewal of the continuity that involves the whole make-up of the Station.

The most important new programmes include: *Tutta la città ne parla*, *Pagina 3*, *Chiodo fisso*, *Alza il volume*, *Il racconto della mezzanotte*, *Momus il caffè dell'opera*, *Cuore di tenebra*.

A considerable amount of attention was paid to the adaptation of the website and on-line products (especially the Podcast menu).

The line of 'theme-based days' was also strengthened. Their special contents mark the day's programming in a variety of ways. The sixtieth anniversary of Radio3 in particular was celebrated with shows and conventions open to the public.



1

1. *Torchetti speaking into the Isoradio microphone*

2. *The Cciss studio*



2

The **public service stations** provide a range of services centred on a variety of radio offerings. Management is responsible for the concept, organisation and development of the services of Isoradio, Cciss Viaggiare Informati, Canali Metropolitani and Filodiffusione.

2010 witnessed the arrival of numerous innovations on the various Stations.



In relation to the **Isoradio** Station, the new broadcasting plan redesigned the offering in line with the mission assigned by the shareholder. The first and most important innovation was the extension of the infomobility service to the night.

From 1 April 2010, the network offers full time monitoring and the contents of infomobility are presented within a format – *Diesel* – which vehicles them in an original way, flanking live music spaces with important guests like Lucio Dalla, Francesco De Gregori, Fiorella Mannoia, Negramaro, with young musical cultures.

Moving away from the night-time slot of Isoradio, new programming conveys a faster pace to the station, starting with the opening programme *Autoradio* where we start with the traffic of the news and move on to news on traffic, reaching *Contromano* which provides a hinge between daytime and night-time programming. The programme reproduces a special journey through the Italian provinces, in search of possible connections between the past and the future of Italian music. Continuing among the principal innovations in broadcasting by Isoradio, it is important to point out

that the daytime programming is hinged on two fulcrum-programmes: in the morning, *Falchetti on the road*, a container centred on the figure of the conductor, who in our case becomes an ombudsman of the driver, i.e. a civil defender who speaks out in favour of citizens-road users; the second, broadcast in the afternoon-evening, where two great presents of the calibre of Susy Blady and Patrizio Roversi simulate a car journey, using the travel-log formula.

The logic that supports all the new programming of Isoradio consists in the division of strong subjects into theme-specific segments, through talk shows (8 every day), organised into current news, analyses and communication with regard to road safety and news in relation to the station's mission.

Following the authentic revolution of programming, the web offering was also renewed, with a new homepage and the possibility to consult the historical archive containing all news which has already been published. A programmes area has also been created, where it will be possible to consult a brief artistic datasheet for every broadcast and listen to the programme again.



As regards the service of Cciss-Viaggiare Informati the television studio was renewed, basing the new set on virtual technology. Links were also intensified with Rai News24 – particularly with the introduction of a link at 9.00 p.m. within the TG – and the number of appointments with Onda Verde rose, with introduction into the night-time programming of Isoradio.



As regards **Filodiffusione**, during 2010 station V dedicated lots of retrospectives to the main composers subject to celebration for some reason, examples being Robert Schumann (no. 1810), Frédéric Chopin and Wilhelm Friedemann Bach (no. 1710).

Innovations included: *Note d'attualità* which dedicates extensive space to important musical and cultural events, with particular reference to current events and the social and humanitarian commitment made by artists and institutions; the feature *Almanacco in musica* which informs listeners of the day's main events.

Lots of space was given to concerts by the Rai National Symphony Orchestra, the Concerts of the Quirinale on Radio3, the repertory of recordings contained in the Rai's historical archives and classical opera (over 52 new titles in 2010).

From 1 April 2010, the musical archive of the Filodiffusione Station IV (light music) was renewed for use as integration and support for Isoradio's night-time programming.





New Media Division

76 RaiNet



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1. Home page di www.rai.it

the portal of Rai world produced by RaiNet

2. the website of the Melevisione

produced by RaiNet



Once again in 2010, **RaiNet** pursued the expansion of the broadcasting offering, also available on the mobile platform and I-pad, which enabled the attainment of the new absolute record in terms of traffic (source: Nielsen):

- a monthly average of 7.4 million single users, up 30% on 2009;
- 1,374 million pages visited, up 27% on 2009;
- 266 million videos issued on the Rai.tv platform, up 60% on 2009.

The great results form both an arrival point and a departure point at the same time. The excellent economic results, achieved within a very difficult context, are joined by the huge success achieved by the broadcasting offering on Rai.it and Rai.tv.

RaiNet continued the activities begun in 2009, which witnessed the launch of the Rai.it portal and the renewal of the offering of the Rai's main websites and portals. During 2010, work continued on the expansion of the offering, with the launch of new products, services and contents, with restyling on the new websites and adaptation of those already online.

Consistent with the new Rai.tv portal launched in 2009, in 2010 work was carried out to improve the quality and variety of the contents and services offered by the media portal to users.

During 2010, the Vod offering of the programmes broadcast on the three general-interest channels grew constantly, as did that connected with extra productions exclusively for Rai web; over 1,000 programmes are currently available on demand, over 100 programmes are available via podcast and over 450 hours of product on demand are published every month on Rai.tv., organised by programmes and themes.

One of the great areas of potential of the web is that it allows users to actively participate in the creation of contents and share them online. Rai.tv also gave space to *user generated content* and stimulated user participation by activating specific contests: via an easy registration and upload procedure, the Rai.tv portal gathers the contributions (audio, video, photos) of all those who wish to submit and share their personal creations and take part in the contests launched.

An important project in progress is the Desktop Application of Rai.tv, an application available for local download which will enable users to utilise the contents of Rai.tv on demand, even if they are not connected.

The project to upgrade the Videocommunity is in progress and this will enable improved integration of the tools available with the network's websites and portals.

Besides the constant upgrading of the portals, numerous websites were created within the scope of the first network's offering in 2010.

Within the scope of the Radio web offering, the common denominator of the main projects was the integration of the contents, rationalisation, presentation of the offering and of the

progressive and continuous enhancement of the audio clips.

During 2010 numerous TV fiction series and mini-series were produced, with a corresponding offering on the web, with texts, plots, backstage, photo gallery, video gallery, exclusive interviews with the protagonists and video chat.

During 2010 RaiNet continued to implement the theme-specific channels of RaiOn (formerly Rai Click): Culture, Entertainment, News and sport, Fiction, Junior, for the TV Vod platform, guaranteeing the weekly refresh of all the theme-based channels. Every month the offering envisages new contents and special paths for every channel, to make the most of television and current events, as well as metatelevision paths. All the activities necessary for the switchover from the Fastweb platform to RaiNet, in the first ten days of January 2011, were completed.

2010 was also characterised by RaiNet's participation in the elaboration of broadcasting projects and the architecture of contents relating to the exposure of Rai multimedia and other contents on mobile devices: Rai Mobile website (in progress), Tg3 iPhone application (launched), Tg1 iPhone application (launched), Rai Programme Guide iPhone application (launched), Rai Replay iPhone application (in progress), Rai.tv iPhone application (in progress), *Un posto al sole* iPhone application (in progress), *La Prova del cuoco* iPhone application (in progress).

The iPad, the new tablet computer launched by Apple and capable of reproducing multimedia contents and navigating on the Internet, has opened up a new market.

The first presidia of the platform consisted in the launch of the free application Rai Mondiali Plus. The Rai Replay application is currently being produced and several websites are being optimised for use on iPad (e.g.: TG3).

In line with the developments outlined by the analysis of the New market, a new project has been launched for monitoring the offering on Connected Tv, i.e. television appliances capable of connection to the broadband network in order to allow direct access to television content offered by online providers with whom agreements have been entered into, directly on the user's display.

In this sense, RaiNet has launched a first partnership with Sony, for the offering of contents on demand. 6 Rai.tv channels (Comici, Fiction, Rai Kids, Rai Tween, Primo piano) have been made available on Sony Bravia.

'Cittadini' is the service area of the Rai.it portal, which offers space and visibility to different communication campaigns promoted by various institutional subjects (Airc, Lilt, L'Azalea della ricerca, Puliamo il mondo, etc.) through the construction of textual and multimedia contents.

'Junior' is the service area of the Rai.it portal, which offers space and visibility to different Rai programmes for children and teens and which presents a rich and articulate offering created especially for younger users. The most important project was that of the new community of Junior, My Junior Rai, which was launched at Christmas 2010. Numerous websites were created within the Junior offering in 2010.

During 2010, the Rai Portal attained a new absolute record in terms of traffic (source: Nielsen Site Census by

Audiweb) with over 1,000 websites (entertainment, news and information, service sites) with:

- a monthly average of 7.4 million single users, up 30% on 2009;
- 1,374 million pages visited, up 27% on 2009;
- 266 million videos issued on the Rai.tv platform, up 60% on 2009.

These results were achieved thanks to the performances recorded by the Rai.tv Video Portal, by Rai news and information, particularly RaiSport during the World Cup in South Africa in June 2010, and by the programme *Vieni via con me* in November, which reached a web traffic value never recorded before by the RaiTre portal.

The average duration of the visits has grown significantly too: 8 minutes and 22 seconds (roughly +40% on 2009).

During the last year, the websites that received most visits were:

1. Rai.tv, with +81% on 2009 in terms of single users (and +73% in terms of pages visited);
2. the Rai.it home page with +13% on 2009 in terms of single users (and +8% in terms of pages visited);
3. RaiNews, with +13% on 2009 in terms of single users (and +7% in terms of pages visited);
4. Rai Sport, which rises two places, with +67% on 2009 in terms of single users (and +73% in terms of pages visited).

The communication activity continued in 2010, with banner, television and radio campaigns, focused particular on the launch of the single product or service (e.g.: Rai Replay. My Rai.tv, Rai Music, in-house self-promos), thanks also to a strong and close collaboration with Rai's Promotion and Image sector.

However, the most important communication activity of the year envisaged the study and opening of web spaces to meet the needs of increasingly active users, offering aid in terms of the formation, alteration or consolidation of the brand image. The decision was made to create a Rai.tv institutional profile on the different social networks with most users (Facebook, YouTube and Twitter).

On Facebook in particular, Tabs, applications and quizzes have been developed. Photo galleries have been published, along with videos of particular interest to users (particular interest was generated by previews of the TV fiction series *Tutti pazzi per amore*).

The result of all these actions was the increase in the number of users of the official Rai.tv page (about 28,000 to date) which we expect will contribute, through targeted actions, to the organic growth of all the other official channels on Facebook.





Commercial Division

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The **Commercial Development and Coordination** management, in keeping with strategic guidelines for the development of new revenues, focused operation once again in 2010 on revenue opportunities on the multi-platform market and on the expansion and management of conventions with public administration, activating appropriate synergies with the Group Managements and companies.

In detail:

New Business Division

- Rai made the most of the commercial opportunities of the 'must have' channels and of the remote video recording services, to offer anytime/anywhere consumption opportunities, particularly the license to supply to Fastweb with DTT channels for broadcasting on the IPTV platform in simulcast.
- Licensing of the broadcasting rights for audio-visual contents in clip form for broadcasting and promotion on mobile devices and web portals for the supply by Rai of on-demand contents on a non-exclusive basis, through enabled Sony devices.
- Development of initiatives to make the most of the Sport Library owned by/available to Rai – in terms of evolution of the commercial line thanks to agreements with Football Clubs (Rai/SS Lazio and Rai/A.S. Bari) – and of the football assets.
- Implementation of forms of interaction in programmes via landline and/or mobile phone, which respond to the dual aim of increasing income from revenue sharing on the telephone traffic generated,

programming enhancement and involvement of the young target.

- Commercial enhancement of so-called production services to make the most of filming, broadcasting and availability of pictures from the company archives.

Conventions Division

- Exploitation of the needs for institutional visibility at central and local level via the development of multi-platform integrated offering models which comprise the inclusion of the themes chosen by the central and local public administration within television programming, spaces on specially created channels or analytical theme-based divisions on DTT, distribution of contents on the Rai.it and Rai.tv.it portals and Televideo files.
- Development of the project *Un'idea per le Regioni*, aimed at proposing multimedia communication plans based upon the implementation of Internet portals and virtual exhibitions, to make the most of the historical, cultural and artistic aspects of local areas.
- Implementation of the institutional project *Rai per la Cultura*, dedicated to the dissemination of Rai's cultural heritage by offering the public products from the Teche contained in a multimedia catalogue, available for use on a special website which allows purchases using different distribution techniques.

- Definition of agreements with local authorities for the staging of concerts by the National Symphony Orchestra.
- Development of projects for the recovery and restoration of audio-visual materials stored in the Teche of Rai regional offices, accompanied by their commercial exploitation.
- Creation of radio and television programmes aimed at linguistic minorities.
- Commercial enhancement of territorial promotions linked to the localisation of audio-visual productions (fiction series, documentaries, TV movies, mini-series, etc.).
- Development of technological research projects and industrial application through the adjudication of European funding.



Sipra's mission is to leverage the advertising potential of Rai productions and ensure that the purpose and characteristics of the material produced are compatible with the company's communication remit and viewers' needs.

Sipra has an exclusive contract with Rai to manage the advertising space of Rai's television and radio broadcasts in analogue, digital and satellite (both free and pay), webcasts, with the portal and all the websites in the www.rai.it domain, promoting the high value of the media under concession to investors, in terms of programming quality, audience ratings and less overcrowding.

The increase in competition in the advertising sector, which coincides with the development of the DTT offering, as well as the tendency by investors to reduce their advertising budgets, has led Sipra to adapt its commercial structure to the new market conditions. In order to optimise the presidia of the domestic and foreign markets and make the most of the offer of multiplatform contents of Rai, at the beginning of 2011 the commercial structure was strengthened: the TV, Film and Web Northern Sales Management and TV, Film and Web Southern Sales Management were created, along with the New Business and Foreign Management, with the aim of expanding the Sipra customer portfolio by developing commercial relationships with new investors in Italy and abroad.

As soon as the first timid signs of recovery from recession began to appear, the national advertising market showed a reversal of the trend for 2009, which closed at -13.4%, and presented moderate but widespread signs of recovery for almost every medium and sector: the advertising market presented growth of 3.8% in 2010, increasing revenue by about 300 million euros. With the exception of periodicals and daily newspapers, which marked a contraction of 4.3%, all media have shown a positive trend. (Source: Nielsen Media Research – Net Investments for 2010).

Television advertising investments, which closed at -10.2% in 2009, highlighted growth of 6% in 2010 and an increase in the market share from 52.5% to 53.6%. (Source: Nielsen Media Research – Net Investments for 2010).

The Rai networks, despite the structural differences between Rai products and those of the main competitor in terms of availability of space, rules on overcrowding and rating profiles, have grown by a total 4.5%, considering the overall TV offering, including the part not yet measured by Nielsen.

In this last segment, specialised channels broadcast in DTT, Sipra sells the advertising spaces of Rai 4, Rai 5 (formerly Rai Extra), Rai Gulp, Rai YoYo, Rai Premium, Rai Movie (formerly Rai Cinema), Rai Sport 1, Rai Italia and Rai News. During the year Rai Extra and Rai Cinema were repositioned and rebranded, in order to optimise audience figures and increase coverage of more dynamic audience slots. With a view to improving its offering and reaching prestigious targets, Sipra has added the specialised channels Rai Storia and Rai Sport 2 to its bouquet.

This bouquet projects Rai towards leadership in the free DTT segment. Considering the overall offering of specialised channels of the Rai Group, the segment highlights growth of more than 100%. This result was possible thanks to the acquisition of 137 new customers (Internal source).

In the advertising revenue market, the Radio has recovered a large part of the investments lost in 2009: in 2010 it marks +7.7% acquiring 33.6 million euros compared with 2009. In this context, commercial radios have grown 10% according to our estimates on FCP Radio figures, being more competitive in terms of cost per contact and more clearly aimed at the commercial targets. Overall, the market share of the medium remains stable (passing from 5.3% to 5.4%).

In 2010 Sipra intercepted 121 new radio customers, thanks partially to the performance of special initiatives which increased the customer portfolio with 66 new investors.

As regards the Film sector, after markets declined in revenues in recent years, in 2009 an in-depth phase of technological renovation was launched, enabling the containment of the contraction in revenues from advertising at 4.4% (Source: Nielsen Media Research – Net Investments for 2009). In particular, the digitalisation of the broadcasting of adverts was launched on a vast scale, while the offering of audio-visual contents was expanded with the addition of 3D films. In the early months of 2010 Sipra completed the various processes for implementation of the network and equipment for broadcasting adverts in digital format, therefore launching the sale of digital advertising spaces for the entire circuit.

During the year the presence of the Sipra circuit was strengthened, with the acquisition of the management of the advertising in 11 new cinemas, consolidating the record of the concession holder with the highest number of digitalised cinemas, totalling 531. Thanks to digitalisation Sipra intercepted 96 new advertisers in 2010 (Internal source). Overall revenues from advertising for the whole Cinema market showed growth of 12.2% (+6.8 million euros).

The web, the only medium to have escaped the negative trend during the recession, confirms the expansion of advertising investments (+20.1%, +60.8 million euros) and of the market share from 3.6% to 4.2% during 2010 (Source: Nielsen Media Research – Net Investments for 2010).

In 2010 the number of mobile phone owners connected to the web rose (+44%), reaching 6.2 million Italians, 13% of the reference population (Source: Audiweb). With a view to strengthening its offering, in May 2010, Sipra launched applications for the Mobile segment, now activated for iPhone, relating to RadioRai, and these will subsequently be extended to other contents.

RadioRai's Podcast continues to grow in terms of user profile and the number of downloads (over 20 million in 2010), with considerable growth compared with 2009, confirming the interest in the quality of RadioRai's programmes (Internal Source).

Overall in 2010, the success of the commercial performance is partly due to the presence of big sports events, such as the World Cup in South Africa and the Vancouver Winter Olympics.

Outlook for 2011 – Rai and Sipra

In the absence of elements that allow expectations of a strong recovery of the economy and the absence of big sports events, the outlook for 2011 indicates a slowdown in the rhythm of growth of advertising investments, with a weak start and acceleration in the second part of the year. The latest forecasts are between -1.6% and +3% on an annual basis. While, on one hand, the media centres agree that there will be a minimum growth of 2%, Mediobanca estimates a contraction of 1.6%.

Considering the latest estimates, it emerges that growth in 2011 will be drawn by Tv and Internet and that, also considering the search share, the web will be the second medium in terms of advertising revenues, overtaking periodicals and daily newspapers (Source: ZenithOptimedia and Nielsen).

Continuing on the subject of demand envisaged in 2011, the European trend which encourages investors to ask the media to maintain the number of GRPs (gross rating points), i.e.: advertising pressure, despite a drop in investments, was confirmed. Sipra's commercial policy in the first part of the year will be that of a substantial stability in tariffs, with a trend in line with that of programmed inflation. The aim is to defend the value of Rai's television advertising, which is strongly threatened by the increase in the number of competitive players and is indispensable to the need to guarantee the resources necessary to the development of the digitalisation process.

As regards digitalisation, 2011 will be an important year for Sipra and Rai: in December 2010 about 75% of households were covered by the digital terrestrial signal and 2011 could be the year in which full coverage of the

national territory will be reached, depending on the scheduling of the forthcoming switch-offs. Therefore, the progressive expansion of the DTT platform will implicate a further increase in viewers of Rai's specialised channels and a consequent outlook of growth in revenues from advertising for these broadcasters.

As regards radio, after the blockage of data in 2010, 2011 will witness structural changes to the Audioradio research which, in compliance with the decisions of the Board of Directors and as long as nothing unexpected occurs, will switch to the dissemination of information based largely on a panel survey as opposed to the C.A.T.I. telephone survey. The results of these new figures may generate effects, hopefully positive, from the autumn, by virtue of the new radio programming.

In terms of the web, the growth aims can be pursued thanks to the forecast increase in the number of pages seen and single users of our portals, as well as the progressive development of video content. Particular attention will be devoted to the expansion of the offering on new devices, especially tablets, and to the improvement of the offering on Mobile. By virtue of the implementation of the European Directive 2007/65/CE with Legislative Decree 44 of 15/03/2010, the so-called Romani Decree, it has been possible to introduce television Product Placement into the bouquet of Sipra products.



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Rai Trade

Rai Trade promotes the intellectual property and markets the relative rights of the Rai Group with the aim of raising funds from sources other than the licence fee and advertising revenue. Rai Trade operates in several different markets and business divisions and is engaged in a variety of projects.

Turnover in 2010 amounted to 73 million euros, with a net result of 2.7 million euros, higher than in 2009.

This result, which is of particular significance considering the general and severe market recession, was achieved thanks to various initiatives in a number of different business areas.

Merger by incorporation of Rai Trade SpA into Rai SpA

On 23 February 2011, an agreement was entered into for the merger of Rai Trade into Rai, effective for economic and tax purposes from 1 January 2011 and, in compliance with art. 2504 bis, paragraph 2 of the Italian Civil Code, from 1 March 2011.

From said date, all activities will be carried out directly by Parent Company organisations.

Sport

Revenues from the sales of Sport amounted to about 17 million euros in 2010, with a reconfiguration compared to 2009, particularly due to the reduced availability of certain international broadcasting rights (particularly the Serie A and B Football Championships for 2010/2011).

The final results were characterised by the following main activities:

- the joint distribution deal with Sportfive of the international broadcasting rights for the Italian Football Championship for the 2009/2010 season and with Media Partner & Silva for the 2010/2011 season;
- the cycling events included in the RCS packet (Giro d'Italia, Milano-Sanremo, Giro di Lombardia and Tirreno-Adriatico), the home matches played by the Italian national football team (qualifying rounds and friendly matches);
- the acquisition of the media rights to market the friendly matches played by the Italian national football team;
- the international sale of the theme-based channels of Inter, Juventus and Roma, which improved on the previous year's excellent results.

Musical productions and publications

During 2010, the Musical Productions and Publications Division consolidated its performance level, with revenues of about 20 million euros.

In detail: soundtracks, radio and TV productions, record production, contemporary and cultured music and prose, media wave (the customisable communication system for the management and diffusion of audio and video programming, pictures and texts in public areas).

1. DVD productions

in collaboration with the main publishers

2. The theme-based football channels

a frame from the Juventus channel

3. Rai for Culture

the website

4. Rai Eri catalogue

Marketing of TV, Home Video and Theme-based channels

As regards foreign sales, the international marketing of Rai products was affected by the continuing economic crisis, which led to a progressive reconfiguration of the initial targets that took into account the first signs of recovery on the market, which were resized during the year.

This sector recorded a result of over 3.5 million euros, despite the economic recession and the lack of serial products of international level.

The results achieved by the Home Video segment were particularly significant, with revenues in excess of 9.5 million euros, taking into consideration the particular crisis affecting the area, with a considerable decline in demand through newsagents and the so-called traditional channel.

Home Video production activities enabled the distribution of 16 series through newsagents, for a total of 207 products.

There was also the redistribution of existing series: a set of 30 DVDs entitled 'Viaggio nella Scienza'; a set of 17 SuperGulp DVDs. Lastly, within the normal trade channel (specialised shops, supermarkets and hypermarkets, media stores and bookshops) the direct distribution project was activated. Thanks to the finalising of commercial agreements with Warner Entertainment and Terminal Video, this project generated a significant amount of turnover.

The turnover of the Theme-based channels exceeded 6 million euros, including revenues from foreign sales. The reconfiguration of turnover in comparison to 2009 is largely



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attributable to the perfection of the agreement with the football club relating to the Inter Channel; from 1 July 2010, F.C. Internazionale decided to internalise the activity, assigning Rai Trade the mandate for the international distribution of the channel.

In general, the average number of subscribers in for 2010, with reference to Juventus and Roma Channel only, suffered a 9% and 4% decline respectively with respect to the averages for 2009.

The rate of abandon of the Sky platform by subscribers to football channels in favour of DTT continues to be high; almost half the subscribers who abandon Juventus and Roma Channel cancel the entire subscription to Sky.

During the year, in view of the expiry of the agreement, a special selective procedure was used to identify a new supplier of technical-editing services for the production of the Juventus Channel.

International distribution of the channel benefited from the application of the so-called Melandri Decree, on the basis of which, from this year, the official theme-based channels of the football clubs can broadcast all the repeats of matches played in national competitions (as already happens with UEFA matches), as well as gaining access to the Archive Rights 8 days after the event.

Despite the difficulties of the audio-visual market in Italy, the Teche and Footage area recorded an improvement in performances compared to 2009 (with revenues of 2.8 million euro). The sale of archive material and news yielded excellent results, proving the commercial strength of the Teca Rai product, fully enhanced through the application of a new commercial policy which implicated the review of the pricelist and the adoption of technical

instruments (cautionary deposit) which have enabled the reduction of lost income.

Initiatives within the New Media sphere

In comparison with the previous year, 2010 was a year of transition (with revenues of about 1.2 million euros), with the consolidation of certain Digital Extension activities and a mix of products and services disbursed, highlighting the maintenance of the values expressed during other editions, together with initiatives with results that didn't always live up to expectations.

Lastly, it is necessary to draw attention to the considerable commitment of Rai Trade's Digital Extensions to the innovation of the Brand and the Rai product with the incredible success of the Smartphone Application of RadioRai, with over 650,000 registered and over 15,000 users who utilise it every day, rewarded by Apple as the world's best public radio application.

Cartoons

The edition of Cartoons on the Bay was held for the first second time in Rapallo and Portofino from 15 to 18 April 2010, in compliance with a three-year agreement with the local consortium 'Terre di Portofino'. The festival, following the introduction of the new editorial programme launched in the previous edition, recorded further growth in terms of attendance (with almost a thousand delegates) and programmes in the competition (almost 500) and was extremely successful with both audiences and the press. The total number of journalistic contributions, released through the press, web and TV, in relation to the web was roughly a thousand.

The festival also confirmed the sponsors of the previous edition, proving the appreciation of the new editorial formula by operators in the sector; the number of visitors also increased thanks to the construction of a Cartoon Village, which involved schools and families, with a daily average of about a thousand children.

After bringing Yoshiyuki Tomino, the creator of Gundam, and Talus Taylor, the creator of Barbapapa to Italy for the first time, Cartoons on the Bay brought Don Bluth, considered to be one of the three greatest cartoon directors of all time, after Walt Disney and Hayao Miyazaki, to Rapallo in 2010.

Immense success in terms of image was also achieved by Cartoons on the Bike, the new cycling race in which sports champions and celebrities from the worlds of journalism and business compete in teams, inspired by the most famous cartoon characters.

Promotional events

Once again in 2010 Rai Trade Screenings and international markets (MIPTV, MIPCOM and Sportel for the markets of broadcasting rights for television and the Berlin, Cannes, Venice and Rome Film Festivals in the cinema business) represented the most important means of communication and promotion for Rai Trade and Rai products.

In 2010, Rai Trade Screenings were held for the first time – and with immense success – in Florence, also involving the main customers and Italian publishing partners, to whom the new projects were presented through the screening of promotional videos and new publishing proposals.



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The international delegates were able in the meantime to see the Rai product portfolio through the dedicated server network set up especially in the Sala d'Arme di Palazzo Vecchio.

Consumer product

The enhancement of the Rai properties developed through merchandise licensing improved the results of 2009, both in terms of turnover (up to 4.1 million euros) and margin, despite the general context of the market continuing to show a certain amount of complexity.



Eri (Edizioni Radio Italiana) was established in Turin in 1949. In 1996, after being an associate of the Company, it was transformed into Rai Eri and is now part of Rai's Communication and External Relations Management.

Rai is developing its publishing activities in tandem with its television and radio programming. The objective is to give a recognisable identity to the Rai library and maintain the success of the Rai Eri brand in the world of culture and publishing. At the moment its catalogue contains over 500 titles and publishes about 50 books a year. It regularly participates in the Book Fair in Turin, considered to be one of the most important appointments during the European publishing year.

Rai Eri's offering aims to respond to the public desire for knowledge and detailed information in the various areas of culture, from narrative titles to non-fiction. One of Rai Eri's main aims is to make a contribution to the study of the world of communication and media, but also to document and analyse the best public service broadcasting activity using the written word.





Broadcasting Division and DTT

88 **Digital Terrestrial TV**

90 **Rai Way**

Digital terrestrial television represents the opportunity for Rai and the Italian television system to create a far-reaching publishing innovation, keeping free television in first place in the offering of information, entertainment and culture. It is a unique opportunity to articulate the free offering on several channels, enhancing programming, experimenting and reaching the most critical public groups for traditional general-interest television. And consequently it is an opportunity to maintain the ratings, resources, creativity and centrality within the television system of free television.

Besides a broader choice of channels, DTT also offers better quality pictures: viewing in cinema format (16:9) and the possibility for broadcasting in high definition.

Upon completion of the digitalisation process, all the broadcasts will be digital and it will no longer be possible to receive the analogue signal. 2012 has been established as the final deadline for the switchover to digital television for all the EU member countries.

2010 was the year in which Northern Italy played a leading role in the switchover to DTT. On 26 November 2010 Lombardy and Eastern Piedmont (including the provinces of Parma and Piacenza and excluding the province of Mantua) switched to digital. This switch-off involved over 11.7 million people. On 2 December 2010, the switch-off took place in Emilia Romagna, implicating about 3.7 million people and 250 municipalities. The Veneto region and the provinces of Mantua and Pordenone completed the switchover to DTT on 10 December, with the involvement of over half a million people. Friuli Venezia Giulia, on the other hand, completed the

switchover to DTT on 15 December 2010, taking the total number of people already reached by DTT to over 39 million.

Rai's Digital Terrestrial structure, managed and directed by the Deputy Director General's office for the switchover to DTT and multiplatform strategies, carried out the following activities:

- participation in technical tables and task forces called by AGCOM and the Ministry for Economic Development – Communications Department for planning DTT frequencies in the switch-off areas, coordinated with the other national and local broadcasters;
- definition, in agreement with Rai Way and together with the Ministry for Economic Development – Communications Department and AGCOM, of the criteria for the construction of the digital networks which, as regards Mux 1, followed – upon instruction by AGCOM and the Ministry – different planning criteria in 2010 to those implemented in 2009;
- consequent supply to Rai Way of the criteria and planning targets of the digital networks, approving the new general plan and its organisation by technical areas;
- planning with the Ministry for Economic Development – Communications Department of communication with users regarding the switch-off;
- management of relations with the regional and local consumer institutions for the planning and management of the switch-off in the area;
- participation in the activities of Dgtvi for the coordination of the switch-off activities and for the definition of the technical standards of digital television;

- management of relations with the manufacturers of decoders and televisions with built-in decoders, to sustain the dissemination of devices with adequate functionalities and contrast – in agreement with Dgtvi and the consumer associations – the dissemination of decoders and televisions that do not comply with these standards;
- the continuous supply to Rai Way of information on targets and communication of the broadcasting needs of the Rai with regard to operational management by Rai Way and for more effective alignment of Rai's broadcasting strategies and the running of the network;
- coordination of the technical experimentation of Rai HD;
- coordination of the planning of Rai's positioning on platforms for the integration of DTT, particularly following Rai's participation in Tivù Srl and the development of Tivù Sat, and defining the strategic criteria for the evolution of the digital Terrestrial platform towards the integration between broadcasting and offer through broadband with the IP protocol.

Tivù and Tivù Sat

Tivù Srl was established on 24 September 2008 and became operational in January 2009, supplying services for the digital terrestrial platform. As of 31 July 2009, the company launched the free satellite platform TivùSat which, to date, has reached the target of 800,000 cards activated with 12 decoders, a CAM and 14 Tivù Sat certified iDTV.

The satellite platform replicates the free television offering available in DTT from Rai, Mediaset, La7 and other operators, and hosts numerous international channels.



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1. Guida!

the new interactive guide to TV programmes on the Digital Terrestrial platform

2. Televideo

the historical Rai teletext on DTT

With the digital offering, Tivù Sat proposes, free of charge, to reach those areas where terrestrial broadcasting does not arrive fully or at all. Rai's participation in the platform ensures the observance by the public service of the neutrality restriction regarding technology.

Throughout the whole of 2010, the company carried out communication campaigns, especially during the switch-off, to promote the terrestrial platform (Tivù) and the satellite platform (Tivù Sat).



Rai Way approaches the Italian market as a provider of network infrastructure and services for broadcasters and telecommunication operators. It seeks to maximize the network's potential by drawing on the knowledge and expertise of its staff, and offers a high quality of service to Rai and third parties.

Rai Way came into existence to manage the networks for the broadcasting and dissemination of Rai in February 2000 following the company branch contribution of the former Transmission and Broadcasting Department (*Divisione Trasmissione e Diffusione*).

The resources transferred to Rai Way included ownership of infrastructure, plants and related assets, as well as the expertise needed for the planning, design, installation, construction, operation, management and maintenance of the network for the broadcasting of voice, video and data signals.

Rai Way's main resources consist of **2,431 dedicated sites** throughout the country, **23 regional branch offices** and around **700 technicians and engineers** with top-level technological expertise in the field of transmission and the broadcasting of audio-visual signals.

The company's mission is to deliver network services, including the contribution, transmission and broadcasting on digital and analogue, terrestrial and satellite platforms, of radio and television signals. On the

basis of a service contract with Rai, Rai Way is particularly dedicated to guaranteeing the functioning of Rai's radio and television network.

The coverage of the radio and television broadcasting network in Italy reaches the highest possible levels, both in relation to the population and to the territory, with a high level of quality. In this context, Rai Way's objective is to deliver its services at the lowest possible cost to the highest possible technical standards in terms of safety and flexibility.

From the operational viewpoint, Rai Way is responsible for the activation of new broadcasting technologies, and for the development, design and installation of all radio transmitting stations, overseeing the operation and maintenance of the network to ensure that the high technical standards are evenly distributed so that final users throughout the country may enjoy the best possible reception of the audio-visual signal.

In 2010, Rai Way celebrated its first decade of activity, a period of time during which the company has supplied the Parent Company with all the support needed for Rai to achieve the challenging aims imposed by the Service Agreement and by the broadcasting market. The constant commitment of personnel at every level over the years has enabled the achievement of important results, including the digitalisation of the broadcasting network and the diffusion network (still under construction), the creation of High Definition services to cover important sport events, the attainment of ISO 14001 environmental certification and the annual publication of environmental reports.

2010 witnessed Rai Way's strong commitment to various initiatives for the development of its business and for the

consolidation of the traditional position, not only as incumbent operator, but also as leader in radio and television diffusion and broadcasting.

Once again, in 2010 Rai Way was occupied constantly in the activity for the switchover from analogue to DTT in the regions indicated in the calendar issued and subsequently amended by the Ministry of Development of the Economy and Communications; the following switch-offs took place: Eastern Piedmont and Lombardy (excluding the province of Mantua) and the provinces of Parma and Piacenza, Veneto and Friuli Venezia Giulia.

In 2010 Rai asked for the cooperation of Rai Way in the coordination of frequencies for the use of the instrumentation of Rai and of foreign broadcasters during the Giro d'Italia (starting in Holland), the World Figure Skating Championships, the World Cup, Formula 1 Racing, the Men's Volleyball World Cup and the European Athletics Championships.

The communication projects that involved Rai Way most during these nine months of 2010 were:

- the switchover to Digital Terrestrial Television;
- the promotion of Digital Radio.

In terms of the passage to DTT, Rai Way conceived two important initiatives in the regions that switched over to DTT in 2010:

- specialised information aimed at aerial fitters;
- specific information for domestic users.

The first initiative witnessed Rai Way's leading role, in conjunction with Eurosatellite – leader in professional training for aerial fitters – in the creation of a Road Show which visited various Italian towns and cities and involved more than 1,500 operators in the sector.



For specific information for domestic users on the other hand, Rai Way promoted an initiative called Progetto Scuola, accomplished in conjunction with Eurosatellite and the Ministry of Public Education. The addressees of this initiative were middle school children, considered to be the best target for DVB-T information and transferral of such information into the domestic environment.

Everything was achieved through the creation of several film clips which tackled the most common problems that emerged during the previous switch-offs, highlighting the possible solutions in a quick and simple way.

The initiative was presented in Milan in May at the 'Carlo Porta' Middle School and also involved students from other schools in Milan, totalling 270 children altogether.

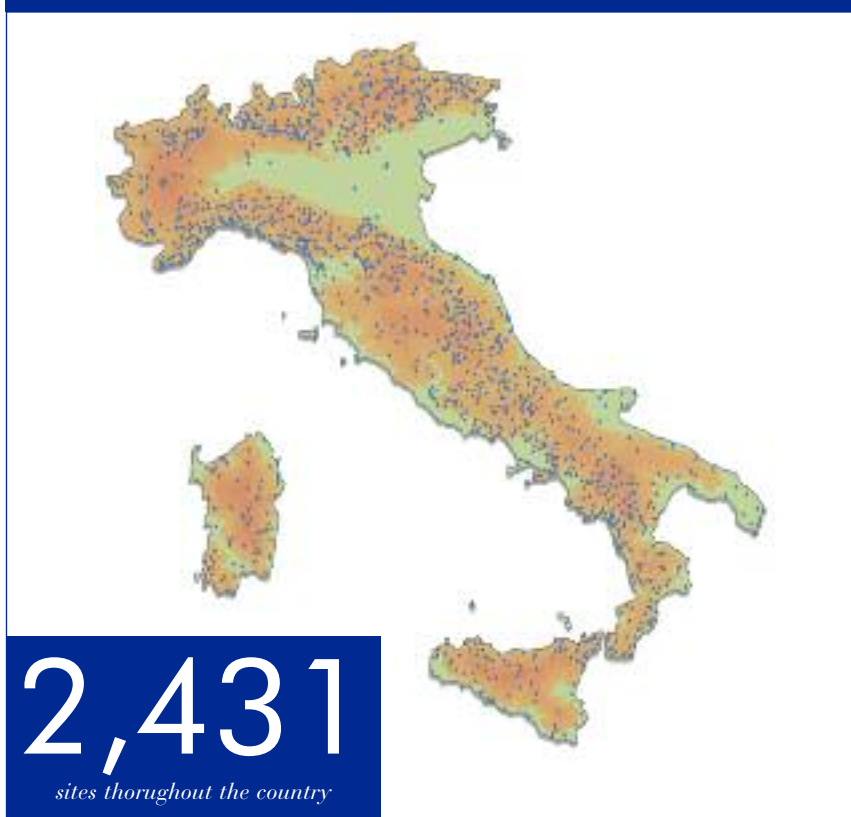
Furthermore, to offer further dissemination, the video material was transferred to the YouTube portal and the website www.digitaleterrestre.it/scuola attaining considerable success in terms of agreements registered.

As regards digital radio broadcasting, national dissemination of an experimental service of applications based on the BIFS standard of DAB+/DMB, launched in 2009, continued in 2010.

The cooperation with the local and community radio associations, Aeranti-Corrallo, aimed at the construction and management of digital radio broadcasting infrastructures dedicated to local stations, continued.

In particular, with a view to the innovation and development of digital radio, activity for the certification of Digital Radio receivers was launched, with Rai Way being one of the main promoters. One of the tangible activities

Sites within Italy



was the creation of a document entitled *ARD-Book* which was subsequently approved and adopted by the Association for Digital Radiophony in Italy (ARD) of which Rai Way is a member.

The *ARD-Book* establishes, in keeping with international standards and the recommendations of the EBU and World DMB Forum, the characteristics of receivers for the Italian market, the main aim being to remain in line with what broadcasters intend to transmit.

Once again, for 2010 Rai Way will prepare and publish the **Environmental Report** in order to continue the dissemination of information regarding environmental impacts connected with corporate operation.



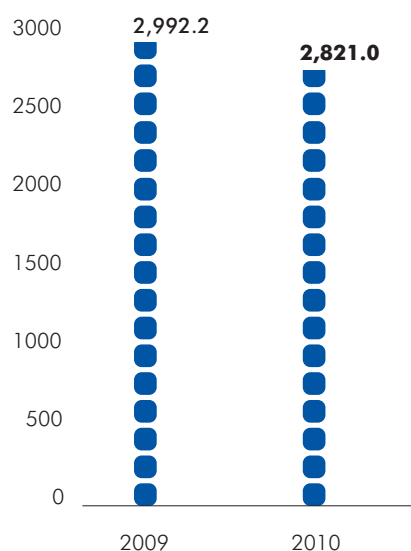


Parent Company's financial and earnings position

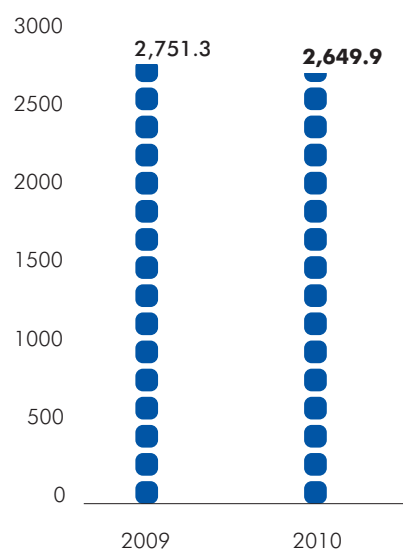
- 94 **Highlights**
- 96 **Reclassified financial statements**
- 97 **Review of Balance Sheet, Income Statement and Financial position**

Highlights (millions of euros)

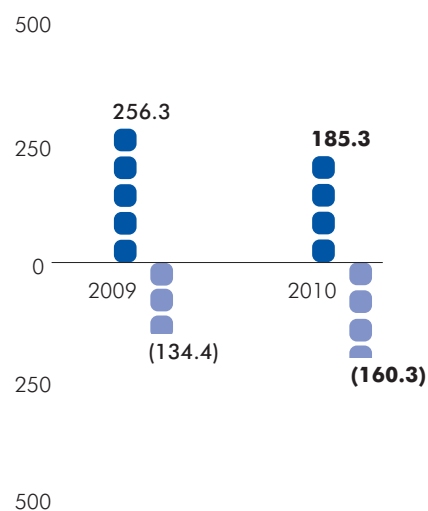
Revenues



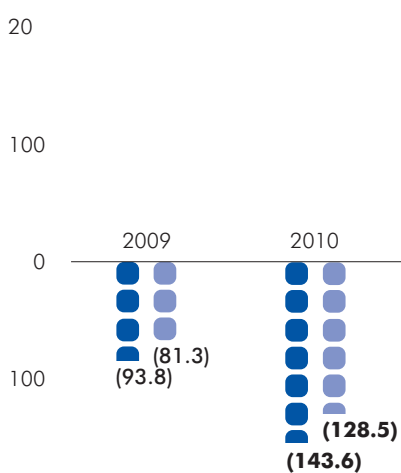
Operating Costs



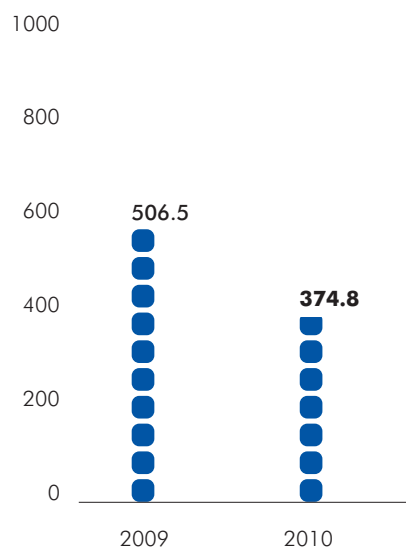
GOM - Operating Result



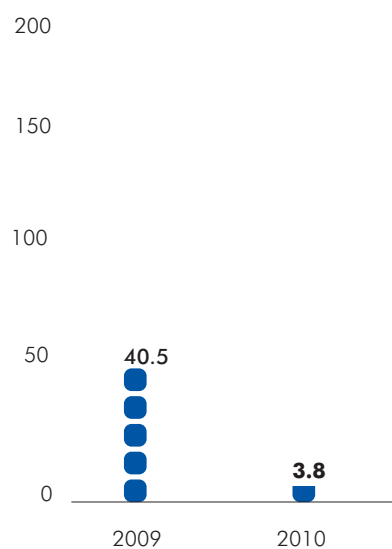
Result before Taxes - Loss for the year



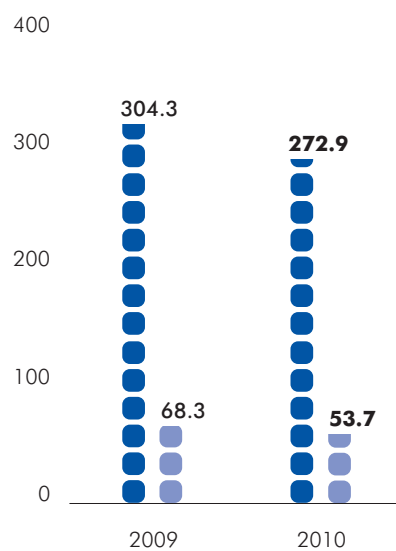
Shareholders' equity



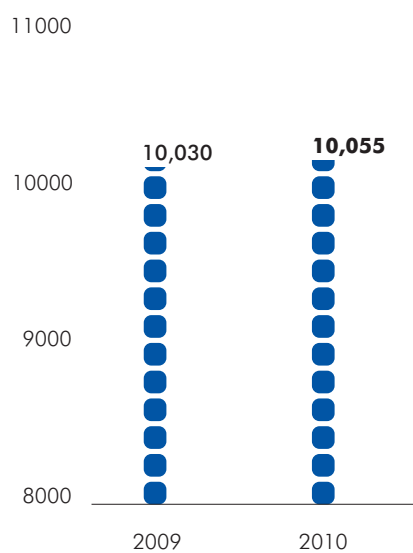
Net Financial Position



Investments (in programmers and other)



Workforce at 31 December



Reclassified financial statements

Income Statement (millions of euros)

	2010	2009			Change	Change %	
		Rai	RaiSat	Derecognit.	Total		
Revenues from sales and services	2,821.0	2,969.9	63.1	(40.8)	2,992.2	(171.2)	-5.7
Internal cost capitalisations	14.2	15.4	-	-	15.4	-	-
Total revenues	2,835.2	2,985.3	63.1	(40.8)	3,007.6	(172.4)	-5.7
External goods and services	(1,738.9)	(1,851.1)	(30.9)	40.8	(1,841.2)	102.3	-5.6
Personnel costs	(911.0)	(903.6)	(6.5)	-	(910.1)	(0.9)	0.1
Total operating costs	(2,649.9)	(2,754.7)	(37.4)	40.8	(2,751.3)	101.4	-3.7
Gross operating margin	185.3	230.6	25.7	-	256.3	(71.0)	-27.7
Amortisation of programmes	(257.4)	(261.2)	(15.8)	-	(277.0)	19.6	-7.1
Depreciation and other amortisation	(68.0)	(78.2)	(0.1)	-	(78.3)	10.3	-13.2
Other net income (charges)	(20.2)	(35.4)	-	-	(35.4)	15.2	-42.9
Operating result	(160.3)	(144.2)	9.8	-	(134.4)	(25.9)	19.3
Net financial income	1.9	1.3	(0.3)	-	1.0	0.9	90.0
Income from equity investments	59.8	47.8	-	(6.6)	41.2	18.6	45.1
Result before exceptional items	(98.6)	(95.1)	9.5	(6.6)	(92.2)	(6.4)	6.9
Net exceptional income (expense)	(45.0)	(1.7)	0.1	-	(1.6)	(43.4)	2,712.5
Result before taxes	(143.6)	(96.8)	9.6	(6.6)	(93.8)	(49.8)	53.1
Income taxes for the year	15.1	16.9	(4.4)	-	12.5	2.6	20.8
Loss for the year	(128.5)	(79.9)	5.2	(6.6)	(81.3)	(47.2)	58.1

Balance Sheet (millions of euros)

	2010	2009			Change	Change %	
		Rai	RaiSat	Derecognit.	Total		
Non-current assets	1,089.3	1,111.2	12.2	(2.5)	1,120.9	(31.6)	-2.8
Working capital	(413.1)	(344.2)	12.5	-	(331.7)	(81.4)	24.5
Staff severance pay provision	(305.2)	(322.4)	(0.8)	-	(323.2)	18.0	-5.6
Net invested capital	371.0	444.6	23.9	(2.5)	466.0	(95.0)	-20.4
Net equity	374.8	497.1	11.9	(2.5)	506.5	(131.7)	-26.0
Net available funds	(3.8)	(52.5)	12.0	-	(40.5)	36.7	-90.6
	371.0	444.6	23.9	(2.5)	466.0	(95.0)	-20.4

Review of Balance Sheet, Income Statement and Financial position

Income Statement

The Parent Company Income Statement for 2010 recorded a **net loss of 128.5 million euros**, against a loss of 79.9 million euros in 2009.

Following the merger by incorporation of the subsidiary RaiSat into Rai, which took place during the year, backdating the accounting effects to 1 January 2010, in order to ensure a fair comparison of this year's results with those of last year, an Income Statement and a Balance Sheet resulting from the consolidation of the two companies, as highlighted by the reclassified statements presented at the side, have been drawn up for reference.

The 2009 Income Statement drawn up in this way shows a loss of 81.3 million euros.

The following section provides an overview of the main items of the Income Statement and the reasons behind the more significant changes from the figures of the previous year, as defined above.

Revenues from sales and services

Revenues from sales and services consist of licence fees, advertising revenues and other commercial revenues.

They totalled 2,821.0 million euros, down 171.2 million euros (-5.7%) on 2009.

Licence fees (1,685.4 million euros). These include licence fees for the current year as well as those for previous years, collected through coercive payment following legal registration.

They also include accounts receivable from the Ministry of the Economy and Finance for unpaid licence fees relating to 2008, 2009 and 2010 for subscribers exempted from payment, pursuant to art. 1 paragraph 132, law no. 244 of 24 December 2007.

It should be pointed out that circular 46/E, dated 20 September 2010, in defining the subjective requirements and the procedure that the parties concerned have to observe to take advantage of such benefit, the Inland Revenue Department established the necessary basis for identifying those entitled to exemption. The identification of expected subscribers, which is now in the advanced stages, has made it possible to prudentially estimate an account receivable of 2.0 million euros.

Revenues from sales and services (millions of euros)

	2010	2009	Change	Change %
Licence fees	1,685.4	1,645.4	40.0	2.4
Advertising revenues	942.4	911.4	31.0	3.4
Other revenues	193.2	435.4	(242.2)	-55.6
Total	2,821.0	2,992.2	(171.2)	-5.7

Licence fees (millions of euros)

	2010	2009	Change	Change %
Fees for the year	1,660.5	1,629.7	30.8	1.9
Fees from coercive payment	22.9	15.7	7.2	45.9
License fees for subscribers exempted for years 2008, 2009 and 2010	2.0	-	2.0	200.0
Total	1,685.4	1,645.4	40.0	2.4

TV subscriptions - changes

	2010	2009	2008	Change % 2010/2009
New	415,001	401,457	411,177	3.4
Renewals	15,580,879	15,566,315	15,528,437	0.1
Paying subscribers	15,995,880	15,967,772	15,939,614	0.2
Delinquent subscribers	865,244	788,719	738,965	9.7
Total registered subscribers	16,861,124	16,756,491	16,678,579	0.6
Delinquent subscribers %	5.26%	4.82%	4.54%	
Cancellations	310,368	323,545	294,382	-4.1
Cancellations + delinquent positions	1,175,612	1,112,264	1,033,347	5.7

The overall increase (+2.4%) refers to the increase in the per-unit licence fee from 107.50 euros to 109.00 euros (+1.4%), and the marked increase in measures to coerce payment. There has also been an increase in the number of paying subscribers (+0.2%) and the recovery of new subscribers (+3.4%), following a decline in 2009.

Once again in 2010 the licence fee paid in Italy continues to be one of the lowest in Europe. By way of example, the table shows the annual licence fee, in euros, in force in the most important European countries.

Advertising revenues As soon as the first timid signs of recovery from recession began to appear, the national advertising market showed a reversal of the trend for 2009, and presented moderate but widespread signs of recovery for almost every medium and sector: the advertising market presents growth of 3.8% in 2010, increasing revenue by about 300 million euros. With the exception of Periodicals and Daily Newspapers, all media have shown a positive trend. The Rai reference market (TV and Radio) showed an overall increase of 6.1% (source Nielsen) in 2010.

In this context, Rai's **advertising revenues** (942.4 million euros) highlight an increase of 31.0 million euros (+3.4%) compared with 2009.

The growth of the specialised channels should be noted, as they recorded a considerable increase in viewers compared with 2009, due to the high quality of programming, the expansion of the DTT signal broadcasting area and actions for the repositioning and rebranding of certain channels (Rai Movie and Rai 5).

Licence fees in Europe (euros)

Switzerland	311.00	Germany	215.76
Denmark	304.00	Sweden	204.00
Norway	296.00	United Kingdom	163.00
Austria	264.39	Ireland	160.00
Finland	231.05	France	120.00
		Italy	109.00

Advertising (millions of euros)

	2010	2009	Change	Change %
On general-interest channels:				
- television advertising	791.9	779.2	12.7	1.6
- radio advertising	38.8	40.4	(1.6)	-4.0
- promotions and sponsorship	85.5	77.6	7.9	10.2
On specialised channels	23.8	11.7	12.1	103.4
Other advertising	2.4	2.5	(0.1)	-4.0
Total	942.4	911.4	31.0	3.4

Other revenues present a reduction of 242.2 million euros (-55.6%), determined mainly by the absence of the income booked in 2009 for the sale to third parties of the pay TV broadcasting rights for the 2010 and 2014 World Cups and for other minor FIFA events, for the sum of 175 million euros. Other reductions of the caption are highlighted in the table at the side. They comprise the zeroing of income from the Supply of theme-based satellite channels by former RaiSat (-32.7 million euros), the reduction of the Sale of rights to the utilise archive

materials to football clubs (-13.3 million euros) for the different effects of the agreements entered into during the two years, *Special services under agreement* (-10.0 million euros) as a consequence of the reorganisation of activities envisaged under the foreign broadcasting agreement, *Services rendered to telephone companies* (-7.1 million euros) and *Different services, performed mainly for public entities* (-6.9 million euros) including lower income from the Ministry of Education, University and Research (5.5 million euros in 2009).

As shown in the table on the right, the relative weights of the three components on total revenues from sales and services show an increase in the Licence Fees and Advertising items compared with the totals for the previous year, to the detriment of the Other revenues component.

Operating costs

These total 2,649.9 million euros, falling 101.4 million euros, -3.7%, compared with 2009, as detailed below.

The item includes internal costs (labour cost) and external costs, regarding ordinary business activities, according to the following classification.

Consumption of goods and external services

– This caption includes purchases of goods and services required to make programmes of immediate use (purchases of consumables, external services, artistic collaborations, etc), filming rights for sports events, copyright, services from subsidiaries, running costs (rental and hire fees, telephone and postage costs, cleaning, maintenance, etc.) and other operating costs (direct and indirect taxes, contribution to the Authority, the public broadcasting concession fee, etc.).

As shown in the table, the caption shows a drop of 102.3 million euros (-5.6%), determined by the absence of the cost of pay TV broadcasting rights for the 2010 and 2014 World Cups and for other minor FIFA events, for 169.3 million euros, subject to the sale to third parties booked last year and mentioned earlier.

Other revenues (millions of euros)

	2010	2009	Change	Change %
Special services under agreement	58.8	68.8	(10.0)	-14.5
Sale of rights	34.1	30.9	3.2	10.4
Service and other performances for subsidiaries	29.7	32.6	(2.9)	-8.9
Sale of rights to the utilise archive materials to football clubsa squadre calcistiche	18.7	32.0	(13.3)	-41.6
Repayment of programme production costs	8.0	8.2	(0.2)	-2.4
Different services, performed mainly for public entities	6.8	13.7	(6.9)	-50.4
Recovery of emoluments and cost of seconded staff	6.6	6.7	(0.1)	-1.5
Telephone services	6.0	13.1	(7.1)	-54.2
Production services	4.8	6.3	(1.5)	-23.8
Technical services for digital terrestrial broadcasting	4.5	3.5	1.0	28.6
Supply of theme-based satellite channels	0.0	32.7	(32.7)	-100.0
Sale of pay TV rights for World Cup and minor events	0.0	175.0	(175.0)	-100.0
Other	15.2	11.9	3.3	27.7
Total	193.2	435.4	(242.2)	-55.6

% of revenues

	2010	2009
License fees	59.7	55.0
Advertising revenues	33.4	30.5
Other revenues	6.9	14.5
Total	100.0	100.0

The comparison, net of this component, highlights an increase in the caption of 67.0 million euros (+3.6%), largely deriving from the increase in costs to purchase broadcasting rights mainly for sports events (+77.2 million euros). As in all even numbered years, 2010 was characterised by important four-yearly sports events (World Cup and Winter Olympics) influencing the 2010 income statement by 107.8 million euros, partially offset by savings from the broadcasting rights for the Champions League and Italian National Football Team matches.

In addition to the above, higher costs for activities performed by Group companies and savings in other components of the caption are highlighted, confirming a trend which had already characterised last year.

The higher costs for activities performed by Group companies refer to Rai Way (+19.9 million euro), mainly for the extension of broadcasting and transmission of the DTT signal, and to Rai Cinema (+19.0 million euro) for the considerable growth in the use of high quality TV series.

Consumption of goods and external services (millions of euros)				
	2010	2009	Change	Change. %
Materials purchased	22.7	23.2	(0.5)	-2.2
External services:				
Freelance services	141.0	141.7	(0.7)	-0.5
Services for acquisition and production of programmes	226.7	248.7	(22.0)	-8.8
Staff allowances, travel and accessory costs	39.9	39.0	0.9	2.3
Signal broadcasting and transport - Rai Way	184.9	165.0	19.9	12.1
General services (postage, telephones, transport, maintenance, cleaning, archive services etc.)	157.6	163.4	(5.8)	-3.5
Others	61.5	68.0	(6.5)	-9.6
	811.6	825.8	(14.2)	-1.7
Use of third-party assets:				
Acquisition of viewing rights from Rai Cinema	345.8	326.8	19.0	5.8
Leases and rentals	66.7	74.0	(7.3)	-9.9
Cost of pay TV rights for World Cup and minor events sold	0.0	169.3	(169.3)	-100.0
Filming rights (mainly for sports events and the Sanremo Festival)	293.2	216.0	77.2	35.7
Utilisation rights	115.1	118.9	(3.8)	-3.2
Others	6.8	7.3	(0.5)	-6.8
	827.6	912.3	(84.7)	-9.3
Change in inventories	(0.2)	0.1	(0.3)	-300.0
Concession fee	28.2	29.5	(1.3)	-4.4
Other operating costs:				
Prizes and winnings	9.7	12.6	(2.9)	-23.0
Authority contribution	4.4	4.3	0.1	2.3
Municipal property tax	3.6	3.6	0.0	0.0
Other indirect taxes and contributions	7.5	7.0	0.5	7.1
Newspapers, magazines, books and publications	3.1	3.1	0.0	0.0
Membership fees	3.0	2.9	0.1	3.4
Others	4.8	4.5	0.3	6.7
	36.1	38.0	(1.9)	-5.0
Other	12.9	12.3	0.6	4.9
Total	1,738.9	1,841.2	(102.3)	-5.6

Personnel costs – These amount to 911.0 million euros, up by a total of 0.9 million euros on the total at 31 December 2009 (+0.1%), as detailed in the right-hand table.

Personnel costs (millions of euros)				
	2010	2009	Change	Change %
Wages and salaries	652.6	658.2	(5.6)	-0.9
Social security contributions	184.2	183.1	1.1	0.6
Staff severance pay	47.4	44.5	2.9	6.5
Pension and similar costs	12.8	13.4	(0.6)	-4.5
Other	14.0	10.9	3.1	28.4
Total	911.0	910.1	0.9	0.1

Personnel costs are in line with the level for last year, thanks partially to the absence of provision for middle management, office staff, blue collar and executive bonuses, resulting in a lower cost of about 16 million euros.

The reduction in personnel costs is also due to a series of management measures to offset the economic impact of automatic pay increases provided for by the labour contract, the stabilisation of those on temporary employment contracts, the rise in the staff severance pay revaluation index and, above all, the simultaneous renewal of all the collective contracts.

Among the actions taken, incentives for resignation and the substantial blockage of management policies played a significant role.

Personnel on payroll at 31 December 2010 amounted to 10,055 units, up 25 on 31 December 2009.

The **average number of employees**, including those on fixed-term contracts, came to 11,857, with a reduction of 61 members of staff compared to last year. In detail, there has been a drop of 178 members of staff on fixed-term contracts following stabilisation, corresponding to a growth of 117 members of staff on permanent contracts due to the simultaneous resignation incentives.

Gross Operating Margin

The Gross Operating Margin, as a consequence of the above, is positive for 185.3 million euros, down 71.0 million euros, or 27.7%, on the previous year.

Amortisation of programmes

This caption is related to **investments in programmes**, which during 2010 amounted to 272.9 million euros, down 31.4 million euros (-10.3%), mainly due to TV fiction series.

Investments in programmes (millions of euros)				
	2010	2009	Change	Change %
Programmes:				
- TV fiction series	235.8	264.0	(28.2)	-10.7
- Other programmes	37.1	40.3	(3.2)	-7.9
Total	272.9	304.3	(31.4)	-10.3

Amortisation charged to the above captions for the year, 257.4 million euros, shows a reduction of 19.6 million euros (-7.1%) compared with the previous year, related to the performance of investments.

Amortisation of programmes (millions of euros)				
	2010	2009	Change	Change %
Programmes:				
- TV fiction series	221.9	243.9	(22.0)	-9.0
- Other programmes	35.5	33.1	2.4	7.3
Total	257.4	277.0	(19.6)	-7.1

Other amortisation

This is linked to investments in **tangible non-current assets** and **other investments**, the movements of which during 2010, highlighted in the following table, present an overall reduction of 14.6 million euros.

Other investments (millions of euros)				
	2010	2009	Change	Change %
Tangible non-current assets	48.9	59.6	(10.7)	-18.0
Other intangible non-current assets	4.8	8.7	(3.9)	-44.8
Total	53.7	68.3	(14.6)	-21.4

Depreciation and amortisation

charged for the year in relation to the above captions amount to 68.0 million euros, with a drop of 10.3 million euros compared with 2009, referring entirely to tangible non-current assets, in relation to the progressive completion of the amortisation of assets acquired in the past, in the presence of a contained level of investment.

Depreciation and amortisation of other non-current assets (millions of euros)				
	2010	2009	Change	Change %
Tangible non-current assets	60.0	70.5	(10.5)	-14.92
Other intangible non-current assets	8.0	7.8	0.2	2.6
Total	68.0	78.3	(10.3)	-13.2

Other net income (charges)

The caption comprises costs/revenues not directly related to the Company's core business and, in 2010, highlights net charges of 20.2 million euros (35.4 million euros in the previous year). In detail, it comprises provisions for risks and charges (15.9 million euros), expenses for repeat-usage programmes which it is not expected will be used or repeated (34.7 million euros), provision for the company supplementary pension fund for former employees (9.7 million euros), partially offset by net prior-year income (25.0 million euros) and the release of funds allocated in previous years (16.4 million euros).

Operating Result

The results described above for operating revenues and costs led to a deterioration in the operating result, from -134.4 million euros in the previous year to -160.3 million euros this year, with a drop of 25.9 million euros.

Net financial income

Net financial income shows a gain of 1.9 million euros (1.0 million euros in 2009). The caption shows the economic effects of typical financial operations and comprises bank interest expense and income as well as that relating to Group companies and net income in relation to exchange rates.

The details show a drop in net interest payable to banks of 0.3 million euros against higher financial exposure to third parties, partly offset by a reduction in the rates applied. Low market interest rates also determined a limited reduction (0.5 million euros) in interest income from the loan to the associated companies.

Exchange rate differences, mainly generated by the acquisition of rights to sports events in US dollars, were positive thanks to hedging activities carried out in previous years, which limited the negative performance of the euro/dollar exchange rate during the year.

The average cost of loans with banks and other financial institutions, made up of credit lines on current accounts, 'hot cash' and stand-by loans, dropped in relation to the reduction in the money market reference rates, settling at 1.9% (2.3% in the previous year).

Net financial income on financial operations (millions of euros)

	2010	2009	Change
Net interest expense payable to banks	(3.9)	(3.6)	(0.3)
Net interest income from subsidiaries and associated companies	4.1	4.6	(0.5)
Net exchange income	2.4	0.6	1.8
Other net financial expense	(0.7)	(0.6)	(0.1)
Total	1.9	1.0	0.9

Income from equity investments

As indicated in the table below, the caption amounts to a total of 59.8 million euros and includes the dividends collected in the period considered valid for the results of the previous year (57.6 million euros), the capital gain measured at the end of the liquidation process of the subsidiary Sacis (4.8 million euros), the reductions of the value of equity investments for losses totalled during the year (3.1 million euros).

Income on equity investments (millions of euros)

	2010	2009	Change
Dividends:			
- Rai Cinema	38.8	15.5	23.3
- Rai Way	14.1	18.6	(4.5)
- Sipra	1.4	5.0	(3.6)
- Rai Trade	2.3	2.5	(0.2)
- RaiNet	1.0	1.5	(0.5)
- Euronews	0.0	0.1	(0.1)
	57.6	43.2	14.4
Sacis Capital Gain	4.8	0.0	4.8
Revaluations	0.5	0.2	0.3
Writedowns	(3.1)	(2.2)	(0.9)
Total	59.8	41.2	18.6

Net exceptional expense

This caption amounts to 45.0 million euros (1.6 million euros in 2009) originated by expenses for incentivised early staff resignation.

Income taxes

The caption has a positive value of 15.1 million euros, determined by the balance between current and deferred taxes, as detailed in the table.

As regards the IRES tax, no amount was booked as the year's result for tax purposes was negative.

IRAP, amounting to 25.6 million euros, shows a decrease of 1.9 million euros compared with the previous year, determined by a lower taxable amount.

Deferred tax liabilities determine a positive effect of 2.7 million euros (13.8 million euros in 2009), as a consequence of the reversal of the temporary differences of income deriving from the higher amortisation applied in previous years for tax purposes only.

Deferred tax assets (38.0 million euros) originated from the booking of IRES credits for 37.7 million euros, deriving from the year's negative taxable income, which is offset by the positive taxable income of subsidiaries, included within the scope of the tax consolidation mechanism for tax year 2010.

Income taxes (millions of euros)

	2010	2009	Change
IRES	-	(3.1)	3.1
IRAP	(25.6)	(27.5)	1.9
Deferred tax liabilities	2.7	13.8	(11.1)
Deferred tax assets	38.0	29.3	8.7
Total	15.1	12.5	2.6

Balance sheet

Non-current assets

Tangible non-current assets are detailed in the right-hand table.

Investments in programmes are mainly represented by TV fiction series (345.3 million euros), which accounted for the greater part of investments during the year (272.9 million euros). Details in the right-hand table.

Equity investments improved slightly (+3.2 million euros) largely due to the recapitalisation of Rai World.

Other non-current assets are shown in the right-hand table.

Non-current assets (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Tangible non-current assets	321.7	334.0	(12.3)	-3.7
Programmes	416.8	436.5	(19.7)	-4.5
Equity investments	307.2	304.0	3.2	1.1
Other non-current assets	43.6	46.4	(2.8)	-6.0
Total	1,089.3	1,120.9	(31.6)	-2.8

Tangible non-current assets (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Land and buildings	129.9	128.4	1.5	1.2
Plant and machinery	108.1	110.6	(2.5)	-2.3
Industrial and sales equipment	5.1	5.6	(0.5)	-8.9
Other assets	28.6	30.5	(1.9)	-6.2
Non-current assets under development and payments on account	50.0	58.9	(8.9)	-15.1
Total	321.7	334.0	(12.3)	-3.7

Investments in programmes (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
TV fiction series	345.3	365.8	(20.5)	-5.6
Other	71.5	70.7	0.8	1.1
Total	416.8	436.5	(19.7)	-4.5

Other non-current assets (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Digital terrestrial frequencies	18.0	21.3	(3.3)	-15.5
Alterations and improvements to leased properties	11.5	11.7	(0.2)	-1.7
Non-current receivables	5.2	4.7	0.5	10.6
Securities	3.7	3.8	(0.1)	-2.6
Other	5.2	4.9	0.3	6.1
Total	43.6	46.4	(2.8)	-6.0

Working capital

The change from 2009 (-81.4 million euros) is due mainly to normal developments in the business.

Major changes relate to:

- **Trade receivables:** down 106.5 million euros, owing mainly to collection during the year of prior amounts receivable for services rendered to the Government under contract.
- **Other assets:** down 32.9 million euros largely due to the re-entry of advance payments made to purchase the broadcasting rights for sports events held during the year (particularly the World Cup and Winter Olympics).
- **Other liabilities:** down 41.3 million euros, determined mainly by the different temporary liquidation of various accounts payable.

It should be noted that **Trade receivables** comprise, net of the relative writedowns, accounts receivable from subsidiaries, mainly Sipra, and from public entities and institutions.

Working capital (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Inventories	0.9	0.6	0.3	50.0
Trade receivables	667.1	773.6	(106.5)	-13.8
Other assets	200.4	233.3	(32.9)	-14.1
Trade payables	(667.8)	(672.5)	4.7	-0.7
Provisions for risks and charges	(387.7)	(399.4)	11.7	-2.9
Other liabilities	(226.0)	(267.3)	41.3	-15.5
Total	(413.1)	(331.7)	(81.4)	24.5

Net financial position

The year-end net financial position is positive, despite the decline compared to the previous year (3.8 million euros compared with 40.5 million euros in 2009), and is comprised as follows:

Net financial position (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Net amounts due from (to) banks and other lenders				
in the short term	(148.1)	(163.8)	15.7	-9.6
cash and cash equivalents	2.3	19.9	(17.6)	-88.4
	(145.8)	(143.9)	(1.9)	1.3
Net financial position with investee companies				
payables	(62.2)	(49.4)	(12.8)	25.9
receivables	211.8	233.8	(22.0)	-9.4
	149.6	184.4	(34.8)	-18.9
Net financial position	3.8	40.5	(36.7)	-90.6

Despite the negative economic result, the overall financial position highlights a limited decrease (36.7 million euros) which can be attributed entirely to the intercompany component, particularly for the deterioration of the balance with Rai Cinema.

The improvement in working capital, mainly due to the collection of prior accounts receivable for the services rendered to the Government under contract, and the reduction of the total investments made, contributed significantly to this result.

The net financial position is positive, despite dropping slightly compared with the previous year (from 59 to 53 million euros).

The analysis carried out on the basis of the **balance sheet** and **income statement ratios** highlighted that:

- the **net invested capital coverage ratio**, calculated as the ratio between net invested capital and net equity, is 0.99 (0.92 in 2009);
- the **current ratio**, identified as the ratio between current assets (inventories, current assets, cash and cash equivalents and financial receivables) and current liabilities (current liabilities and financial debts), is 0.98 (1.09 in 2009);
- the **self-coverage ratio** of non-current assets, calculated as the ratio of shareholders' equity to non-current assets, is 0.34 (0.45 in 2009).

The financial risks to which the Company is exposed are monitored using appropriate computerised and statistical instruments. A policy regulates financial management in accordance with best international practice, the aim being to preserve the corporate value by taking an adverse attitude towards risk, pursued via active monitoring of the exposure and the implementation of suitable hedging strategies, also acting on behalf of the Group companies.

In particular:

- The **exchange risk** is significant in relation to the exposure in US dollars generated by the acquisition of sports events rights and the funding of the associated company Rai Corporation. These commitments generated payments for about 70 million dollars during 2010. Operation takes place from the date of subscription to the commercial commitment, often lasting several years, and aims to defend the counter value in euros of commitments estimated at the time of order or in the budget. Hedging strategies are implemented using financial derivative instruments – such as forward purchases, swaps, and options structures – without ever taking on an attitude of financial speculation. The company policy envisages numerous operating limits to be observed by the hedging activity.
- The **interest rate risk** is also regulated by the company policy, particularly for medium/long-term exposure with specific operating limits. At the moment, the financial position does not contain significant long-term exposures, but sees short periods of operational liquidity alternating with overdraft positions with reversible credit lines or stand-by loans, for which it was deemed unnecessary to activate hedging operations.
- The **credit risk** on cash deployment is limited in that the company policy envisages the use, for limited periods of cash timing differences, of low-risk financial instruments with parties with high ratings. Only tied deposits or sight deposits with remunerations close to the Euribor rate were used during 2010.
- As regards the **liquidity risk**, it should be noted that the company has short-term credit lines with the banking system, which are in excess of 475 million euros. A stand-by loan for 220 million euros has been taken out with a group of banks and is due to expire in 2012. The overall loans are sufficient to cover the overdrafts, although the procedure for liquidating the four deferred instalments by the Ministry of the Economy and Finance can generate tensions in the event of significant delays with respect to the quarter-end dates established by contract. To cope with the significant investments required by the DTT project, besides having applied to the European Investment Bank for a medium/long-term loan, the company has also begun a selection procedure with the banking system, which should be completed in the first half of 2011, to restructure the sources of loans, with a view to extending them over a longer period of time.





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Rai and Society

Owing to its public service remit, Rai is not simply a business entity but is part of the social, cultural and economic fabric of the country.

The previous chapters, which outlined Rai's mission and its Service Contract and looked in detail at the various media platforms used, clearly demonstrate that from a statutory level all the way down to the smallest corporate or editorial decision, Rai is always working to forge, vitalise and strengthen its bonds with Italian citizens at home and abroad. In carrying out its mission, Rai respects people's cultures, religions, sensitivities, languages and any physical disabilities.

The management of this relationship creates a real two-way flow.

Rai not only offers an array of programming to fulfil its responsibility to provide services, news and entertainment but, above all, it is also receptive to the trends and realities of society, which it attempts, within the limits of its remit, to reflect and represent.

This commitment, which stems first and foremost from an ethical and civil sense, and only secondarily from legal obligations and prescriptions, is present throughout the Group and is embodied in specific structures, chief among which is the Social Secretariat.

Rai Segretariato Sociale

Rai's Social Secretariat is in charge of social communications and programming. It draws up the guidelines and reference principles for the presentation of social problems by Rai, within the sphere of the service contract between Rai and the Ministry of Communications. The Secretariat defines, proposes and/or carries out social initiatives, also in conjunction with associations and institutions, working on social issues outside as well as inside radio and television and multimedia programming. It takes care of and promotes the social issues represented by the associations and institutions operating in this direction, by directly interfacing with them, the aim being to draw as much public attention as possible to social problems.

In 2010, the work of the Social Secretariat developed throughout numerous cooperative actions and initiatives, all of which are listed on the website <http://www.sas.rai.it/agenda/agenda.html>.

They particularly include:

- Haiti DVD: featuring on the emergency and development of activity carried out by the winner of the International Voluntary Prize 2010, organised by FOCSIV-Volontari nel mondo for the United Nations International Volunteer Day, with the cooperation of TG1;
- Euentes, curates infirmos DVD on the foundation, Medici con l'Africa Cuamm;
- Vittorio Patrelli Campagnano Sommergebilista DVD, with the cooperation of the Italian Navy;
- Afghanistan 2010 da parte nostra DVD, with the cooperation of the Ministry of Defence;

- 2 giugno 2010 festa della Repubblica DVD (2 June 2010 – the Italian Republic day), with the cooperation of the Ministry of Defence.

As the Social Secretariat is a structure that provides a link between Rai and social communication operators, various initiatives have been produced in cooperation with institutional partners and associations working in this sphere. They particularly include:

- A training workshop held in Afghanistan for the media of Herat, for the 'Campaign for social communication on peace missions of the Italian Armed Forces'.
- Ceremony for the presentation of the International Voluntary Award 2010, organised by FOCSIV Volontari nel mondo for the International Volunteer Day.
- Press conference for the presentation of the official video made by the Italian Defence Staff (Stato Maggiore della Difesa) and Rai and produced by the Department for Women of the Government of the Province of Herat (Afghanistan).
- Press conference for the presentation of the 'XV Giornata della Memoria e dell'Impegno' in memory of the victims of the Mafia, organised by Libera, Avviso Pubblico and the Rai Social Secretariat.
- Award Ceremony of the third edition of the Child Guardian Award 2010 – dedicated to companies that defend the image of minors, promoted by the non-profit foundation Terre des Hommes Italia.
- 'BiodiversaMente: Festival dell'Ecoscienza', an awareness initiative organised by the WWF.
- National awareness campaign 'Mondiali Sudafrica 2010: tutti in campo contro il traffico di bambini', promoted by ECPAT and Terre des Hommes Italia.

- Within the scope of Prix Italia 2010, organisation of conventions for the Social Communication Days: 'Mass Media: Disabilità e nuove tecnologie', '2010: Piccoli lavoratori, piccoli schiavi', '2010: Essere donna in Afghanistan'.
- In about 200 Italian towns – XVIII Fai Spring Day, organised by FAI - Fondo per l'Ambiente Italiano.
- 5th edition of 'Hai visto mai?' celebration of the social and society documentary, promoted by the cultural association Hai visto mai?.
- Presentation of the first European meeting 'Underforty Women Breast Care', promoted by ALTS – Associazione onlus, a no-profit organisation for the fight of breast cancer, in conjunction with the Istituto Nazionale dei Tumori (Italian Cancer Institute) of Naples.
- 'Puliamo il mondo', Italian edition of the global project, operational in over 120 countries, 'Clean Up the World', organised by Legambiente with the cooperation of Rai.
- Within the scope of the International Book Fair of Turin – Presentation of the book entitled "Verso il largo - Dieci anni di vela solidale" by Mauro Pandimiglio, published by Rai Eri.
- Fund raising at the May 1st Concert in favour of orphans of victims of professional accidents
- The regatta 'Handy Cup 2010'.
- Convention entitled 'Alimentazione e Nutrizione in Parole', organised by FeSin - Federazione delle Società Italiane di Nutrizione (Federation of Italian nutrition societies) and the Rai Social Secretariat.
- Presentation of the 3rd International Short Film Festival Tulipani di Seta Nera: Un sorriso diverso, organised by the university student association 'Università cerca lavoro'.
- Reti Rai - Trenta Ore per la Vita, television marathon to raise funds in favour of Abio.
- 'Giornata delle oasi WWF 2010' – 130 nature reserves open free of charge in all the Italian regions: guided tours, exhibitions, children's activities, itineraries for the disabled, organised by the WWF.
- Reti Rai - Every One Campaign to put an end to infant mortality, promoted by Save the Children.
- 14th edition of Amnesty Days 2010, organised by Amnesty International and dedicated this year to the campaign 'Io pretendo dignità' and particularly to the action of Amnesty International, to put an end to death during maternity.
- *Capodanno sul Mare* broadcast in conjunction with Radio1: a non-stop live broadcast for New Year's Eve featuring a link-up with Italians at sea all over the world.
- Fund raising event in support of the campaign 'Un pasto al giorno', promoted by the Community Papa Giovanni XXIII, during the year-end television broadcast L'anno che verrà on RaiUno.

The Social Secretariat is also responsible for the production of descriptive voiceovers (in collaboration with RaiUno, RaiDue, RaiTre and RadioRai) so that blind people can listen in to radio broadcasts describing the on-screen action of a number of popular television programmes. The role played, with the aid of the Social Secretariat, by the Sede Permanente di confronto on social programming, which is made up of 12 members representing sections of civil society and 12 representing Rai, should also be mentioned. This is a standing committee for the monitoring of socially relevant output to ensure that the provisions of the Service Contract on respect and the quality of the spaces dedicated to social issues are implemented.

Human Resources

Within a setting of marked attention to the need to keep personnel costs down, activities were focused on operations to rationalise the resources available, prioritising provisions for internal mobility and the conversion of professional profiles, but also on careful use of staff in observance of the Trade Union Agreement signed on 4 June 2008 (entered into to implement law 247/2007, which established the obligation to offer people employed with fixed-term contracts for a total of 36 months as at 1 April 2009, followed by further fixed-terms contracts with the same employer after such date, a permanent employment contract).

The presidia of initiatives for the monitoring and control of accessory working activities and, more generally, of the variable retribution captions (overtime, bonuses, transfers), particularly in the case of Big Events was strengthened.

The detailed control of production expenses related to transfers of journalist areas was also extended.

Needs to save also regarded the use of fixed-term employees, the management of which as inspired by criteria of caution and rigour, implemented by substantially blocking fixed-term contracts for new employees and those to replace absent employees, using only staff already included in the catchment areas or on compulsory employment lists, for which specific selection procedures have been activated.

In the second part of the year, this setting was strengthened further by identifying specific contexts in which to implement immediate and decisive actions to contain expenses.

Looking at the activities in detail, a new initiative to incentivise resignations was launched during the year, in support of the industrial restructuring operations envisaged by the Company in the 2010-2012 Plan.

To this end, it has been necessary to redefine the pre-existing application parameters, taking into account the new pension "windows" and the rise in age and the number of years' employment needed to retire with a pension.

On the basis of the new conditions, 251 resignation agreements were signed during the year, with 218 members of staff having already left.

Consequently, from the numerical point of view, in December 2010, the Company workforce comprised 10,055 members of staff, against 9,953 at the beginning of the year, as a result of 405 resignations (258 of which were incentivised, including 40 which were lying over from the previous incentivised resignation initiative) and 507 new employees: 352 in application of trade union agreements; 77 in application of the resolution by the Board of Directors which established the incorporation of Rai Sat; 21 for mobility within the group; 25 arrivals finalised at the limited reformation of the workforce due to turnover or to satisfy new structural requirements; and lastly, 32 returns following legal disputes.

In terms of relations with the trade unions, for journalistic staff, on 13 January 2010 an agreement was signed for the renewal of the Rai/Usigrai Integrative Accord – valid from 1 January 2010 to 31 December 2013. A new contractual text was drawn up during the year, providing for the harmonisation, review and simplification of certain contractual clauses.

For staff employed with the Collective Agreement for middle management, white collars and blue collars, an agreement on results-related bonuses for 2009 was reached on 10 May 2010, in consideration of the fact that failure to reach the earnings targets was largely due to external factors – particularly to the drop in advertising revenues – not directly linked to the work of employees and taking into account the hard work of staff, which considerably limited losses during the year.

Within the scope of out-of-court labour disputes, various current or potential issues were settled, with 25 cases reconciled through the trade union. 65 individual cases of legal disputes were settled out-of-court, reaching agreements with the defending lawyers of the plaintiffs. 51 of these resulted in the assignment of stable employment contracts with the Company (in compliance with the agreements entered into between Rai and the Trade Unions in 2008 for staff who had been allowed to return temporarily to work).

As regards the general matter of the Organisation, the main interventions involved micro organisation aimed at finding mechanisms to ensure improved operation.

Layouts and consequent process adaptations deriving from the absorption of the associated companies RaiSat SpA, Rai Trade SpA and RaiNet SpA were then analysed and prepared.

In terms of training, the consolidated practice of holding qualified and specialised courses internally, including digital audio-video courses and courses on high definition, taught by staff from CRIT, or courses on state of the art equipment, such as digital

cameras and titlers, assigned to the technicians of the TV Production Department, continued.

The innovations included the workshop entitled 'New television with the advent of digital', the first edition of initiatives for training and refresher courses for the benefit of Rai executives, which provided an opportunity for comparison and analysis.

The consolidation of specialised internal skills enabled the complete use of the channels to seek funding for training from the interprofessional funds Fondimpresa and Fondirigenti.

As regards activities aimed at recouping tax evasion linked with the so-called special subscriptions, a project was drawn up for the recruitment and selection of Subscription Agents throughout the country, to support initiatives to collect revenues.

The Company Health Service fulfilled the obligations envisaged by Lgs. Decree 81/08 (5,500 monitoring visits, 730 preventive operations envisaged in defence of the health of staff working abroad – including staff working on the World Cup in South Africa – and health assistance plans for 31 big production events throughout the territory) and, in agreement with the pertinent Local Health Department, it launched integrated health protocols for former employees of the Rome offices who have been exposed to asbestos.

In terms of safety in the workplace, the progressive adoption of initiatives to strengthen culture and instruments for prevention has enabled Rai to reduce the number of accidents.

The activity to maintain and progressively extend the certified Rai

office, in accordance with OHSAS 18001 continued, within the scope of the Health and Safety Management System which, in 2010, led to the certification of 2 Regional Offices, Trento and Trieste, and of the TV Production Centre in Turin.

At the same time, certification was prepared for another regional office, Campobasso, to be completed in the first half of 2011.

Work continued on the coordination of the safety activities of the subsidiaries (Rai Cinema, Rai Trade, OI Distribution, NewCo Rai International and RaiNet) aimed at guaranteeing standardised assessments and actions for prevention and the protection of Rai Group employees.

As far as security is concerned, the upgrade of the Data Security Planning Document in compliance with the instructions dictated by the Privacy Protection Supervisor, extended, also in the form of collaboration, to all the companies of the Rai Group

Lastly, there was the organisation of the fourth edition of 'Bimbo Rai', the day on which the Company opens its doors to the children of employees, at all the offices throughout Italy.

Research and Development

The Technological Strategies Division worked on guaranteeing a single line of technological development in the Rai Group. Starting with the contributions to the preparation of the Industrial Plan, the action is implemented by checking the consistency of the technological decisions made by the various structures with the Parent Company's overall strategies and through the functional coordination of the various internal technical operating structures to identify and exploit every synergy within the Group.

The digital transformation

The extensive change in the television market, with the expansion and differentiation of the distribution platforms, and the renewal of the technical equipment on the professional and consumer markets, is founded on all areas of digital technology. The Public Service broadcaster's role, consolidated on the traditional platforms, must be extended to those of a more innovative and multimedia nature. With this in mind, a 'Digital Regulatory Plan' has been drawn up to guide the Rai Group in its future technological choices to adapt the entire production process to the requirements of flexibility and effectiveness to feed an efficient multi-platform offering.

The most recent activities focused on:

- standards for managing the metadata associated with the television product and for integration with the programming scheduling systems;
- use of IT networks and equipment, also for audio-video contribution services and IP-based solutions for national and international links.

Staff

	31.12.2010	31.12.2009		
	Rai	Rai	RaiSat	Rai+RaiSat
Executives & equivalent				
Executives	252	261	3	264
Journalists	347	328	-	328
Journalists	1,309	1,348	1	1,349
Middle management	1,119	1,131	14	1,145
White collars (including health staff)	2,475	2,476	59	2,535
Production staff	1,534	1,551	-	1,551
Cameramen	625	586	-	586
Directing staff	1,226	1,073	-	1,073
Technicians	134	130	-	130
Blue collars	916	944	-	944
Orchestra and artistic staff	118	125	-	125
Permanent Staff	10,055	9,953	77	10,030

Digital Terrestrial Television

Over 70% of the population has now switched permanently to DTT. The figures confirm an increase in the time spent watching TV, also sustained by the multiplication of the offering of new channels.

To make it easier to choose among the 13 + 1 HD channels proposed by Rai, an MHP application named 'telecomando' has been implemented to enable viewers to find their way around the Rai channels available and choose from the contents offered, thanks to integration with the EPG/Electronic Programme Guide. At international level the 'Report on Transaction from Analogue to Digital Broadcasting', which is proposed as an international guide for the conversion of transmission networks, was consolidated.

High Definition Television (HDTV) and 3DTV

HDTV services are becoming more and more widely available on the various platforms, mainly on satellite, and also on the terrestrial and cable networks. For HDTV to become an involving experience for users, it is necessary for the associated audio experience to be just as exciting.

The research and experimentation activity in the audio surround recording field using holophonic and ambisonic microphones is focused on very high quality audio, suited to the various types of programmes.

Within the scope of the HD Forum Italia, Rai has taken on responsibility for the technical work team to create a multi volume work (HD Book Collection) aimed at the HD audio-visual industry.

In 2010 stereoscopic vision (3D), which has acquired a leading role in cinemas in recent years, entered our homes too. In conjunction with the Production Centre in Turin, short 3D films were produced using stereoscopic technology. They included a view backstage at a performance of *Rigoletto* in Mantua, which showed the immense effort made by Rai in the production of the event, and the filming, at Milan's Piccolo Teatro, of *Arlecchino servitore di due padroni*, with Ferruccio Soleri, from which a short film lasting about 15 minutes was made. On this subject, the activities of the Research Centre regarded, among other things, the methods used to broadcast a 3D signal which can also be received (in 2D) by users without a 3D screen and without the need for a further transmission band. The proposal, made internationally with the support of other important terrestrial broadcasters, was approved by the DVB consortium.

Hyper Media News: the convergence between different types of journalistic content

A service destined to the production units of news and information programmes, capable of aggregating and automatically classifying journalistic contents from television and web sources, has been created thanks to a joint effort between the Research Centre and the Teche Management. Hyper Media News allows the automatic transcription of words, automatically splits the news into segments, analyses the written text at semantic level, integrate information generated by the automated filing of the Teche Rai with that found on the web and made available through online news sites. The system is based on semantic analysis techniques and permits searches by concept or affinity

with known contents, representing a significant step forward with respect to the current search techniques based on keywords. Hyper Media News has been awarded the Confindustria ICMT 2010 prize for innovation, presented by the President of the Republic, and the "Giovanni Giovannini" award of the FIEG.

Technical quality

The wide variety of services offered by Rai to users on the various distribution platforms requires sophisticated instruments to verify and improve technical quality, monitored in detail both during production and broadcasting, always in relation to better customer services.

Rai considers the commitment to technical quality to be one of the primary duties of the Public Service, as established by the Service Contract.

With this in mind a special system called 'EVALuator' has been created, obtaining certification of conformity to the system specifications envisaged for the monitoring of the broadcasting services supplied to the public.

A local, national and international network

European institutions, leading companies and Universities are the preferred partners of a network of initiatives, collaborations and projects of national and international breadth, through which Technological Strategies and the Centre for Research provide innovation within the Company.

Relationships have been developed with local, national and international interlocutors and agreements made with the worlds of industry, standards

boards and research, as well as with the academic world.

The aspects focused on were: mobile television (DVB-SH), Wi-Max, Open Internet TV and Web TV, infomobility, digital radio (DAB/DMB, DRM: Digital Radio Mondiale).

The strategic front of research

Rai's Centre for Research, Innovation and Technology (CRIT) is responsible for the on-site experimentation of new platforms and supports the Rai Group's engineering in the launch of new services, particularly for:

- High definition (HDTV) and 3D-TV, actively participating in the development of the DVB-T2 system, capable of disseminating up to 3-4 HDTV programmes encoded in MPEG-4 for every television frequency (multiplex), thus improving the performances of first generation DVB-T. The on-site tests of the new system continued with the validation of the transmission systems and receiving equipment. By proposal of CRIT and the BBC, the DVB consortium is completing the T2 system to supply mobile television and radio services.
- Mobile TV and Digital Radio, with experimental services in relation to infomobility for use in mobile television systems (DVB-SH) and those more specific, linked to the world of radiophony (with experiments in the Turin area) and collaborations with the FIAT Research Centre.
- Archives, cooperating with Rai Teche and ICT for a multimedia documentation system of the company archives and an automated digitalisation system of Betacam cassettes. The News sector in particular contributed to the Portal of the Production Units.
- TV 'on demand', cooperating with the Company Divisions and technical standardisation organisations.
- Basic research, on subjects such as super-high definition television, like '4K', second generation 3D-TV and the development of innovative and patented audio recording systems (holophonic and ambisonic), based on multi capsule microphones.
- Services for the disabled, to simplify access to information services.
- DTT, participating within the sphere of DGTVi/HDForum Italia in the definition of the specifications of the various types of receivers and relative names (SD, HD, Broadband) and supplying support for the validation and update via ether of the receiver SW on the market.

Intercompany transactions

In 2010, the Rai Group continued to function on the basis of a decentralised organisational model in which certain activities are carried out by companies specifically set up for the purpose.

Relations with subsidiaries and associated companies are all based on standard negotiations conducted with reference to current market values.

Certain services, such as accounting and administration, personnel, real estate, legal affairs, research and development, and the management of information systems, are centrally managed for some companies.

Rai also has a centralised treasury management relationship with its subsidiaries in order to ensure the coverage of financing needs and to optimise the investment of available liquidity.

Financial highlights of subsidiaries (millions of euros)

Company	Revenues		Gross operating margin		Operating result		Net result	
	2010	2009	2010	2009	2010	2009	2010	2009
Rai Cinema	399.3	376.3	338.3	319.1	90.1	67.4	58.7	40.9
01 Distribution	77.4	73.5	1.8	0.8	1.6	0.4	1.2	0.0
Rai Corporation (*)	17.8	19.2	0.4	1.3	(0.6)	0.0	(0.7)	(0.3)
Rai World (former NewCo Rai International)	5.2	5.2	0.4	0.4	(3.0)	(1.6)	(3.0)	(1.7)
RaiNet	14.7	15.8	2.0	2.6	1.7	1.8	1.5	1.6
Rai Trade	69.5	76.4	15.6	16.5	5.6	5.1	2.7	2.4
Rai Way	223.9	205.2	81.9	65.2	35.4	25.6	22.1	15.0
Sipra	1,039.4	998.2	16.8	7.4	7.5	2.8	4.2	1.5

(*) in millions of dollars

Equity highlights of subsidiaries (millions of euros)

Company	Shareholders' equity		Net financial position		Investments		Staff (b)	
	2010	2009	2010	2009	2010	2009	2010	2009
Rai Cinema	277.9	257.9	(104.8)	(167.9)	227.5	227.5	60	59
01 Distribution	1.8	0.7	2.7	(2.4)	-	-	28	28
Rai Corporation (a)	8.9	9.6	5.1	4.3	0.1	0.2	47	46
Rai World (former NewCo Rai International)	3.0	0.1	1.5	(3.5)	0.0	1.7	2	2
RaiNet	8.5	8.1	2.1	4.9	0.9	0.5	46	45
Rai Trade	18.6	18.2	0.5	5.5	10.2	11.3	85	90
Rai Way	125.6	117.7	(104.3)	(57.5)	90.5	76.8	644	653
Sipra	29.7	26.9	48.0	28.5	4.2	6.1	435	434

(a) in millions of dollars

(b) includes staff on permanent contracts, and staff on work training and apprenticeship contracts.

Transactions between Rai and Group companies (millions of euros)

	Miscellaneous trading relations				Financial relationships				Memorandum accounts		
	Receivables	Payables	Costs (a)	Revenues	Receivables	Payables	Expenses	Income	Guarantees	Commitments	Other
Rai Corporation	146	3,390	13,100	663	-	3,308	1	-	1,946	-	-
Sipra	318,432	3,892	299	947,458	2,164	50,056	113	1,412	71,968	-	2,164
Rai Way	15,332	72,814	185,266	16,658	104,758	500	-	15,435	2,600	-	-
Rai Trade	12,522	9,151	12,975	19,027	-	474	9	2,300	7,481	-	-
RaiNet	1,222	8,629	10,567	2,300	-	2,124	12	999	-	-	-
Rai World (former NewCo Rai International)	1,295	3,778	5,163	1,861	-	1,477	..	47	297	-	-
Rai Cinema	34,072	4,316	349,134	9,678	104,918	83	..	41,563	-	61,857	-
01 Distribution	455	11	-	31	-	2,654	11	25	-	-	-
San Marino RTV	53	3,100	21	197	-	1,560	2	-	-	-	516
Auditel	3	-	6,023	-	-	-	-	-	2,582	-	-
Audiradio	-	297	1,459	-	-	-	-	-	-	-	-
Secemie	-	-	1,860	-	-	-	-	41	-	-	-
Tivù	72	690	2,448	452	-	-	-	-	-	-	-
	383,604	110,068	588,315	998,325	211,840	62,236	148	61,822	86,874	61,857	2,680

(a) of which capitalised:

- Rai Cinema	418
- Rai Trade	241
- Rai Corporation	6

Significant post-period events

From 1 January 2011, the licence fee was set at 110.50 euros, rising 1.50 euros on the previous year's fee.

On 6 April 2011, at the Ministry of Economic Development, the new Service Agreement was entered into with Rai, and will expire at the end of 2012.

On 23 February 2011, the agreement for the merger of Rai Trade into Rai was signed, becoming effective for economic and tax purposes from 1 January 2011 and, in compliance with art. 2504 bis, paragraph 2 of the Italian Civil Code, from 1 March 2011.

On 21 March 2011, the agreement for the merger of 01 Distribution into Rai Cinema was signed, becoming effective for economic and tax purposes from 1 January 2011 and, in compliance with art. 2504 bis, paragraph 2 of the Italian Civil Code, from 1 April 2011.

Outlook

The recovery of the global economy is continuing, despite widespread uncertainty, with considerable differences from one geographic area to another. On average in 2010, the global product grew 5% with respect to the previous year's decline by almost one percentage point. However expansion is expected continue at the same rate as last year.

In the euro zone, the strongest impulse to growth is provided by the German economy, due to the important growth of exports and investments in machinery and equipment. As regards Italy, development rates are around 1%. The expansion of production is concentrated in exporting companies, particularly big companies, aimed at emerging economies, while domestic demand remains weak.

In this context, following a 2010 characterised, after the previous year's sharp decline, by a recovery in income from advertising, market estimates for 2011 are still rather cautious, assuming a slightly positive sign. However, considering the high level of uncertainty and volatility, forecasts could change.

2011 will be a crucial year for the switchover of the whole country to DTT and will be fundamental to strengthen the positioning of operators in a highly dynamic competitive context.

Consequently 2011 will be a particular important year for Rai.

The company has to reconcile two opposing needs: to speed up the structural recovery of the company's income statement, intervening first and foremost in terms of costs, also at structural level, while simultaneously opening a new phase focused on development, with an editorial and industrial rethink of the role of the Public Service in the new digital era.

The capacity for reinventing its role, warding off the risk of a decline due to a slow but progressive marginalisation, passes necessarily through the central positioning, as global free broadcaster, on the digital terrestrial platform.

The centre of the Rai project is the digital platform, with an investment focused on human resources, technological innovation and, obviously the product.

The importance of the commitment lies in a number: for the advancement of the project for the construction of the network alone, Rai will have to commit resources of almost 100 million euros in 2011.

The economic forecasts for 2011 show a substantial breakeven, due to the absence (this being an off year) of expenses for big sports events, and – above all – to the consolidation of management initiatives, also at structural level, which will be implemented and actuated during the year.

In consideration of the consolidated growth in public resources, in line with adaptation to inflation, and the critical structural situation which seems to characterise the advertising market, especially with regard to television, it is becoming increasingly important to tackle the subject of resources decisively with a view to regaining a structural balance and improve development opportunities.

This rebalance will have to rely on public resources, which are still insufficient to meet the costs sustained by Rai for the activities assigned to it by law and by the Service Agreement, which are expanded every time the agreement is renewed.

Once again in 2011, the per-unit licence fee has been increased in line with inflation. Consequently, in relation to the effects on the year in progress, positive results could derive only from a prompt review of the mechanisms to contrast evasion which, as we all know, are blatantly inadequate to cope with the phenomenon which is pathological.

Encouragement comes from the new Service Agreement for 2010 – 2012, signed on 6 April 2011 by the Ministry for Economic Development and Rai.

The Ministry has taken on the commitment for identifying, with the involvement of the competent administrations, the most effect methods for contrasting licence-fee evasion, proposing appropriate legislative initiatives and taking the necessary administrative measures.

Supplemental information

With regard to the technical requirements associated with the obligation of preparing consolidated financial statements, pursuant to Article 16, paragraph 4 of the Articles of Association, Rai may exercise the option envisaged under Article 2364 of the Civil Code, whereby the company may call an Ordinary Shareholders' Meeting to approve the financial statements within 180 days of the close of the financial year.

As regards the so-called 'administrative' responsibility introduced by Legislative Decree no. 231/2001, the Rai Group applies the Organisation, management and control model compliant with the aforementioned Legislative Decree, and the Oversight Committee, with independent powers of initiative and control is also operational, with the task of overseeing the implementation of the "model" and updating it.

The 'model' is undergoing adaptation in relation to the changes introduced by the legislator regarding "presumed" crimes, which have increased considerably in relation to initial expectations as time has gone by.

As regards privacy and data security, Rai has taken the following general measures:

- the adoption of a privacy-compliant model of organisation (in accordance with the Organisational Directive DG/0122 issued by the Director General on 2 December 2005);
- the review, as reported, of the Rai security policy document.

Finally, we report that the company holds no treasury stock, either directly or through trust companies or other third parties, and that the company did not purchase or sell such shares during the year.

Recommendation to Shareholders

The Board of Directors recommends:

- the approval of the draft statutory financial statements of Rai which consist of a Balance Sheet, Income Statement and Notes to the Financial Statements, which close with a loss of 128,467,320.38 euros, as well as the approval of the Report on Operations;
- the covering of the loss of 128,467,320.38 euros by the utilization of:
 - Other Reserves - Merger surplus for this amount.





Parent Company Financial Statements at 31 December 2010

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**Parent Company Balance Sheet
and Income Statement**
(Statutory form)

Balance Sheet - Assets (in euros)

	31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	220,800,982	234,439,822
4.- Concessions, licences, trademarks and similar rights	17,998,162	21,328,025
6.- Intangible assets under development and payments on account	202,091,282	194,908,720
7.- Other	10,490,564	11,743,494
TOTAL INTANGIBLE ASSETS	451,380,990	462,420,061
II. TANGIBLE ASSETS		
1.- Land and buildings	129,897,990	128,418,385
2.- Plant and machinery	108,079,744	110,469,954
3.- Industrial and sales equipment	5,144,534	5,605,923
4.- Other assets	28,561,209	30,492,849
5.- Tangible assets under construction and payments on account	50,031,153	58,867,144
TOTAL TANGIBLE ASSETS	321,714,630	333,854,255
III. NON-CURRENT FINANCIAL ASSETS		
1.- Equity investments in		
a) subsidiaries	304,851,398	304,046,141
b) associated companies	1,611,662	1,611,662
c) other companies	749,607	777,203
	307,212,667	306,435,006
2.- Receivables		
d) from others		
due within 1 year	202,804	181,710
due after 1 year	4,997,675	4,536,974
	5,200,479	4,718,684
3.- Other securities	3,749,842	3,762,582
TOTAL NON-CURRENT FINANCIAL ASSETS	316,162,988	314,916,272
TOTAL NON-CURRENT ASSETS	1,089,258,608	1,111,190,588

follows

Balance Sheet - Assets (in euros)

	31.12.2010	31.12.2009
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	646,288	404,456
4.- Finished goods and merchandise	279,963	221,329
TOTAL INVENTORIES	926,251	625,785
II. RECEIVABLES		
1.- customers	283,231,226	391,201,622
2.- subsidiaries	595,131,259	637,328,704
3.- associated companies	127,397	271,114
4.bis- tax receivables	54,968,196	53,250,519
4.ter- deferred tax assets		
due within 1 year	39,904,000	28,772,796
due after 1 year	1,364,000	1,240,000
5.- others		
due within 1 year	43,406,773	99,875,394
due after 1 year	20,093,166	12,240,374
TOTAL RECEIVABLES	1,038,226,017	1,224,180,523
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	1,841,691	19,502,713
2.- Cheques	27,452	8,637
3.- Cash and cash equivalents on hand	408,995	380,900
TOTAL CASH AND CASH EQUIVALENTS	2,278,138	19,892,250
TOTAL CURRENT ASSETS	1,041,430,406	1,244,698,558
D) ACCRUED INCOME AND PREPAID EXPENSES	41,139,560	37,629,792
TOTAL ASSETS	2,171,828,574	2,393,518,938

Balance Sheet - Liabilities (in euros)

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	242,518,100	242,518,100
IV. LEGAL RESERVE	6,977,058	6,977,058
VII. OTHER RESERVES	253,774,561	327,544,027
VIII. PROFITS (LOSSES) BROUGHT FORWARD	-	-
IX. PROFIT (LOSS) FOR THE YEAR	(128,467,320)	(79,929,950)
TOTAL SHAREHOLDERS' EQUITY	374,802,399	497,109,235
B) PROVISIONS FOR RISKS AND CHARGES		
1.- provision for pension and similar liabilities	150,502,166	152,614,315
2.- current and deferred taxes	9,889,261	12,564,493
3.- other provisions	227,357,247	232,404,662
TOTAL PROVISIONS FOR RISKS AND CHARGES	387,748,674	397,583,470
C) PROVISION FOR STAFF SEVERANCE PAY	305,141,618	322,350,989
D) PAYABLES		
4.- Due to banks	147,978,594	163,734,075
6.- Advances	746,602	990,033
7.- Suppliers	557,103,389	537,615,914
9.- Subsidiaries	166,656,837	203,306,981
10.- Associated companies	5,646,301	5,499,973
12.- Taxes payable	71,805,970	60,291,204
13.- Welfare and social security institutions	45,030,025	49,623,604
14.- Other payables	60,495,081	101,825,126
TOTAL PAYABLES	1,055,462,799	1,122,886,910
E) ACCRUED EXPENSES AND DEFERRED INCOME	48,673,084	53,588,334
TOTAL LIABILITIES	2,171,828,574	2,393,518,938

Memorandum Accounts (in euros)

	31.12.2010	31.12.2009
1.- Unsecured guarantees granted		
a) Sureties:		
- in favour of subsidiaries	82,346,106	87,696,405
- in favour of associated companies	2,582,285	2,582,285
- in favour of others	134,200	178,933
	<hr/> 85,062,591	<hr/> 90,457,623
c) Other:		
- in favour of subsidiaries	1,945,817	2,498,959
	<hr/> 1,945,817	<hr/> 2,498,959
Total unsecured guarantees granted	87,008,408	92,956,582
2.- Secured guarantees granted		
b) for own commitments other than payables	3,730,000	3,730,000
c) for debt recorded in the balance sheet	50,561,130	50,561,130
Total secured guarantees granted	54,291,130	54,291,130
3.- Purchase and sale commitments	112,357,454	80,299,110
4.- Others	283,535,614	388,867,555
	<hr/> 537,192,606	<hr/> 616,414,377

Income Statement (in euros)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,740,322,528	2,895,617,234
2.- Changes in inventories of work in progress, semifinished and finished	58,634	5,969
4.- Internal cost capitalisations	14,200,193	15,417,502
5.- Other production-related income		
a) operating grants	6,632,712	3,191,709
b) gains on disposal of assets	1,704,382	418,427
c) other	123,155,139	121,032,034
	<u>131,492,233</u>	<u>124,642,170</u>
TOTAL PRODUCTION VALUE	2,886,073,588	3,035,682,875
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(22,702,964)	(23,054,490)
7.- Services	(811,621,123)	(838,301,736)
8.- Use of third-party assets	(827,564,408)	(910,058,059)
9.- Personnel		
a) wages and salaries	(652,641,661)	(653,621,219)
b) social security contributions	(184,260,706)	(181,565,669)
c) staff severance pay provision	(47,391,288)	(44,192,509)
d) pension and similar costs	(12,771,510)	(13,258,170)
e) other costs	(13,980,139)	(10,910,530)
	<u>(911,045,304)</u>	<u>(903,548,097)</u>
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(278,044,896)	(280,915,749)
b) depreciation of tangible assets	(59,977,592)	(70,393,784)
c) other non-current asset writedowns	(34,695,039)	(25,374,919)
d) writedown of current receivables and cash and cash equivalents	(1,926,477)	(1,774,498)
	<u>(374,644,004)</u>	<u>(378,458,950)</u>
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	241,832	(92,638)
12.- Provisions for risks	(15,611,421)	(27,568,945)
13.- Other provisions	(515,350)	(1,740,188)
14.- Other operating costs		
a) capital losses on disposal of assets	(1,075,628)	(286,336)
b) concession fee	(28,206,290)	(29,519,606)
c) other	(53,621,337)	(67,239,767)
	<u>(82,903,255)</u>	<u>(97,045,709)</u>
TOTAL PRODUCTION COSTS	(3,046,365,997)	(3,179,868,812)
Operating result	(160,292,409)	(144,185,937)

follows

Income Statement (in euros)

	31.12.2010	31.12.2009
C) FINANCIAL INCOME AND EXPENSE		
15.- Income from equity investments		
a) dividends from subsidiaries	57,601,686	49,681,979
b) dividends from associated companies	41,453	80,696
d) other income from equity investments	4,764,211	-
	<u>62,407,350</u>	<u>49,762,675</u>
16.- Other financial income		
a) from non-current receivables		
. Other	11,292	21,932
	<u>11,292</u>	<u>21,932</u>
b) from non-current securities other than equity investments	73,201	83,233
d) financial income other than the above		
. interest and commissions from subsidiaries	4,179,022	5,025,233
. interest and commissions from associated companies	-	974
. interest and commissions from others and miscellaneous income	341,824	280,225
	<u>4,520,846</u>	<u>5,306,432</u>
	<u>4,605,339</u>	<u>5,411,597</u>
17.- Interest and other financial expenses		
a) interest and commissions payable to subsidiaries	(146,506)	(343,674)
b) interest and commissions payable to associated companies	(1,523)	(640)
d) interest and commissions payable to others and miscellaneous charges	(4,924,452)	(4,570,152)
	<u>(5,072,481)</u>	<u>(4,914,466)</u>
17 bis.- Foreign exchange gains and losses - net	2,401,420	805,853
TOTAL FINANCIAL INCOME AND EXPENSES	64,341,628	51,065,659
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) of equity investments	465,456	199,961
	<u>465,456</u>	<u>199,961</u>
19.- Writedowns		
a) of equity investments	(3,051,490)	(2,132,970)
b) of non-current financial assets other than equity investments	(10,472)	-
	<u>(3,061,962)</u>	<u>(2,132,970)</u>
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	(2,596,506)	(1,933,009)
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
b) out-of-period gains and reversal of non-existent liabilities	415,357	4,960,140
	<u>415,357</u>	<u>4,960,140</u>
21.- Exceptional expense		
b) prior years' taxes	(171,649)	-
c) other	(45,298,000)	(6,663,968)
	<u>(45,469,649)</u>	<u>(6,663,968)</u>
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(45,054,292)	(1,703,828)
Result before taxes	(143,601,579)	(96,757,115)
22.- Current income taxes for the year, and deferred tax assets and liabilities	15,134,259	16,827,165
23.- Profit (loss) for the year	(128,467,320)	(79,929,950)





**Notes to the Parent Company
financial statements**

1) Activity of the company

Rai-Radiotelevisione italiana SpA (hereinafter Rai) is exclusively assigned the public service broadcasting of radio and television programmes using any technical media.

Following authorisation by the Italian Ministry of Communications, the company may enlist the aid of subsidiaries for activities relating to the performance of the pertinent services.

Rai's operations must be conducted in compliance with the applicable regulations in force contained in Law 103 of 14 April 1975 ("New regulations governing radio and television broadcasting"), Law 223 of 6 August 1990 ("Regulation of the public and private radio and television system"), the "Measures governing the concession holder for the public radio and television broadcasting service" issued with Law 206 of 25 June 1993 and subsequent amendments, Law 249 of 31 July 1997 on the "Establishment of the Communications Authority and regulations governing telecommunications and the radio and television system" and Law 112 of 3 May 2004 ("Regulations establishing principles for the organization of the radio and television system and Rai-Radiotelevisione Italiana SpA, as well as granting authority to the Government to issue a consolidated radio and television law"). With Legislative Decree 177 of 31 July 2005 approval was given to the "Consolidated Law governing Radio and Television", which was amended and renamed "Consolidated Broadcasting Law" by Legislative Decree 44 of 15 March 2010, incorporating additional clauses, amendments and cancellations necessary for the co-ordination of the services or their proper implementation. The Consolidated Law also contains the provisions of Law 112/04, relating to the radio and television general public service and, consequently, articles 3 and 5 of Law 206/93 not repealed by Law 112/04.

The general public radio and television service concession is assigned to Rai until 6 May 2016, on the basis of the Consolidated Law governing Radio and Television, issued with article 49 of the Legislative Decree 177 of 31 July 2005.

Article 45 of the same Consolidated Law envisages that the general public radio and television service be provided by the concession holder on the basis of a National Service Agreement lasting three years, entered into with the Italian Ministry of Communications, identifying the rights and obligations of the concession holder.

The new service agreement for 2010-2012 was entered into between the Ministry of Economic Development and Rai on 6 April 2011.

The rationale underlying the above regulatory framework lies in the public interest functions entrusted to the concession holder. Under these regulations, Rai has special institutional characteristics and operating constraints, in addition to the specific obligations undertaken with the Service Contract.

2) Introduction

The Parent Company financial statements at 31 December 2010 are prepared in accordance with the relevant provisions of the Italian Civil Code. They are supplemented with annexes featuring the reclassified statements comprised of tables for the analysis of the balance sheet and income statement, and of cash flows.

The financial statements are expressed in euros, without decimals; the Notes to the financial statements and the related detailed Schedules are stated in thousands of euros.

With regard to the merger by incorporation of RaiSat SpA, which took place during the year, detailed Schedules 41 and 42 have been drawn up to disclose the information required by legislation for the first financial statements following the merger.

Rai's financial statements have been audited by PricewaterhouseCoopers SpA.

3) Accounting policies

Before examining the individual items, we have provided an overview of the main accounting policies used in drafting the financial statements, which were adopted from the perspective of the Company as a going concern and comply with the provisions of Articles 2423 et seq. of the Civil Code. Such policies are unchanged from those applied in the preceding year. There are no exceptional cases requiring derogation from the requirements under Article 2423-bis et seq. of the Civil Code.

a) Industrial patents and intellectual property rights:

The acquisition and production costs of programmes, composed of external costs that can be allocated directly to each project and the cost of internal resources used to create programmes, are recorded according to the following criteria:

- 1) costs for repeat-use television productions are capitalised under intangible assets and, if such productions are usable at year-end, are carried under industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such programmes are not yet usable at year-end, the costs are carried under intangible assets under development and payments on account.

The objective difficulty of establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of the rights, which is further complicated by the many ways in which they can be used, has prompted Rai to designate three years as the useful life of repeat-use programmes, represented by TV series, cartoons and comedies, and four years for that of library exploitation rights for football events.

Costs for concession rights with a shorter duration are amortised over the period they are available.

In addition, an impairment provision has been established for programmes for which transmission or re-broadcasting is at risk.

2) Costs for immediate-use television programmes are expensed in a single year, which is normally that in which they are used. More specifically:

- *News, light entertainment and all radio programming.* Costs are expensed in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
- *Sports events.* Costs are booked to the year in which the event takes place.
- *Documentaries, classical music and drama.* Costs are charged against income in a single amount at the time the programmes are ready for broadcasting or the rights are usable.

b) Software licences are carried with industrial patents and intellectual property rights net of amortisation and are amortized over three years from the year they enter service.

c) Costs incurred for the construction of the digital terrestrial network are capitalised under intangible assets net of amortisation and amortised on a straight-line basis over the forecast period of use from the date the service is activated.

d) Trademarks are amortized over ten years from the year they enter service.

e) Deferred charges are carried under other intangible assets net of accumulated amortisation. They regard improvements to leased or licensed property and accessory charges on loans. Amortisation for leasehold improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period of benefit of the costs, calculated using amortisation rates which reflect the rate of economic deterioration of the relative assets. Accessory charges on loans are amortised in relation to the duration of the loan.

f) Tangible fixed assets – which are shown net of accumulated depreciation – are recorded at cost, increased by internal personnel costs incurred in preparing them to enter service, and revaluations pursuant to laws. The costs of fixed assets as determined above are depreciated in accordance with Article 2426 (2) of the Civil Code. Ordinary maintenance costs are expensed in the year in which they are incurred.

- g) Equity investments are carried at purchase cost adjusted in the event of permanent impairment in value. The value of companies with negative shareholders' equity is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Adjustments for permanent impairment are reversed in the event that such impairment is subsequently recovered due to sufficient operating earnings by the investee company.
- h) Fixed-income securities carried as non-current financial assets are valued at purchase cost. Positive or negative differences between purchase cost and redemption value are taken to income in the amount accruing for the year.
- i) Non-current assets which, at the balance sheet date, have suffered a permanent impairment in value, are carried at the lower value. Should the reasons for the writedown made in previous years no longer apply, the assets are revalued within the limits of the amount of the writedown.
- j) Other securities carried under current financial assets are valued at the lower of purchase cost – determined as the weighted average cost – and estimated realisable value, which is given by market value.
- k) Inventories of raw materials, supplies and consumables (technical materials) are valued at purchase cost, which is determined on the basis of weighted average cost, written down taking account of market trends and estimated non-use due to obsolescence and slow turnover. Inventories of items for resale (relating to periodicals and book publishing) are carried at the lower of purchase cost, which is determined on the basis of weighted average cost, and estimated realisable value as determined by market prices.
- l) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis for the individual entries.
- m) Provisions for pension and similar liabilities, which comprise the provision for supplementary staff severance pay, the social security benefits provision and the company supplementary pension fund, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.
- n) The provision for taxes includes probable tax liabilities arising out of the settlement of tax disputes and includes deferred tax liabilities calculated on timing differences which have resulted in lower current taxes. Deferred tax assets arising from charges which are tax-deductible on a deferred basis and from tax losses are taken up under Current Assets caption 4 *ter* ("Deferred tax assets") if there is reasonable certainty that they will be recovered in the future.
- o) Other provisions for risks and charges include provisions to cover specific losses or liabilities, the existence of which is certain or probable, but the amount or date of occurrence of which is uncertain. They are set up on a case-by-case basis in relation to specific risk positions and their amount is determined on the basis of reasonable estimates of the liability that such positions could generate.
- p) The provision for staff severance pay is determined in compliance with applicable law and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date net of advances already paid.
- q) Payables are shown at nominal value; receivables are carried at estimated realisable value, net of bad debts provision as determined on the basis of a case-by-case assessment of the solvency risks of the individual debtors.
- r) Payables and receivables denominated in currencies other than the euro – with the exception of hedged positions, which are valued at the rate applying to the financial instrument – are recorded at the exchange rates applying at the balance sheet date. Profits and losses ensuing from such conversion are taken to the income statement as components of financial income or expense. Any net profit is taken to a specific non-distributable reserve until the profit is realised.
- s) Payments on account include advances paid by customers for services that have not yet been performed.
- t) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- u) Dividends are taken to income in the year in which they are received.

- v) Income taxes are recorded on the basis of an estimate of taxable income in conformity with applicable regulations, taking account of deferred tax positions. The tax liability to be settled on presentation of the tax declaration is carried under taxes payable, together with liabilities relating to taxes already assessed and due.
The Company has opted for the Group to be taxed on a consolidated basis and accordingly, as the consolidating entity, attends to all requirements connected with the settlement of IRES tax for all companies within the consolidated taxation arrangement.
The procedure for the consolidation of the Group's taxable amounts is regulated by a specific agreement between the Parent Company and the subsidiaries.
The fundamental standards that regulate this agreement are neutrality (absence of negative effects on the single companies), proportionality in the use of losses and their integral remuneration on the basis of the rate of IRES in force at the time of effective use, offsetting the incomes booked.
- w) In order to hedge interest rate and exchange rate risk, the Company uses derivative contracts to hedge net exposures arising from specific transactions. Interest differentials to be collected or paid on interest rate swaps are taken to the income statement on an accruals basis over the duration of the contract. Accrued interest differentials that have not been settled at the end of the year or which have been settled before they actually accrue are taken to accrued income and prepaid expenses, or accrued expenses and deferred income, as the case may be. Derivative contracts hedging exchange rate risks are used to cover contractual commitments in foreign currencies and entail adjusting the value of the underlying item. The premium or discount arising from the differential between the spot and future exchange rates for hedging transactions carried out via future acquisition of value and premiums paid in relation to options is taken to the income statement over the duration of the contract.
If the market value of derivatives contracts, which do not fully qualify for hedge accounting, is negative, a specific risk provision is set up for this value.
- x) Collections are recorded by bank transaction date; for payments account is likewise taken of the instruction date.

4) Parent Company balance sheet

Assets

Non-current assets

Intangible assets

This caption includes the cost of non-physical factors of production with lasting utility, net of amortisation and writedowns in the event of permanent impairment of value.

Intangible assets (thousands of euros)											Schedule 1		
31.12.2009 (a)				Changes during the year							31.12.2010		
	Costs	Amortis.	Book value	RaiSat Merger			Increases and capitalis.	Reclassif.	Writedowns, eliminations and disposals	Amortisation	Costs	Amortis.	Book value
				Costs	Amort.	Total							
Industrial patents and intellectual property rights:													
programmes (b)	556,736	(287,671)	269,065	24,203	(13,547)	10,656	152,341	121,280	-	(298,368)	854,560	(599,586)	254,974
provision for impairment of programmes being amortised	(75,336)	39,968	(35,368)	-	-	-	-	-	(28,986)	28,359	(104,322)	68,327	(35,995)
software licenses (c)	1,114	(371)	743	1,340	(1,340)	-	831	1,345	-	(1,097)	4,000	(2,178)	1,822
	482,514	(248,074)	234,440	25,543	(14,887)	10,656	153,172	122,625	(28,986)	(271,106)	754,238	(533,437)	220,801
Concessions, licences, trademarks and similar rights (d)	134	(109)	25	566	(552)	14	44	-	-	(25)	744	(686)	58
Digital terrestrial	40,537	(19,234)	21,303	-	-	-	-	-	-	(3,363)	40,537	(22,597)	17,940
	40,671	(19,343)	21,328	566	(552)	14	44	-	-	(3,388)	41,281	(23,283)	17,998
Intangible assets under development and payments on account:													
programmes (e)	190,809	-	190,809	1,468	-	1,468	132,444	(121,280)	(5,709)	-	197,732	-	197,732
software licenses	1,715	-	1,715	-	-	-	521	(1,345)	-	-	891	-	891
capitalisation of leasehold improvements	1,185	-	1,185	-	-	-	1,049	(610)	(6)	-	1,618	-	1,618
other rights	1,200	-	1,200	-	-	-	650	-	-	-	1,850	-	1,850
	194,909	-	194,909	1,468	-	1,468	134,664	(123,235)	(5,715)	-	202,091	-	202,091
Other													
long-term costs relating to third-party property (f)	46,639	(36,095)	10,544	29	(29)	-	1,615	608 (g)	(5) (i)	(2,944)	47,360	(37,542)	9,818
accessory charges on loans	1,529	(430)	1,099	-	-	-	81	-	-	(557)	1,610	(987)	623
other rights	250	(150)	100	-	-	-	-	-	-	(50)	250	(200)	50
	48,418	(36,675)	11,743	29	(29)	-	1,696	608	(5)	(3,551)	49,220	(38,729)	10,491
	766,512	(304,092)	462,420	27,606	(15,468)	12,138	289,576	(2) (f)	(34,706)	(278,045)	1,046,830	(595,449)	451,381
(a) Discloses only those values which at 31 December 2009 have not been fully amortised, apart from the depreciation fund for programmes under amortisation, disclosed net of the portion of use and of Other item, which includes long-term charges on third-party assets fully amortised with leasing agreement in progress (see point (d))													
(b) Book values:													
. not fully amortised	556,736	(287,671)	269,065								505,422	(250,448)	254,974
. fully amortised	301,903	(301,903)	-								349,138	(349,138)	-
	858,639	(589,574)	269,065								854,560	(599,586)	254,974
(c) Book values:													
. not fully amortised											3,290	(1,468)	1,822
. fully amortised											710	(710)	-
											4,000	(2,178)	1,822
(d) Book values:													
. not fully amortised											199	(141)	58
. fully amortised											545	(545)	-
											744	(686)	58
(e) Costs for rights to use intellectual property under production at 31 December 2009 and not yet transferred by the end of December 2010 to non-current assets under amortisation, refer to rights becoming valid after 31 December 2010 or still to be defined, as well as internal productions of programmes still to be completed on such date. In any case, these are costs referring to programmes which are expected to be used in the future.													
(f) Long-term charges on third-party property, with book values:													
. not fully amortised	41,134	(30,590)	10,544								46,350	(36,532)	9,818
. fully amortised - with contract in progress	5,505	(5,505)	-								986	(986)	-
	46,639	(36,095)	10,544								47,336	(37,518)	9,818
. fully amortised - with contract expired	137	(137)	-								24	(24)	-
	46,776	(36,232)	10,544								47,360	(37,542)	9,818
(g) Reclassification from non-current assets in progress and payments on account amounting to 610 thousand euros and non-current tangible assets for:													
				. Costs			(147)						
				. Amortisation			145						
							(2)						
(h) net eliminations for:													
				. Costs					(630)				
				. Amortisation					630				
									-				
(i) net eliminations for:													
				. Costs					(1,386)				
				. Amortisation					1,381				
									(5)				

Industrial patents and intellectual property rights. As indicated in Schedule 1, they amount to 220,801 thousand euros, as follows:

- 218,979 thousand euros for the cost of television programmes available for use, and compared with the figure as at 31 December 2009, shows a net decrease of 14,718 thousand euros. This decrease is represented by the balance between the increase determined by the merger by incorporation of RaiSat (10,656 thousand euros), new assets for 273,621 thousand euros (of which 121,280 thousand euros transferred from *non-current assets under development and payments on account* for rights that became available during the year), a writedown against the risk of non-transmission and/or repeatability of certain programmes amounting to 28,986 thousand euros and the amortisation charge for the year of 270,009 thousand euros;
- 1,822 thousand euros refers to software licences, which amounted to 743 thousand euros as at 31 December 2009. This value is represented by the balance between new assets for 2,176 thousand euros (of which 1,345 thousand euros transferred from *non-current assets under development and payments on account* for products that became available during the year) and the amortisation charge for the year of 1,097 thousand euros.

As regards television programmes available for use, the overall sum, gross of the writedown, is broken down between:

- rights to television programmes owned or held under unlimited-term licences amounting to 218,500 thousand euros (at 31 December 2009: 221,868 thousand euros);
- rights to television programmes owned or held under fixed-term licences amounting to 36,474 thousand euros (at 31 December 2009: 47,197 thousand euros).

Overall investments in television programmes made in 2010 amount to 284,785 thousand euros, including 132,444 thousand euros in programmes which are not yet available at 31 December 2010, which are carried under *non-current assets under development and payments on account*.

Analysing investments by type, at 31 December 2010, 235,852 thousand euros was invested in fiction programmes (series, miniseries, TV movies, soap operas etc), 11,774 thousand euros in documentaries, 17,444 thousand euros in cartoons and comedy programmes, 10,150 thousand euros in football libraries and 9,565 thousand euros in other categories.

Concessions, licences, trademarks and similar rights. The items, which is stated net of accumulated amortisation, includes costs incurred on the acquisition of licences for digital terrestrial frequencies, and own trademarks. They total 17,998 thousand euros, of which 17,940 thousand euros relating to digital network frequencies.

Non-current assets under development and payments on account. The item amounts to 202,091 thousand euros, including:

- 197,732 thousand euros for the cost of television programmes which are not yet available, and therefore not subject to amortisation, and compared with the figure as at 31 December 2009, showing a net increase of 6,923 thousand euros, as indicated in Schedule 1. Specifically, the aforementioned increase is represented by the balance between the increase determined by the merger by incorporation of RaiSat (1,468 thousand euros), increases for new assets (132,444 thousand euros) and decreases for items transferred to *Industrial patents and intellectual property rights* in that they relate to productions and/or purchases which became usable during the year (121,280 thousand euros) and eliminations for 5,709 thousand euros;
- 891 thousand euros refers to software licences and, compared with the figure as at 31 December 2009, shows a net reduction of 824 thousand euros. The aforementioned increase is equal to the balance between increases for new assets (521 thousand euros) and decreases for items transferred to *Industrial patents and intellectual property rights* in that they relate to products that became usable during the year (1,345 thousand euros);
- 1,850 thousand euros refers to the cost to purchase options on agreements for the commercial exploitation of products held in football libraries and, compared with the figure as at 31 December 2009, with a net increase of 650 thousand euros;
- 1,618 thousand euros refers to alterations and improvements underway on property under leasehold or concession and, compared with the figure as at 31 December 2009, shows a net increase of 433 thousand euros;

For television programmes that have not yet become available, the total of 197,732 thousand euros includes:

- 151,957 thousand euros for television programmes owned by the Company that were not ready at 31 December 2010 or for which usage rights began after 31 December 2010 (at 31 December 2009: 150,767 thousand euros);
- 45,775 thousand euros regarding third-party television programmes held on fixed-term licence beginning after 31 December 2010 (at 31 December 2009: 40,042 thousand euros).

Other intangible assets. The amount of 10,491 thousand euros includes:

- 9,818 thousand euros for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (at 31 December 2009: 10,544 thousand euros);
- 623 thousand euros for costs incurred during the year, net of accumulated amortisation, on stand-by loans with a duration of three years, to be broken down throughout the loan period (at 31 December 2009: 1,099 thousand euros);

- 50 thousand euros for the purchase of a right to the first negotiation and option on the broadcasting of football matches, net of amortisation calculated over the concession period (at 31 December 2009: 100 thousand euros).

Tangible assets

These comprise the costs and related revaluations of tangible fixed assets with a useful life of several years that are owned by the Company and used in operations. They are carried net of standard depreciation and writedowns for lasting value impairments if any.

The standard depreciation rates applied are listed below:

- Buildings and light structures
 - offices in industrial buildings 3%
 - other industrial buildings and roads 6%
 - light structures 10%
- Plant and machinery
 - general and radio technical plant 12.5%
 - transmission and television plant 19%
 - recording plant and fitted vehicles 25%
- Industrial and sales equipment 19%
- Other assets:
 - standard equipment 19%
 - office furniture and equipment 12%
 - electronic office equipment 20%
 - transport vehicles 20%
 - motor cars, motor vehicles and the like 25%

Tangible assets at 31 December 2010 amount to 321,715 thousand euros, showing an overall net decrease of 12,139 thousand euros on 31 December 2009, comprising the balance between increases of 48,981 thousand euros (106 thousand of which deriving from the merger of RaiSat) and decreases of 61,120 thousand euros, as detailed in Schedule 2.

Tangible assets and accumulated depreciation (thousands of euros)

Schedule 2

31.12.2009						Changes during the year						31.12.2010					
	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value	RaiSat Merger			Increases and capitalis.	Reclassif.	Net eliminations and transfers (a)	Reclassif.	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value
						Costs	Am-	Total mort.									
Land and buildings	441,289	605,742	(36,529)	(882,084)	128,418	-	-	-	9,461	3,559	(88)	(11,453)	452,504	605,101	(36,529)	(891,178)	129,898
Plant and machinery	1,214,201	23,886	-	(1,127,617)	110,470	423	(350)	73	22,861	15,140	(234)	(40,229)	1,219,892	13,685	-	(1,125,497)	108,080
Industrial and sales equipment	92,905	4,557	-	(91,856)	5,606	62	(51)	11	1,035	610	(4)	(2,114)	89,434	3,297	-	(87,586)	5,145
Other assets	141,564	2,854	-	(113,925)	30,493	310	(288)	22	2,775	1,611	(157)	(6,182)	101,071	1,014	-	(73,524)	28,561
Tangible assets under construction and payments on account	58,867	-	-	-	58,867	-	-	-	12,741	(20,918)	(659)	-	50,031	-	-	-	50,031
	1,948,826	637,039	(36,529)	(2,215,482)	333,854	795	(689)	106	48,873	2 (b)	(1,142)	(59,978)	1,912,932	623,097	(36,529)	(2,177,785)	321,715

(a) including:

. Costs - tangible assets	(85,709)
. Revaluations - tangible assets	(13,942)
. Depreciation - tangible assets	98,509
	(1,142)

(b) changes for reclassification under intangible assets under development

. Costs	147
. Depreciation	(145)
	2

It should be noted that new tangible assets recorded, which reflect investments made in the year, comprise 5,924 thousand euros for the capitalisation of the cost of internal personnel engaged in the construction of buildings, plant and machinery.

As regards disclosure of financial lease transactions it should be noted that since 2004 only the building located in Aosta was acquired under this type of contract, to serve as the regional headquarters for Valle d'Aosta. The statements required under article 2427 (22) of the Civil Code, referred to in Document 1 of the *Organismo Italiano di Contabilità* (Italian Accounting Board), showing the effects on the balance sheet and the income statement of the so-called financial method, are presented hereunder.

Balance sheet effect (thousands of euros)		Income statement effect (thousands of euros)	
a) Outstanding contracts:			
Assets held under financial leases at end of previous year	4,104	Instalment payments of financial leases charged against income	784
+ Assets acquired under financial leases during the year	-	Financial charges on financial lease transactions	(47)
- Assets under financial leases acquired through end-lease purchase option during the year	-	Depreciation charge on outstanding contracts	(359)
- Depreciation for the year	(359)	Value adjustments/re-adjustments to assets held under financial leases	-
+/- Value adjustments/re-adjustments	-		
Assets held under financial leases at the end of the year	3,745	Effect on result before taxes	378
		Tax effect	(123)
b) Assets acquired through end-lease purchase option	-	Effect on the result for the year of accounting for financial leases using the international accounting method	255
c) Liabilities:			
Implicit debt for financial leases at end of previous year	(2,729)		
+ Implicit debt arising during the year	-		
- Repayment of principal and exercise of purchase option during the year	737		
Implicit debt for financial leases at the end of the year	(1,992)		
d) Total gross effect at end of the year (a+b+c)	1,753		
e) TAX effect	(642)		
f) Effect on equity	1,111		

The gross value of revaluations recorded under *non-current tangible assets* is reported below, listed according to the applicable regulations:

- 45,153 thousand euros gross in implementation of Law 576 of 2 December 1975 and Law 72 of 19 March 1983, the purchase cost of which was 55,979 thousand euros. This comprises property acquired by 31 December 1946, the gross value of which, amounting to 430 thousand euros, includes revaluation pursuant to Law 74 of 11 February 1952;
- 57,010 thousand euros gross in implementation of Law 413 of 30 December 1991;
- 520,934 thousand euros gross in implementation of Decree Law 263 of 29 April 1994, the effects of which were ratified by Law 650 of 23 December 1996.

Non-current financial assets

These represent the cost of durable financial investments and related revaluations, net of any writedowns described in the comments on the individual items.

Equity investments: these amount to 307,213 thousand euros and include investments in shares or other forms of equity in companies, including consortiums. They are reported in the balance sheet under separate headings arranged by decreasing levels of ownership.

The components of the value of equity investments, their distribution among the individual investee companies and transactions during the period are detailed in Schedule 3. Schedule 4 shows the list of investments in subsidiaries and associated companies pursuant to article 2427, item 5, of the Civil Code.

Non-current financial assets - equity investments (thousands of euros)										Schedule 3		
	31.12.2009			Changes during the year						31.12.2010		
	Costs	Writedowns (a)	Book value	Acquisitions Subscriptions	Disposals	Reclassif.	Writedowns (-) Writebacks (+)	Mergers/ Incorporations	Loss coverage and share capital reconstitution	Costs	Writedowns (a)	Book value
Subsidiaries												
Rai World former NewCo Rai International SpA	1,299	(1,161)	138	3,998	-	-	(3,013) (c)	-	1,911 (b)	5,297	(2,263)	3,034
Rai Cinema SpA	200,098	-	200,098	-	-	-	-	-	-	200,098	-	200,098
Rai Corporation	8,713	(2,032)	6,681	-	-	-	(10)	-	-	8,713	(2,042)	6,671
RaiNet SpA	47,893	(39,835)	8,058	7	-	-	466	-	-	47,900	(39,369)	8,531
RaiSat SpA	2,451	-	2,451	3,060	-	-	-	(5,511)	-	-	-	-
Rai Trade SpA	5,165	-	5,165	-	-	-	-	-	-	5,165	-	5,165
Rai Way SpA	70,238	-	70,238	-	-	-	-	-	-	70,238	-	70,238
Sacis SpA in liquidation	103	-	103	-	(103)	-	-	-	-	-	-	-
Sipra SpA	11,114	-	11,114	-	-	-	-	-	-	11,114	-	11,114
	347,074	(43,028)	304,046	7,065	(103)	-	(2,557)	(5,511)	1,911	348,525	(43,674)	304,851
Associated companies												
Audiradio Srl	10	-	10	-	-	-	-	-	-	10	-	10
Auditel Srl	10	-	10	-	-	-	-	-	-	10	-	10
San Marino RTV SpA	258	-	258	-	-	-	-	-	-	258	-	258
Euronews	851	-	851	-	-	-	-	-	-	851	-	851
Tivù Srl	483	-	483	-	-	-	-	-	-	483	-	483
	1,612	-	1,612	-	-	-	-	-	-	1,612	-	1,612
Other companies												
Almaviva SpA	324	-	324	-	-	-	-	-	-	324	-	324
Banca di Credito Cooperativo di Roma	1	-	1	-	-	-	-	-	-	1	-	1
CFI	30	(30)	-	-	-	-	-	-	-	30	(30)	-
Consorzio Nettuno	21	(21)	-	-	-	-	-	-	-	21	(21)	-
Consorzio Valle D'Aosta Digitale	7	(7)	-	-	-	-	-	-	-	7	(7)	-
Int. Multimedia University Umbria SpA	52	(52)	-	-	-	-	-	-	-	52	(52)	-
Ist. Enciclopedia Treccani SpA	478	(26)	452	-	-	-	(27)	-	-	478	(53)	425
	913	(136)	777	-	-	-	(27)	-	-	913	(163)	750

(a) Net of capital reconstitutions

(b) including cost (1.911)
writedowns 1.911
balance -

Following the resolution dated 21/7/2010, the losses totalled as at 31/5/2010 were covered by zeroing and simultaneously replenishing the share capital for the amount of 1,300,000.00 euros.

(c) of which 750 thousand euros referring to 1/1-31/05/2010 and covered by resolution of the Shareholders' Meeting on 21/07/2010

List of equity investments in subsidiaries and associated companies (thousands of euros)

Schedule 4

Name	Headquarters	Share Capital	Investee Shareholders' Equity	Gain (loss)	Portion held (%)	Portion corresponding to investee Shareholders' Equity	Book value
Subsidiaries							
Rai World former NewCo Rai International SpA	Rome	1,300	3,036	(3,014)	99.954%	3,034	3,034
Rai Cinema SpA	Rome	200,000	277,869	58,745	99.997678%	277,863	200,098
Rai Corporation	New York (USA)	374 (1)	6,671 (2)	(524) (3)	100.000%	6,671	6,671
RaiNet SpA	Milan	5,160	8,531	1,464	100.000%	8,531	8,531
Rai Trade SpA	Rome	8,000	18,571	2,707	100.000%	18,571	5,165
Rai Way SpA	Rome	70,176	125,633	22,119	99.99926%	125,632	70,238
Sipra SpA	Turin	10,000	29,730	4,247	100.000%	29,730	11,114
							304,851
Associated companies							
Audiradio Srl	Milan	258	1,126 (4)	90 (4)	30.230%	340	10
Auditel Srl	Milan	300	1,263	7	33.000%	417	10
San Marino RTV SpA	S. Marino (RSM)	516	5,755	(51)	50.000%	2,878	258
Euronews	Ecully (F)	3,631	17,604	1,389	22.840%	4,021	851
Tivu Srl	Rome	1,002	2,197	1,033	48.160%	1,058	483
							1,612

(1) USD 500,000 at the exchange rate as at 31.12.2010 of 0.74839 euros

(2) USD 8,914,104 at the exchange rate as at 31.12.2010 of 0.74839 euros

(3) USD -699,527 at the exchange rate as at 31.12.2010 of 0.74839 euros

(4) resulting from the financial statements as at 31.12.2009

The following section discusses the more significant developments in investee companies and the consequent impact on the Rai financial statements:

Equity investments in subsidiaries

- Rai World SpA formerly NewCo Rai International SpA (99.954% Rai):** the share capital of 1,300 thousand euros is represented by 1,300,000 shares with a par value of 1 euro each. The extraordinary shareholders' meeting held on 22 July 2010 resolved the coverage of the losses totalled at 31 May 2010 amounting to 1,911,840.66 euros, with the zeroing of the share capital of 1,300,000 euros and payment by the shareholders, in proportion to the shares owned until then, of the additional sum of 611,840.66 euros. At the same time, the replenishment and increase of the capital to the amount of 1,300,000 euros was resolved, with the issue of 1,300,000 new shares with a par value of 1 euro each. Rai subscribed to these shares for a total of 1,299,402 euros, with the remaining 598 euros worth of shares going to Rai Trade. During the meeting held on 21 July 2010, Rai's Board of Directors resolved the performance of an intervention on the capital in favour of the company, amounting to 3,410,271.21 euros, of which 1,910,961.21 for the replenishment of the capital, as mentioned earlier, and 1,499,310 euros for future capital increase. This last payment was made on 15 September 2010, with Rai Trade also participating with the amount of 690 euros. During the meeting held on 22 December 2010, Rai's Board of Directors resolved a further payment for future capital increase, totalling 2,500,000 euros, to be made by both shareholders in their respective percentages, with said amount to be deposited on the corresponding current account, available from 22 December 2010. The company ended 2010 with a loss of 3,014 thousand euros, 750 thousand euros of which has already been covered. For the remainder, the value of the shareholding was written down accordingly.
- Rai Cinema SpA (99.997678% Rai):** the share capital of 200,000 thousand euros is represented by 38,759,690 shares with a par value of 5.16 euros each. During 2010, the company paid a dividend for 2009 of 38,760 thousand euros, which Rai recorded under Income from equity investments in the amount pertaining to it. 2010 ended with a net profit of 58,745 thousand euros.

- *Rai Corporation* (100% Rai): the share capital of 500,000 thousand US\$ is represented by 50,000 shares with a par value of 10 US\$ each. The holding is carried at a gross value of 8,713 thousand euros in that this includes the payment on account of share capital of US\$ 10,000,000 which was made during 2005. At 31 December 2010 the value of the holding, already written down at 31 December 2009 for 2,032 thousand euros, was further written down for 11 thousand euros to adjust it to the equity held in the company, at the exchange rate in force on 31 December 2010.
- *RaiNet SpA* (100% Rai): the share capital of 5,160 thousand euros is represented by 1,000,000 shares with a par value of 5.16 euros each. On 28 September 2010 Rai Trade sold its shares to Rai, which gained full control of the company. During the first half of 2010, the company paid a dividend for 2009 of 1,000 thousand euros, which Rai recorded under Income from equity investments in the amount pertaining to it, equal to 999 thousand euros. At 31 December 2010 the gross value of the holding amounting to 47,900 thousand euros, which had been written down at 31 December 2009 by 39,835 thousand euros, was revalued by 466 thousand euros in view of the profit earned by the company in 2010.
- *RaiSat SpA* (100% Rai): with an agreement entered into on 18 March 2010, Rai purchased from RCS MediaGroup SpA the entire shareholding, increasing its share by 5%. Furthermore, on 29 April 2010, Rai Trade sold its shares to Rai, which gained full control of the company in view of the merger by incorporation resolved by the respective boards. With the deed of merger dated 23 September 2010, the resolution of the Board of Directors of Rai, passed in the meeting held on 7 July 2010, and the resolution of the Extraordinary Shareholders' Meeting of RaiSat SpA, passed on 9 July 2010, were implemented, proceeding with the merger of the two companies by incorporation of RaiSat SpA into Rai-Radiotelevisione Italiana SpA on the basis of the respective financial statements as at 31 December 2009, effective in economic and fiscal terms from 1 January 2010.
- *Rai Trade SpA* (100% Rai): the share capital of 8,000 thousand euros is represented by 100,000 shares with a par value of 80 euros each. The company ended 2010 with a profit of 2,707 thousand euros. During 2010 it paid a dividend of 2,300 thousand euros on the result for 2009, which was taken to Income from equity investments.
- *Rai Way SpA* (99.99926% Rai): the share capital of 70,176 thousand euros is represented by 13,600,000 shares with a par value of 5.16 euros each. The company ended 2010 with a profit of 22,119 thousand euros. During 2010, the company paid a dividend for 2009 of 14,144 thousand euros, which Rai recorded under Income from equity investments in the amount pertaining to it.
- *Sacis SpA* in liquidation (100% Rai): the company, which has been in liquidation since 23 January 1998, has completed its winding up and, on 22 November 2010, the Shareholders' Meeting approved the Final financial statements for liquidation purposes and the Distribution Plan, resolving cancellation of the Company from the Register of Companies. The write-off of the shareholding against the company's equity resulted in a capital gain taken to Income from equity investments for the amount of 4,764 thousand euros.
- *Sipra SpA* (100% Rai): the share capital of 10,000 thousand euros is represented by 100,000 shares with a par value of 100 euros each. The company ended 2010 with a profit of 4,247 thousand euros. During 2010 it paid a dividend of 1,400 thousand euros on the result for 2009, which was taken to Income from equity investments.

Equity investments in associated companies

- *Audiradio Srl* (30.23% Rai): the company's last approved financial statements date back to 31 December 2009. On said date, the share capital amounted to 258 thousand euros and consisted of 258,000 quotas with a par value of 1 euro each. In January 2011, Rai sold part of the quotas held. Consequently, the share owned fell from 30.23% to 27%, in compliance with the resolution passed by Rai's Board of Directors on 17 November 2010.
- *Auditel Srl* (33% Rai): the company ended 2010 with a profit of 7 thousand euros. The quota capital of 300 thousand euros is represented by 300,000 quotas with a par value of 1 euro each.
- *San Marino Rtv SpA* (50% Rai): this company was established in 1991 by Rai and E.R.A.S. - Ente di Radiodiffusione Sammarinese with an equal holding in the company. It was set up pursuant to Law 99 of 9 April 1990 ratifying the collaboration treaty between the Republic of Italy and the Republic of San Marino concerning radio and television. It closed 2010 with a loss of 51 thousand euros. The share capital of 516 thousand euros is represented by 1,000 shares with a par value of 516.46 euros each.

- *Euronews - Société Anonyme* (22.84% Rai) : The share capital of 3,631 thousand euros is represented by 242,039 shares with a par value of 15 euros each. The company ended 2010 with a profit of 1,389 thousand euros. During the same period it paid a dividend of 182 thousand euros relating to the 2009 result, of which 41 thousand euros pertained to Rai, which was taken to Income from equity investments.
- *Tivù S.r.l.* (48.16% Rai): the company ended 2010 with a profit of 1,033 thousand euros. On 23 April 2010, the entry of new quotaholders through an increase in capital was resolved. The quota capital of 1,001 thousand euros was subscribed by Rai and by R.T.I. – Reti Televisive Italiane S.p.a. – with equal holdings of 48.16%, by TI Media – Telecom Italia Media S.p.a. – with a share of 3.5% and by two associations - FRT and Aeranti Corallo – each with a 0.09% share.

Equity investments in other companies

- *Almaviva – The Italian Innovation Company SpA* (1.201% Rai): the value of the holding is unchanged from 2009, amounting to 324 thousand euros. The share capital is represented by 107,567,301 ordinary shares with a par value of 1.00 euro each.
- *Banca di Credito Cooperativo di Roma S.c.p.a.* (variable capital company; insignificant percentage held by Rai): carried at a value of 1 thousand euros, equivalent to that paid on 16 January 2009 for the purchase of 100 shares.
- *C.F.I – Consorzio per la Formazione Internazionale* (consortium for international education): the investment, which was carried at the value of the share in the consortium paid in upon joining, 30 thousand euros, has been fully written off since, under the bylaws of the consortium, withdrawal does not entitle members to reimbursement of their contribution.
- *Consorzio Nettuno – Consorzio per la realizzazione di università a distanza* (consortium for the distance learning university): the investment of 21 thousand euros has been fully written off since, under the bylaws of the consortium, withdrawal does not entitle members to reimbursement of their contribution.
- *Consorzio Valle d'Aosta Digitale in liquidazione* – Consortium for the switchover from analogue to DTT in the Valle d'Aosta region. The company, was put into liquidation by deed on 23 December 2010. The investment of 7 thousand euros has been fully written off since, under the bylaws of the consortium, withdrawal does not entitle members to reimbursement of their contribution.
- *International Multimedia University Umbria SpA* (1.533% Rai): the investment has been fully written off since there is no longer any certainty that the amounts paid in can be recovered.
- *Istituto Enciclopedia Treccani SpA* (0.83% Rai): the investment, carried at a gross value of 478 thousand euros, already written down at 31 December 2009 by 26 thousand euros, was adjusted again by 27 thousand euros to adapt the value of the investment to the company's equity. The share capital is represented by 750,000 shares with a par value of 51.65 euros each.

Receivables: these are booked, as highlighted in Schedule 5, for the amount of 5,200 thousand euros (at 31 December 2009: 4,719 thousand euros). They consist of 3,000 thousand euros of payments on account for mandates to sell rights for the production and distribution of initiatives regarding archive materials of football clubs, 1,766 thousand euros for cautionary deposits and 434 thousand euros for loans to employees. Schedule 9 details their distribution by maturity and Schedule 10 by geographic area.

Non-current financial assets - Receivables (thousands of euros)

Schedule 5

	31.12.2009			Changes during the year					31.12.2010		
	Nominal value	Bad-debts provisions	Book value	RaiSat Merger	Disbursements	Reclassif.	Refunds	Writedowns (-) Value readjustments (+)	Nominal value	Bad-debts provisions	Book value
Due from others:											
- employees	658	(179)	479	-	58	-	(103)	-	613	(179)	434
- guarantee deposits	1,540	-	1,540	1	264	-	(39)	-	1,766	-	1,766
- Ponteco	249	(249)	-	-	-	-	-	-	249	(249)	-
- advance payment of tax on severance pay - L. 140/97	-	-	-	10	-	-	-	(10)	-	-	-
- prepayments for football library marketing	2,700	-	2,700	-	300	-	-	-	3,000	-	3,000
	5,147	(428)	4,719	11	622	-	(142)	(10)	5,628	(428)	5,200

Other securities: these are carried at 3,750 thousand euros and relate entirely to securities pledged as collateral; details thereof are given in Schedule 6.

Non-current financial assets - Other securities (thousands of euros)

Schedule 6

	31.12.2009				Changes during the year				31.12.2010			
	Cost	Revaluations (a)	Writedowns (a)	Book value	Acquisitions	Redemptions Disposals	Revaluations (a)	Writedowns (-) Writebacks (+) (a)	Cost	Revaluations (a)	Writedowns (a)	Book value
Fixed-income securities:												
- B.T.P.	2,322	-	(3)	2,319	-	-	-	(12)	2,322	-	(15)	2,307
- C.C.T.	1,501	4	(61)	1,444	-	-	-	(1)	1,501	4	(62)	1,443
	3,823	4	(64)	3,763	-	-	-	(13)	3,823	4	(77)	3,750
(a) issue and trading discounts		4	(64)					(13)		4	(77)	

Current assets**Inventories**

Inventories amount to 926 thousand euros net of the inventory provision (at 31 December 2009: 626 thousand euros). As shown in Schedule 7, they comprise:

- *Raw materials, supplies and consumables:* these amount to 646 thousand euros net of the write-down provision for 14,348 thousand euros. They consist entirely of supplies and spare parts for maintenance and the operation of equipment, considered as consumables since they are not directly incorporated into products.
- *Finished goods and merchandise:* these consist entirely of inventories associated with the publishing business of books and periodicals, amounting to 280 thousand euros net of a writedown of 751 thousand euros to bring them into line with their estimated realisable value.

Inventories (thousands of euros)

Schedule 7

	31.12.2009	Changes during the year		31.12.2010
		Increases (+) Decreases (-)	Balance of provisions made (-) and released (+)	
Raw materials, supplies and consumables	15,790	(796)	-	14,994
Provision for inventory writedown	(15,385)	-	1,037	(14,348)
	405	(796)	1,037	646
Finished products	221	59	-	280
Total	626	(737)	1,037	926

Receivables

Receivables total 1,038,226 thousand euros, showing a decrease of 185,955 thousand euros on 31 December 2009, as can be seen in Schedule 8, which gives a breakdown of receivables, components of value and the contribution deriving from the merger with RaiSat SpA, and in Schedules 9 and 11 which show their distribution by maturity, type and by currency. Their distribution by geographic area is shown in Schedule 10.

Current assets - Receivables (thousands of euros)							Schedule 8
	31.12.2009	Changes during the year					31.12.2010
		RaiSat Merger		Rai + RaiSat	Balance of entries	Releases/ utilisations	Allocation to provisions (-)
		RaiSat	Elimination	01.01.2010	(+) repayments (-)		
Customers							
. government and other public entities for public broadcasting services	184,207	-	-	184,207	(100,446)	-	83,761
. net receivables for licence fees	23,825	-	-	23,825	10,412	-	34,237
. other receivables	198,614	7,824	-	206,438	(24,462)	-	181,976
<i>less</i>							
. bad debts provision	(15,444)	(437)	-	(15,881)	-	152	(16,743)
	391,202	7,387	-	398,589	(114,496)	152	283,231
Subsidiaries							
. 01 Distribution Srl	3,007	-	-	3,007	(2,552)	-	455
. Rai Corporation	161	-	-	161	(15)	-	146
. Rai Trade SpA	11,503	-	-	11,503	1,019	-	12,522
. RaiSat SpA	28,848	-	(28,848)	-	-	-	-
. Sipra SpA	326,742	-	-	326,742	(6,146)	-	320,596
. Rai Way SpA	69,018	-	-	69,018	50,887	-	119,905
. RaiNet SpA	1,043	-	-	1,043	179	-	1,222
. Rai Cinema SpA	192,872	-	-	192,872	(53,882)	-	138,990
. Sacis SpA in liquidation	4	-	-	4	(4)	-	-
. Rai World SpA (formerly NewCo Rai International)	4,131	-	-	4,131	(2,836)	-	1,295
	637,329	-	(28,848)	608,481	(13,350)	-	595,131
Associated companies							
. Tivù Srl	72	-	-	72	-	-	72
. San Marino RTV	105	-	-	105	(52)	-	53
. Auditel Srl	4	-	-	4	(1)	-	3
. Audiradio Srl	90	-	-	90	(90)	-	-
	271	-	-	271	(143)	-	128
Holding companies	-	35,185	(35,185)	-	-	-	-
Tax receivables	53,251	101	-	53,352	1,616	-	54,968
Deferred tax assets	30,013	-	-	30,013	11,255	-	41,268
Others							
. future sports events	87,607	-	-	87,607	(51,842)	-	35,765
. payments on account to social security and welfare	8,909	-	-	8,909	1,922	-	10,831
. payments on account to suppliers, collaborators, agents	5,823	11	-	5,834	2,001	-	7,835
. personnel	6,500	7	-	6,507	(434)	-	6,073
. other	4,485	98	(15)	4,568	400	-	4,968
<i>less</i>							
. bad debts provision	(1,209)	-	-	(1,209)	-	149	(1,972)
	112,115	116	(15)	112,216	(47,953)	149	63,500
Total	1,224,181	42,789	(64,048)	1,202,922	(163,071)	301	1,038,226

**Receivables, accrued income and prepaid expenses,
distributed by maturity and type** (thousands of euros)

Schedule 9

	31.12.2010				31.12.2009			
	within 1 year	from 2 to 5 years	over 5 years	Book value	within 1 year	from 2 to 5 years	over 5 years	Book value
NON-CURRENT FINANCIAL RECEIVABLES								
others	203	3,948	1,049	5,200	182	3,582	955	4,719
	203	3,948	1,049	5,200	182	3,582	955	4,719
CURRENT RECEIVABLES								
Financial receivables								
subsidiaries	211,840	-	-	211,840	245,804	-	-	245,804
associated companies	-	-	-	-	-	-	-	-
	211,840	-	-	211,840	245,804	-	-	245,804
Trade and other receivables								
customers	283,231	-	-	283,231	391,202	-	-	391,202
subsidiaries	383,291	-	-	383,291	391,525	-	-	391,525
associated companies	128	-	-	128	271	-	-	271
tax receivables	54,968	-	-	54,968	53,251	-	-	53,251
deferred tax assets	39,904	1,364	-	41,268	28,773	1,240	-	30,013
other:								
- future sports events	15,672	20,093	-	35,765	75,367	12,240	-	87,607
- other	27,735	-	-	27,735	24,508	-	-	24,508
	804,929	21,457	-	826,386	964,897	13,480	-	978,377
TOTAL CURRENT RECEIVABLES	1,016,769	21,457	-	1,038,226	1,210,701	13,480	-	1,224,181
Accrued income	58	-	-	58	86	-	-	86
Prepaid expenses	41,082	-	-	41,082	37,543	-	-	37,543
Total	1,058,112	25,405	1,049	1,084,566	1,248,512	17,062	955	1,266,529

Receivables - Distribution by geographical area (thousands of euros)

Schedule 10

	31.12.2010				31.12.2009			
	Italy	Other EU countries	Other countries	Book value	Italy	Other EU countries	Other countries	Book value
Non-current financial receivables								
other	5,102	85	13	5,200	4,621	85	13	4,719
	5,102	85	13	5,200	4,621	85	13	4,719
Current receivables								
customers	277,254	5,416	561	283,231	386,758	4,100	344	391,202
subsidiaries	594,985	-	146	595,131	637,168	-	161	637,329
associated companies	75	-	53	128	166	-	105	271
tax receivables	54,968	-	-	54,968	53,251	-	-	53,251
deferred tax assets	41,268	-	-	41,268	30,013	-	-	30,013
other:								
- for future sports events	18,420	10,614	6,731	35,765	58,996	8,355	20,256	87,607
- other	24,577	3,158	-	27,735	23,133	454	921	24,508
Total	1,011,547	19,188	7,491	1,038,226	1,189,485	12,909	21,787	1,224,181

**Receivables, cash and equivalents and accrued income
in foreign currency or exposed to exchange rate risk** (thousands of euros)

Schedule 11

	31.12.2010				31.12.2009			
	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value
Non-current financial receivables								
other	5,622	6	(428)	5,200	5,141	6	(428)	4,719
	5,622	6	(428)	5,200	5,141	6	(428)	4,719
Current receivables								
customers	299,275	699	(16,743)	283,231	406,221	425	(15,444)	391,202
subsidiaries	594,985	146	-	595,131	637,168	161	-	637,329
associated companies	128	-	-	128	271	-	-	271
tax receivables	54,968	-	-	54,968	53,251	-	-	53,251
deferred tax assets	41,268	-	-	41,268	30,013	-	-	30,013
other:								
- for future sports events	18,088	17,677		35,765	73,106	14,501	-	87,607
- other	29,549	158	(1,972)	27,735	25,572	145	(1,209)	24,508
	1,038,261	18,680	(18,715)	1,038,226	1,225,602	15,232	(16,653)	1,224,181
Cash and cash equivalents								
Bank and post office deposit	616	1,226	-	1,842	18,314	1,189	-	19,503
Cheques	27	-	-	27	8	-	-	8
Cash and cash equivalents on hand	409	-	-	409	381	-	-	381
	1,052	1,226	-	2,278	18,703	1,189	-	19,892
Accrued income	58	-	-	58	86	-	-	86
Total	1,044,993	19,912	(19,143)	1,045,762	1,249,532	16,427	(17,081)	1,248,878

Receivables from customers: these relate to trade receivables, excluding those from subsidiaries and associated companies, which are carried under separate headings. They total 283,231 thousand euros, with a nominal value of 299,974 thousand euros which has been written down by 16,743 thousand euros to bring them to their estimated realisable value. Compared with 31 December 2009, they show a decrease of 107,971 thousand euros.

Details of the caption are divided into:

- *receivables for public broadcasting services to central government and other public entities:* as shown in the following table, these amount to a nominal 83,761 thousand euros, down 100,446 thousand euros on 31 December 2009, equivalent to the balance between the increase in invoices issued and for amounts accrued for 2010 less collections.

(thousands of euros)		
	2010	2009
Prime Minister's Office:		
- Operating grant to be transferred to San Marino RTV	3,099	4,648
- Radio, television and multimedia offering for the foreign market	24,039	98,654
- Broadcasting from Trieste in Slovenian	19,603	12,984
- Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	1,934	3,985
- Radio and television broadcasts in German for the Province of Bolzano and radio broadcasts in Ladin for the Val Badia, Val Gardena and Val di Fassa	14,797	30,194
- Extension of the RaiUno signal to Tunisia and subsequent maintenance	519	2,169
Total Prime Minister's Office	63,991	152,634
Ministries:		
- Economy and Finance: management of television licence fee collection	11,215	23,483
Regions:		
- Autonomous Region of Valle d'Aosta: management of equipment for reception of programmes from the French-speaking area	8,555	8,090
	83,761	184,207

The following should be noted in connection with the above receivables:

- Prime Minister's Office: receivables for television, radio and multimedia broadcasts abroad in Slovenian, French, German and Ladin relate to services rendered in 2010;
 - Ministry for the Economy and Finance: in relation to the management of television licence fee collection, the receivable refers only to 2010;
 - Autonomous Region of Valle d'Aosta: the receivable of 8,555 thousand euros relates to the reimbursement of costs incurred for the operation of equipment for the reception of French-language programmes for the years from 1994 to 2010.
- *Net receivables for licence fees*: these amount to 34,237 thousand euros, up 10,412 thousand euros on 31 December 2009, representing licence fees not yet transferred to Rai. Activities are underway to recover such receivables. They consist in asking the Ministry of the Economy and Finance to increase the specific provision of the expense section during the settlement of the Government Financial Statements for 2011, in order to allow recovery, with liquidation of the fourth instalment of transfer of the fees, envisaged to take place in December 2011.
 - *Other receivables*: these amount to nominal value 181,976 thousand euros, down 16,638 thousand euros on 31 December 2009. They relate to the sale of rights, technical assistance to third parties etc..

Receivables from subsidiaries: these amount to 595,131 thousand euros (at 31 December 2009: 637,329 thousand euros). They represent the year-end balance of transactions with subsidiaries, as shown in Schedule 8. They include financial receivables of 211,840 thousand euros (245,804 thousand euros at 31 December 2009) and non-financial receivables of 383,291 thousand euros (391,525 thousand euros at 31 December 2009).

Receivables from associated companies: these amount to 128 thousand euros (at 31 December 2009: 271 thousand euros) and represent the balance of non-financial transactions with Tivù (72 thousand euros), San Marino Rtv (53 thousand euros) and Auditel (3 thousand euros).

Tax receivables: these are carried at nominal value of 54,968 thousand euros (53,251 thousand euros at 31 December 2009). They comprise 46,144 thousand euros for the balance of Group VAT credits, 6,560 thousand euros for tax refunds requested (including credit for IRES following the introduction of law which made the IRAP paid during previous tax years partly deductible), credit for IRAP for the year of 2,141 thousand euros and the remainder relating to minor items.

Deferred tax assets: these total 41,268 thousand euros and represent the credit deriving from items subject to deferred deductibility for tax purposes, as explained more fully in the section dealing with *income taxes*, for 41,143 thousand euros, in addition to which there are items transferred from Group companies participating in the consolidated taxation arrangement.

Details of deferred tax assets, regarding movements in 2010, are provided in the following table:

Deferred tax assets (thousands of euros)					
	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.566% (average)	Total
Situation at 31 December 2009:					
- Tax loss	98,000	26,950	==	==	26,950
- Estimated recovery of taxed provisions	0	0	66,220	3,024	3,024
Total	98,000	26,950	66,220	3,024	29,974
- Deferred tax assets coming from Group companies	==	39	==	==	39
Deferred tax assets at start of year	98,000	26,989	66,220	3,024	30,013
Movements in the year:					
- Alignment of prior year tax loss	(247)	(68)	==	==	(68)
- Tax loss for the year	137,000	37,675	==	==	37,675
- Estimated recovery of taxed provisions	0	0	9,729	444	444
Changes having effect on income	136,753	37,607	9,729	444	38,051
Compensation of taxable amounts by effect of the consolidated taxation arrangement	(97,753)	(26,796)	0	0	(26,796)
Total changes in the year	39,000	10,811	9,729	444	11,255
Situation at 31 December 2010:					
- Tax loss	137,000	37,675	==	==	37,675
- Estimated recovery of taxed provisions	0	0	75,949	3,468	3,468
Total	137,000	37,675	75,949	3,468	41,143
- Deferred tax assets coming from Group companies	==	125	==	==	125
Deferred tax assets at end of year	137,000	37,800	75,949	3,468	41,268

Receivables from others: these amount to 63,500 thousand euros (at 31 December 2009: 112,115 thousand euros). Net of writedowns of 1,972 thousand euros, they reflect the value of other types of receivable as described below:

- *advances to suppliers* on sports events filming rights, carried at nominal value of 35,765 thousand euros;
- *advances to Social Security institutions* on contributions payable for artistic activities and advances on the severance pay, carried at nominal value of 10,831 thousand euros;
- *miscellaneous advances to suppliers* carried at nominal value of 7,835 thousand euros;
- *receivables from personnel* carried at nominal 6,073 thousand euros. They are entirely composed of advances of various types, mainly for travel expenses (2,371 thousand euros) and production expenses (1,396 thousand euros);
- *receivables from the European Union for subsidies and grants* for nominal 422 thousand euros, consisting entirely of receivables for research projects;
- *receivables from others*, carried at nominal value of 4,546 thousand euros.

Cash and cash equivalents

These are listed in Schedule 12 and comprise:

- Bank and post office deposits: these amount to 1,842 thousand euros (at 31 December 2009: 19,502 thousand euros). They represent sight or short-term balances on deposit or current account with banks, financial institutions and the Post Office.
- Cheques: these amount to 27 thousand euros (at 31 December 2009: 9 thousand euros).
- Cash and cash equivalents on hand: these amount to 409 thousand euros (at 31 December 2009: 381 thousand euros) and include liquid funds in the form of cash and equivalent instruments (duty stamps, cashier's cheques or bank-guaranteed cheques etc.) held by the Company at 31 December 2010.

Schedule 11 gives a breakdown of the caption in euros and other currencies and Schedule 24 shows amounts at banks and the Post Office held with Group companies and restricted by attachments.

Cash and cash equivalents (thousands of euros)						Schedule 12
		Change during the year				
	31.12.2009	RaiSat merger RaiSat	Elimination	Rai + RaiSat 01.01.2010	Balance of movements	31.12.2010
Bank and post office deposits	19,502	-	-	19,502	(17,660)	1,842
Cheques	9	-	-	9	18	27
Cash and cash equivalents on hand	381	1	-	382	27	409
Total	19,892	1	-	19,893	(17,615)	2,278

Accrued income and prepaid expenses

Accrued income and prepaid expenses total 41,140 thousand euros. They are detailed in Schedule 13.

Accrued income and prepaid expenses (thousands of euros)					Schedule 13	
Changes during the year						
	31.12.2009	RaiSat merger		Rai + RaiSat	Balance of	31.12.2010
		RaiSat	Elimination	01.01.2010	movements	
Prepaid expenses:						
. sports event filming rights	28,731	-	-	28,731	5,274	34,005
. hire costs	2,897	-	-	2,897	(190)	2,707
. software licenses	2,077	-	-	2,077	43	2,120
. programme production exclusives	1,075	-	-	1,075	(300)	775
. various production services	681	1	-	682	18	700
. premiums payable on currency hedges	621	-	-	621	(359)	262
. Rai Way service costs	202	-	-	202	(17)	185
. rent	35	112	-	147	(40)	107
. commissions on guarantee policies	46	-	-	46	17	63
. EDP	81	-	-	81	(31)	50
. maintenance and repairs	89	-	-	89	(44)	45
. insurance and accident prevention	857	-	-	857	(828)	29
. telephone bills	1	-	-	1	-	1
. documentation and information services	29	-	-	29	(29)	-
. services for third-party assets	21	-	-	21	(21)	-
. other	101	89	-	190	(157)	33
	37,544	202	-	37,746	3,336	41,082
Accrued income:						
. premiums earned on foreign currency hedges	85	-	-	85	(27)	58
. interest income on securities deposited for cautionary purposes	1	-	-	1	(1)	-
	86	-	-	86	(28)	58
Total	37,630	202	-	37,832	3,308	41,140

Liabilities

Shareholders' equity

Shareholders' equity totals 374,802 thousand euros.

The components of Shareholders' equity and the effects of operations carried out in 2010 and the previous year are shown in Schedule 14.

Schedule 15 presents the classification of the Shareholders' equity items on the basis of their origin, possibility of use and distribution, as well as their use during the previous three years.

The notes indicated hereunder provide further details on the contents of the individual items.

Shareholders' equity (thousands of euros)

Schedule 14

	31.12.2008	Changes during the year			31.12.2009	Changes during the year			31.12.2010
		Rai Click Merger	Loss coverage for the year	Loss for the year		Rai Click Merger	Loss coverage for the year	Loss for the year	
Share capital (a)	242,518	-	-	-	242,518	-	-	-	242,518
Legal reserve	6,977	-	-	-	6,977	-	-	-	6,977
Other reserves:									
. reserve for taxed capital grants	1,262	-	(1,262)	-	-	-	-	-	-
. merger surplus	341,144	249	(13,849)	-	327,544	6,160	(79,930)	-	253,774
. other reserves	16,039	-	(16,039)	-	-	-	-	-	-
Profits brought forward	5,860	-	(5,860)	-	-	-	-	-	-
Profit/(Loss) for the year	(37,010)	-	37,010	(79,930)	(79,930)	-	79,930	(128,467)	(128,467)
	576,790	249	-	(79,930)	497,109	6,160	-	(128,467)	374,802
(a) no. ordinary shares	242,518,100				242,518,100				242,518,100
per-unit value	1 Euro				1 Euro				1 Euro

Availability of Shareholders' equity (thousands of euros)

Schedule 15

Nature - Description	Amount	Possibility for utilisation	Portion available	Utilisations in the previous 3 years	
				to cover losses	other
Share Capital	242,518	-	-		
Legal reserve	6,977	2	6,977		
Other reserves:					
- taxed provision of contributions to capital	-	-	-	1,262	-
- merger surplus	253,774	1-2-3	253,774	93,779	-
- other reserves	-	-	-	16,039	-
Profits brought forward	-	-	-	10,731	-
Total available			260,751	121,811	-
Non-distributable share:					
Legal reserve			(6,977)		
Loss for the year			(128,467)		
Total distributable			125,307		

Key:

1: for capital increase – 2: for coverage of losses – 3: for distribution to Shareholders

Share Capital

At 31 December 2010 the share capital was represented by 242,518,100 ordinary shares with a par value 1 euro each, owned by the Ministry of the Economy and Finance (241,447,000 shares, equal to 99.5583% of the share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of share capital).

Legal Reserve

The legal reserve amounts to 6,977 thousand euros.

Other reserves

Other reserves total 253,774 thousand euros which refer entirely to the merger surplus. The merger by incorporation of RaiSat determined the booking of a merger surplus of 6,160 thousand euros, broken down as follows:

thousands of euros	
RaiSat Shareholders' equity at 31 December 2009	11,931
– dividends distributed in 2010	(260)
– RaiSat shares purchased in 2010	(3,060)
– book value of RaiSat in Rai at 31 December 2009	(2,451)
<u>Merger surplus</u>	<u>6,160</u>

Loss for the year

This amounts to 128,467,320.38 euros.

Provisions for risks and charges

These amount to 387,749 thousand euros, down 9,834 thousand euros net on 31 December 2009. The composition of these items and details of the decrease are shown in Schedule 16. The notes which follow provide additional information on the individual provisions.

Provisions for risks and charges (thousands of euros)

Schedule 16

	31.12.2009	RaiSat Merger	Provisions made	Direct utilisations	Transferred to income statement	Reclassifications	31.12.2010
Provision for pension and similar liabilities:							
- supplementary seniority benefits	1,907	7	91 (a)	(482)	(173) (h)	-	1,350
- supplementary company pension fund	283	-	7 (a)	(3)	-	(1)	286
- retirement benefits	150,424	-	9,895 (b)	(11,453)	-	-	148,866
	152,614	7	9,993	(11,938)	(173)	(1)	150,502
Provision for taxes	12,564	8	-	(2,683)	-	-	9,889
Other:							
- litigation	98,000	284	17,996 (c)	(13,280)	-	-	103,000
- doubtful receivables from concession holders Sipra and Rai Trade for Rai share	25,400	-	1,643 (e)	(5,043)	-	-	22,000
- renovation and restructuring of properties	22,628	-	-	(981)	-	-	21,647
- staff resignation incentives	-	-	17,792 (g)	-	-	-	17,792
- litigation with social security institutions	22,000	-	-	(4,915)	(85) (h)	-	17,000
- accrued costs	16,601	-	7,472 (i)	(15,496)	(685) (h)	(277)	7,615
- lease disputes	5,480	-	- (e)	(162)	(2,035) (h)	-	3,283
- disputes with controlling bodies	10,000	-	-	(476)	(6,524) (h)	-	3,000
- risks of non-usability of non-current assets (*)	5,100	-	-	-	(2,700) (h)	-	2,400
- miscellaneous:							
. for liabilities	17,002	-	1,266 (d)	(685)	(1,493) (h)	-	16,090
. for risks	10,194	1,573	5,187 (f)	(742)	(2,681) (h)	-	13,531
	232,405	1,857	51,356	(41,780)	(16,203)	(277)	227,358
Total	397,583	1,872	61,349	(56,401)	(16,376)	(278)	387,749
(*) including:							
- programmes under development	611						
- technical	1,789						
(a) contra-account:	item B 9 d) pension and similar liabilities			(e) contra-account:	item B 12 provisions for risks		
(b) contra-accounts:	item B 9 d) pension and similar liabilities	200		(f) contra-accounts:	item B 12 provisions for risks	5,176	
	item B 14 c) other operating costs	9,695			item C 17 d) interest and various financial charges	11	
(c) contra-accounts:	item B 9 e) other personnel costs	9,204		(g) contra-account:	item E 21 c) other exceptional expense		
	item B 12 provisions for risks	8,792		(h) contra-account:	item A 5 c) other production-related income		
(d) contra-accounts:	item B 13 other provisions	515		(i) contra-accounts:	item B 9 a) wages and salaries	5,952	
	item B 9 a) wages and salaries	751			item B 9 b) welfare and social security charges	1,520	

Provision for pension and similar liabilities: this amounts to 150,502 thousand euros and comprises the supplementary seniority benefits provision, the retirement benefits provision and the company supplementary pension fund.

- The *provision for supplementary seniority benefits* amounts to 1,350 thousand euros (at 31 December 2009: 1,907 thousand euros). It represents the liability in respect of indemnities in lieu of notice towards employees hired before 1978 who have reached the compulsory retirement age. The amount is revalued each year for consumer price inflation. In the event of early termination of employment, or changes in category, the amounts accrued are released.
- The *provision for retirement benefits* amounts to 286 thousand euros (at 31 December 2009: 283 thousand euros), includes amounts accrued until 31 December 1988 and supplementary amounts allocated in subsequent periods in order to protect the real value of the provision for eligible employees in accordance with the terms of the national collective labour agreement.

Since 1 January 1989 retirement benefits paid by Rai and withholdings from employees have been paid into CRAIPI (supplementary retirement fund for Rai employees) and FIPDRAI (supplementary retirement fund for Rai managers), associations which are responsible for managing retirement funds under the agreements entered into between Rai and the trade unions. Upon retirement, the funds accumulated by Rai, CRAIPI and FIPDRAI are paid out unless employees opt, at the time they obtain the pension rights, to obtain equivalent life annuities. In this case, the Rai, FIPDRAI and CRAIPI funds remain with the associations to finance the said life annuities.

- The provision for supplementary seniority benefits amounts to 148,866 thousand euros (at 31 December 2009: 150,424 thousand euros). It includes:
 - 139,638 thousand euros for supplementary pension benefits currently being paid (at 31 December 2009: 141,396 thousand euros) consisting of funds accrued for employees who have opted for the supplementary pension plan under the trade union agreements, which are kept at an adequate level to ensure said benefits, with respect to actuarial reserves;
 - 9,228 thousand euros (at 31 December 2009: 9,028 thousand euros) for supplementary pensions that will be paid to eligible managerial staff still in service in the event that some of these opt for the supplementary pension plan. Benefits are calculated on the basis of pay earned, seniority and financial and demographic parameters normally used in similar cases.

The provision for **current and deferred taxes** amounts to 9,889 thousand euros (at 31 December 2009: 12,564 thousand euros). The following table shows a breakdown of the item and changes during 2010.

Fondo imposte differite (thousands of euros)

	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.566% (average)	Total
Situation at 31 December 2009:					
- Tax assessment 1975					297
- Tax charge for long-term loan	359	99	==	==	99
- Neutralisation of foreign exchange valuations	0	0	==	==	0
- Higher tax depreciation on programmes	0	0	45,681	2,086	2,086
- Accelerated depreciation for tax purposes tangible non-current assets	31,819	8,750	29,168	1,332	10,082
- RaiSat merger contribution - credit impairment	30	8	==	==	8
Deferred tax reserve at beginning of year	32,208	8,857	74,849	3,418	12,572
Movements in the year					
- Tax assessment 1975					0
- Tax charge for long-term loan	(166)	(46)	==	==	(46)
- Neutralisation of foreign exchange valuations	573	158	==	==	158
- Higher tax depreciation on programmes	0	0	(11,421)	(522)	(522)
- Accelerated depreciation for tax purposes tangible non-current assets	(7,025)	(1,932)	(7,292)	(333)	(2,265)
- RaiSat merger contribution - credit impairment	(30)	(8)	==	==	(8)
Total changes in the year	(6,648)	(1,828)	(18,713)	(855)	(2,683)
Situation at 31 December 2010:					
- Tax assessment 1975					297
- Tax charge for long-term loan	193	53	==	==	53
- Neutralisation of foreign exchange valuations	573	158	==	==	158
- Higher tax depreciation on programmes	0	0	34,260	1,564	1,564
- Accelerated depreciation for tax purposes tangible non-current assets	24,794	6,818	21,876	999	7,817
- RaiSat merger contribution - credit impairment	0	0	==	==	0
Deferred tax reserve at end of year	25,560	7,029	56,136	2,563	9,889

Other provisions: these amount to 227,358 thousand euros (at 31 December 2009: 232,405 thousand euros). They include provisions for costs or losses the existence of which is certain but the amount of which cannot be exactly determined, or which are probable and the amount of which can be reasonably estimated. The main items are detailed in Schedule 16. As regards pending litigation with employees and third parties, the amount carried in the *provisions for liabilities and risks* is the best estimate of the likely liability based on the most up-to-date information available.

Provision for staff severance pay

The provision totals 305,142 thousand euros (at 31 December 2009: 322,351 thousand euros). The provision for staff severance pay is determined at individual level in accordance with the provisions of art. 2120 of the Italian Civil Code, complemented by the Finance Law 2007 (Law 296 of 27 December 2006), which established the entry into force of the new legislation on pension funds (Legislative Decree 252 of 5 December 2005) as 1 January 2007.

By effect of this legislation, provisions for staff severance pay converge into pension funds other than those inside the company, unless employees ask to maintain the severance pay within the company: In this case, the provisions are paid into a reserve managed by the INPS, which will transfer to the company all the benefits disbursed by the latter in the event of payment of advances or termination of the employment contract, as envisaged by Article 2120 of the Civil Code.

The composition of the provision and changes during the year are shown in Schedule 17.

Provision for staff severance pay (thousands of euros)							Schedule 17
Changes during the year							
31.12.2009	RaiSat Merger	Provisions	Severance pay disbursed	Staff transfers	Transfer to INPS supplementary retirement funds	Other movements	31.12.2010
322,351	826	47,391	(26,377)	155	(38,356)	(848)	305,142

Payables

These amount to 1,055,463 thousand euros, down 67,424 thousand euros on 31 December 2009.

More specifically, financial debt to banks totals 147,979 thousand euros, with a net decrease of 15,755 thousand euros on the figure disclosed in the 2009 financial statements. No payables covered by collateral in the form of company assets are recorded.

A breakdown of the caption and the contribution deriving from the merger with RaiSat is given in Schedule 18, while Schedules 19 and 20 show the composition of payables by maturity, type and currency.

With regard to geographic distribution, about 86% relates to Italian residents and about 12% relates to non-EU residents.

Payables (thousands of euros)

Schedule 18

		Changes during the year				
	31.12.2009	RaiSat RaiSat	Merger Elimination	Rai + RaiSat 01.01.2010	Balance of new positions (+) and repayments (-)	31.12.2010
Due to banks	163,734	-	-	163,734	(15,755)	147,979
Advances	990	-	-	990	(243)	747
Suppliers	537,616	9,770	-	547,386	9,717	557,103
Subsidiaries (a)	203,307	-	(35,185)	168,122	(1,465)	166,657
Associated companies (b)	5,500	-	-	5,500	146	5,646
Holding companies	-	28,863	(28,863)	-	-	-
Taxes payable	60,291	368	-	60,659	11,147	71,806
Welfare and social security institutions	49,624	575	-	50,199	(5,169)	45,030
Other payables	101,825	1,041	-	102,866	(42,371)	60,495
	1,122,887	40,617	(64,048)	1,099,456	(43,993)	1,055,463
(a) including:						
- 01 Distribution	345	-	-	345	2,319	2,664
- Rai World (already NewCo Rai International)	2,873	-	-	2,873	2,382	5,255
- Rai Cinema	22,512	-	-	22,512	(18,113)	4,399
- Rai Corporation	6,170	-	-	6,170	528	6,698
- Rai Trade	16,658	-	-	16,658	(7,033)	9,625
- Rai Way	66,545	-	-	66,545	6,770	73,315
- RaiNet	11,358	-	-	11,358	(605)	10,753
- RaiSat	35,185	-	(35,185)	-	-	-
- Sacis in liquidation	5,050	-	-	5,050	(5,050)	-
- Sipra	36,611	-	-	36,611	17,337	53,948
	203,307	-	(35,185)	168,122	(1,465)	166,657
(b) including:						
- Audiradio	-	-	-	-	296	296
- San Marino RTV	4,810	-	-	4,810	(150)	4,660
- Tivù	690	-	-	690	-	690
	5,500	-	-	5,500	146	5,646

**Payables, and accrued expenses and deferred income,
by maturity and type** (thousands of euros)

Schedule 19

	31.12.2010				31.12.2009			
	Amounts due				Amounts due			
	within 1 year	within 2 to 5 years	after 5 years	Book value	within 1 year	within 2 to 5 years	after 5 years	Book value
Medium/long-term financial debt	-	-	-	-	-	-	-	-
Short-term financial debt:								
Due to banks	147,979	-	-	147,979	163,734	-	-	163,734
Suppliers	123	-	-	123	123	-	-	123
Subsidiaries	60,676	-	-	60,676	49,184	-	-	49,184
Associated companies	1,560	-	-	1,560	146	-	-	146
	210,338	-	-	210,338	213,187	-	-	213,187
Trade and other payables:								
Advances	747	-	-	747	990	-	-	990
Suppliers	556,980	-	-	556,980	537,493	-	-	537,493
Subsidiaries	105,981	-	-	105,981	154,123	-	-	154,123
Associated companies	4,086	-	-	4,086	5,354	-	-	5,354
Taxes payable	71,806	-	-	71,806	60,291	-	-	60,291
Welfare and social security institutions	45,030	-	-	45,030	49,624	-	-	49,624
Other payables	60,495	-	-	60,495	101,825	-	-	101,825
	845,125	-	-	845,125	909,700	-	-	909,700
Total payables	1,055,463	-	-	1,055,463	1,122,887	-	-	1,122,887
Accrued expenses	91	-	-	91	206	-	-	206
Deferred income	48,582	-	-	48,582	53,382	-	-	53,382
Total	1,104,136	-	-	1,104,136	1,176,475	-	-	1,176,475

**Payables and accrued expenses in foreign currency
or exposed to exchange rate** (thousands of euros)

Schedule 20

	31.12.2010			31.12.2009		
	In euros	In foreign currency or exposed to exchange rate risk	Book value	In euros	In foreign currency or exposed to exchange rate risk	Book value
Payables						
Due to banks	147,958	21	147,979	163,734	-	163,734
Suppliers	542,161	14,942	557,103	526,045	11,571	537,616
Subsidiaries	159,959	6,698	166,657	197,137	6,170	203,307
Associated companies	5,646	-	5,646	5,500	-	5,500
Taxes payable	71,806	-	71,806	60,291	-	60,291
Welfare and social security institutions	45,030	-	45,030	49,624	-	49,624
Other payables	60,486	9	60,495	101,820	5	101,825
Total payables (a)	1,033,046	21,670	1,054,716	1,104,151	17,746	1,121,897
Accrued expenses	91	-	91	206	-	206
Total	1,033,137	21,670	1,054,807	1,104,357	17,746	1,122,103

(a) This does not include Payments on account.

The notes indicated hereunder provide further details on the contents of the individual items.

Due to banks: these amount to 147,979 thousand euros (at 31 December 2009: 163,734 thousand euros), representing the negative balance of current account overdrafts with certain banks.

Advances: these amount to 747 thousand euros (at 31 December 2009: 990 thousand euros) relating entirely to miscellaneous advances.

Due to suppliers amounts to 557,103 thousand euros (at 31 December 2009: 537,616 thousand euros) and shows an increase of 19,487 thousand euros with respect to the figure disclosed for the previous year. They consist of 123 thousand euros in financial debts (unchanged from 31 December 2009) and 556,980 thousand euros in commercial debts (31 December 2009: 537,493 thousand euros).

Accounts payable to subsidiaries amount to 166,657 thousand euros (at 31 December 2009: 203,307 thousand euros), as detailed in Schedule 18. They include financial debt for 60,676 thousand euros (at 31 December 2009: 49,184 thousand euros) and non-financial payables of 105,981 thousand euros (at 31 December 2009: 154,123 thousand euros).

Accounts payable to associated companies amount to 5,646 thousand euros (at 31 December 2009: 5,500 thousand euros), as detailed in Schedule 18. They include financial debt for 1,560 thousand euros (at 31 December 2009: 146 thousand euros) and non-financial payables of 4,086 thousand euros (at 31 December 2009: 5,354 thousand euros).

Taxes payable: these amount to 71,806 thousand euros (at 31 December 2009: 60,291 thousand euros) and show an increase of 11,515 thousand euros with respect to the figure disclosed for the previous year. They consist of:

(thousands of euros)		
	2010	2009
- IRES under taxation arrangements on consolidated basis	38,070	23,489
- Tax withholdings on earnings of employees and free-lance workers to be paid over	30,745	31,063
- Deferred VAT	2,478	4,786
- Other withholdings and "substitute" taxes	513	953
Total	71,806	60,291

As regards debt in relation to IRES, as reported in the accounting policies, the company has opted for group taxation, transferring to itself, as the consolidating entity, the activities inherent in the liquidation and payment of the tax with regard to the following companies: 01 Distribution, Rai World (formerly NewCo Rai International), Rai Cinema, Rai Way, RaiNet, Sipra and Rai Trade, within the consolidated taxation arrangement. For 01 Distribution, Rai World (formerly NewCo Rai International), Rai Cinema, Rai Way and RaiNet the entitlement to make use of the consolidation tax arrangement has been renewed until financial year 2012; for Sipra, for which the last financial year available for use of this arrangement is 2010, the option will be renewed until 2013 within the terms envisaged.

Welfare and social security institutions: these payables amount to 45,030 thousand euros (at 31 December 2009: 49,624 thousand euros). They reflect contributions due on remuneration paid to employees and consultants, to be paid over to the institutions at the scheduled dates. They consist of:

(thousands of euros)		
	2010	2009
- INPGI	16,305	14,649
- ENPALS	14,170	16,501
- Contributions on assessed remuneration	6,963	10,732
- INPS	5,810	5,584
- Other	1,782	2,158
Total	45,030	49,624

Other payables: these amount to 60,495 thousand euros (at 31 December 2009: 101,825 thousand euros), and show a net decrease of 41,330 thousand euros on the previous year, as follows:

(thousands of euros)		
	2010	2009
- Employees for assessed remuneration	40,506	56,106
- FCPGI	9,896	9,682
- Other for assessed pertinent remuneration	5,550	16,012
- FIPDRAI	5	1,170
- CRAIPI	-	9,983
- Other	4,538	8,872
Total	60,495	101,825

Accrued expenses and deferred income

This caption totals 48,673 thousand euros. Details and a comparison with the previous year are provided in Schedule 21.

Accrued expenses and deferred income (thousands of euros)			Schedule 21
	Changes during the year		
	31.12.2009	Balance of movements	31.12.2010
Deferred income:			
. contribution for switchover to digital terrestrial broadcasting	49,319	(2,561)	46,758
. repayment of programme production costs	2,591	(1,975)	616
. transmission and related rights on own productions	693	(158)	535
. special subscriptions	327	52	379
. sponsorship of minor FIFA events	221	(13)	208
. teletext	114	(38)	76
. real estate investments	52	(51)	1
. Other	65	(56)	9
	53,382	(4,800)	48,582
Accrued expenses:			
. interest on short-term loans	75	(34)	41
. premiums payable on currency hedges	35	(5)	30
. commitment fees on credit lines	96	(76)	20
	206	(115)	91
Total	53,588	(4,915)	48,673

The caption contains the entire amount contributed of 46,758 thousand euros, net of the amount already booked to the income statement, disbursed by the Ministry for Communications in support of initiatives to accelerate the switch-over to the digital terrestrial platform, consisting of operations on systems and adaptation of the site infrastructures to extend areas covered by the digital signal and improve reception and the quality of service perceived by the user.

The task of making the necessary investments is entrusted to the subsidiary Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution is disclosed in the income statement of each year in relation to amortisation booked by the subsidiary, taking into account the relationship between the amount of contributions collected and the total investments envisaged for the accomplishment of related projects.

5) Memorandum accounts

Memorandum accounts amount to 537,193 thousand euros. A breakdown by type is provided in the table attached to the Parent Company balance sheet and they are analysed in detail in Schedules 22, 23 and 24.

Unsecured guarantees granted (thousands of euros)		Schedule 22
	31.12.2010	31.12.2009
Unsecured guarantees granted for sureties:		
In favour of subsidiaries		
- for Group VAT	77,826	83,176
- other	4,520	4,520
	82,346	87,696
In favour of associated companies	2,582	2,582
In favour of others	134	179
	85,062	90,457
Unsecured guarantees granted - others		
In favour of subsidiaries	1,946	2,499
	1,946	2,499
Total	87,008	92,956

Secured guarantees granted (thousands of euros)		follows Schedule 22
	31.12.2010	31.12.2009
Secured guarantees on behalf of others	-	-
Secured guarantees granted for own commitments other than payables		
Assets pledged as collateral:		
- fixed-income securities	3,730	3,730
	3,730	3,730
Secured guarantees for debt recorded in the balance sheet		
Mortgages on:		
- land and industrial buildings	25,281	25,281
Other secured guarantees	25,281	25,281
	50,562	50,562
Total	54,292	54,292

Purchase and sales commitments (thousands of euros)		Schedule 23
	31.12.2010	31.12.2009
Purchase commitments:		
- Dear property complex - Rome	50,500	49,431
- regional headquarters property - Campobasso	-	4,850
	50,500	54,281
Sales commitments		
- regional headquarters property - Campobasso	-	1,650
	-	1,650
Derivative financial contracts on behalf of Rai Cinema:		
- future currency purchases	18,342	12,109
- options strategies acquired in foreign currencies (collars)	43,515	7,844
- call options	-	4,257
	61,857	24,210
Derivative financial contracts on behalf of RaiSat:		
- future currency purchases	-	158
	-	158
Total	112,357	80,299

Other memorandum accounts (thousands of euros)

Schedule 24

	31.12.2010	31.12.2009
Secured guarantees received		
Assets pledged as collateral:		
- passbook savings accounts	(a) 2	2
	2	2
Unsecured guarantees received		
Sureties:		
- Banca di Credito di Trieste covering loan granted to Ponteco	(b) 249	249
- Miscellaneous banks and insurance companies covering advances to suppliers for the purchase of goods and services	(a) 27,231	26,353
- Banco di Brescia covering agreement with the City of Sanremo for filming the Italian Song Festival	(a) 100	100
- Miscellaneous banks and insurance companies covering full performance of contracts for the production of radio/television programmes	(a) 133,874	160,067
- Banca San Paolo IMI covering advance granted to Michele Alberico	(a) 10	10
- Banca Antonveneta covering Fondazione Nord-Est lease agreement	(b) -	480
- Sun Insurance Office Limited covering insurance-related advisory and assistance activity granted to AON	(a) 224	224
- Monte dei Paschi di Siena covering the offer to purchase Palazzo Labia by Valore Reale	(a) 3,200	3,200
- Banca Popolare di Sondrio-guarantee for Comune di Genova	(a) 37	37
- Credito Bergamasco-guarantee for Sky Italia	(a) 10,800	25,500
- Banca Popolare Sondrio covering the obligations undertaken with the subscription of the contractual renewal relating to the Auditorium Foro Italico lease	(a) 285	285
Others:		
- E.RAS. comfort letters issued on behalf of San Marino RTV for credit line agreed by us	(a) 516	516
	176,526	217,021
Leased assets received	2,129	3,004
Third party assets under development	-	-
Third party assets held under free loan for use, custody, leased or for similar reasons	..	..
Assets with third parties under development awaiting assignment	2,633	3,886
Third party assets held under free loan for use, custody, leased or for similar reasons	1,257	1,651
Guarantees granted by other parties for obligations of the company:		
Against debt:		
- Banca Intesa for guarantee granted to UEFA for sports rights relating to the 2006/2009 Champions League	40,500	67,500
- Banca di Roma for guarantee granted to Lega Nazionale Professionisti for radio and television rights relating to sports events	-	21,750
- San Paolo IMI for guarantee granted to Michele Alberico covering an advance granted for a pre-purchase agreement relating to two documentaries	4,859	4,859
- San Paolo IMI for guarantees granted to tax authorities covering prize competitions	23,838	17,938
- Banca Popolare di Novara for guarantee granted to Enipower Trading SpA	520	520
- Banca Intesa - Cariplo for guarantee granted to Enel Trade guaranteeing electricity supply	697	697
- San Paolo IMI for guarantee granted to FIFA covering payment of sporting rights relating to the 2010 World Football Championships	17,500	35,000
- Other guarantees	10,487	12,260
	98,401	160,524
Any other cases in hand:		
- Bank deposits with Banca di Roma and Banca Intesa - Comit in favour of third parties	2	2
- Sums not available at various banks due to restriction by attachments	422	614
- Sums not available at Bancoposta due to restriction by attachments	1	1
- Sums not available in correspondence current account with the subsidiary Sipra due to restriction by attachment	2,164	2,164
	2,589	2,781
Total	283,535	388,867

(a) against obligations of others

(b) against receivables

The terms of the hedge contracts covering the specific company commitments or those taken on for the subsidiary Rai Cinema SpA relating to fair value are summarised in Schedule 25. The fair value of these instruments is determined with reference to the market value on the closing date of the period under assessment; in the case of unlisted instruments, fair value is determined using commonly used financial evaluation techniques.

On the whole, hedging contracts entered into are, in observance of the Group policy, of a reasonable amount in relation to the overall extent of the commitments subject to such risks.

The purchase commitments also include the DEAR property complex, with a value of 50,500 thousand euros, transferred in 2011.

At 31 December 2010 there were no commitments, other than those highlighted among the memorandum accounts, of particular significance for the purchase or sale of goods and services in addition to those taken on in the normal course of business that would require specific information to be given for a better understanding of the Company's financial position.

Schedule 24 details the amount of company assets held by third parties for the various reasons indicated therein.

Fair value of derivatives

Schedule 25

	Notional 31.12.2010 thousands of USD	Fair value at 31.12.2010 thousands of euros
Derivative financial instruments for hedges		
- on exchange rates (1):		
. futures purchased and swaps	9,600	188
. optional currency purchase strategies (collars)	82,150	5,522
. currency options	8,450	477
	100,200	6,187
Hedges for the account of Rai Cinema		
- on exchange rates (2):		
. futures purchased and swaps	23,800	(500)
. optional currency purchase strategies (collars)	57,200	510
	81,000	10

(1) The transactions are carried out to hedge commercial agreements in US\$ in observance of the Group policy.

(2) The transactions are carried out on behalf of Rai Cinema and RaiSat under a specific mandate, to hedge commercial agreements entered into by the company in US\$, in observance of the Group policy.

6) Income Statement

Production value

Revenues from sales and services: these amount to 2,740,323 thousand euros (at 31 December 2009: 2,895,617 thousand euros). They basically include revenues pertaining to the year from licence fees and advertising. A breakdown into major components is given in Schedule 26. As can be seen from the distribution of revenues by geographic area, they almost all originate in Italy.

Revenues from sales and services (thousands of euros)		Schedule 26
	Year 2010	Year 2009
Revenues from sales	835	1,002
Revenues from services:		
- Licence fees		
. private subscriptions	1,600,498	1,572,459
. special subscriptions	60,947	57,173
	<u>1,661,445</u>	<u>1,629,632</u>
- General-interest channel TV advertising:		
. tabular	791,923	779,222
. TV promotions	39,225	32,765
. sponsorships	39,052	37,832
	<u>870,200</u>	<u>849,819</u>
- Radio advertising:		
. tabular	38,813	40,376
. radio promotions	910	824
. sponsorships	6,256	6,191
	<u>45,979</u>	<u>47,391</u>
- Specialist channel TV advertising	24,085	9,053
- Other advertising	2,145	2,328
	<u>942,409</u>	<u>908,591</u>
- Special services under agreements	58,799	68,762
- Other services		
. sale of transmission rights and distribution of programmes	52,706	244,428
. telephone facilities	5,986	13,143
. production services	4,783	9,854
. television broadcasting services through digital terrestrial techniques	4,537	3,511
. teletext services	739	1,126
. miscellaneous	8,084	15,568
	<u>76,835</u>	<u>287,630</u>
	2,739,488	2,894,615
Total	2,740,323	2,895,617

As regards revenues from licence fees, the mechanism used to determine the per-unit fee envisaged by the Consolidated Broadcasting Law ("separate accounting"), aimed at guaranteeing the proportions between costs sustained by Rai, and certified by an independent auditor, for the performance of its public service remit and resources from licence fees, highlights a lack of the latter for the period from 2005 to 2009, totalling over 1.3 billion euros, of which more than 300 million euros refers to 2009 alone. For 2010, the "separate accounting" figures will be available, as established, within four months of the date on which the Shareholders' Meeting approves the financial statements.

Changes in inventories of work in progress, semi-finished and finished goods: these amount to 59 thousand euros (at 31 December 2009: 6 thousand euros). They are entirely attributable to the increase in the value of inventories associated with the books publishing and periodicals business.

Internal cost capitalisations: the amount of 14,200 thousand euros (at 31 December 2009: 15,418 thousand euros) represents internal costs associated with non-current assets, which were capitalised under the specific asset captions. Details are shown in Schedule 27.

Internal cost capitalisations (thousands of euros)

Schedule 27

	Year 2010	Year 2009
Intangible assets	8,276	9,905
Tangible assets	5,924	5,513
Total	14,200	15,418

Other production-related income: this amounts to 131,492 thousand euros (at 31 December 2009: 124,642 thousand euros), as detailed in Schedule 28.

Other production-related income (thousands of euros)

Schedule 28

	Year 2010	Year 2009
Operating grants	6,633	3,192
Gains on disposals	1,704	418
Other		
Recovery and reimbursement of expenses	20,863	24,398
Prior-year licence fees	23,972	15,726
Other out-of-period gains	32,823	26,048
Provisions released	16,376	23,938
Other income from equity investments:		
- Rai Way service contract	15,680	15,219
- Rai Cinema service contract	8,651	9,635
- RaiNet service contract	1,368	1,510
- other	2,045	3,309
Miscellaneous	1,377	1,249
	123,155	121,032
Total	131,492	124,642

Production costs

This caption comprises costs and losses related to ordinary activities, excluding financial operations. The costs shown here do not include those relating to non-current tangible and intangible assets, which are recorded under the respective asset accounts.

Raw materials, supplies, consumables and merchandise: these total 22,703 thousand euros (at 31 December 2009: 23,054 thousand euros), which includes purchases of technical materials for inventory – excluding items used in the construction of plant, which are allocated directly to non-current tangible assets – production materials (sets, costumes etc.) and miscellaneous operating materials (fuel, office supplies, printed documents etc.), net of discounts and allowances, as shown in Schedule 29.

Production costs for raw, subsidiary and consumable materials and merchandise (thousands of euros)

Schedule 29

	Year 2010	Year 2009
Technical materials for inventory	3,900	5,019
Miscellaneous production materials	5,149	4,690
Miscellaneous non-production materials	11,372	10,936
Other materials	2,293	2,411
Discounts, allowances and premiums on purchases of goods	(11)	(2)
Total	22,703	23,054

Services: these amount to 811,621 thousand euros (at 31 December 2009: 838,302 thousand euros) and comprise costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 30.

Production costs for services (thousands of euros)	Schedule 30	
	Year 2010	Year 2009
Freelance services	140,977	139,946
Services for acquisition and production of programmes	165,037	207,192
Ancillary services for the acquisition and production of programmes	61,721	61,594
Allowances, travel expenses and transfer of personnel	28,926	27,753
Ancillary personnel service costs	10,929	11,001
Maintenance and repairs	20,098	20,154
Documentation and information services	44,731	47,768
Insurance and accident prevention	18,396	19,623
Advertising and promotion	7,666	6,390
General services	72,886	73,747
Supply services	19,427	20,288
Expenses for the promotion and distribution of our products	6,444	6,141
Signal broadcasting and transport under service contract and other Rai Way costs	184,909	164,988
Services under RaiNet service contract	6,706	6,606
Other	22,768	25,111
Total	811,621	838,302

Among other things, they include emoluments, remuneration for special functions, attendance fees and reimbursement of expenses paid to Directors for 2,186 thousand euros and to Statutory Auditors for 196 thousand euros. To provide a complete picture of the situation, following the merger by incorporation of RaiSat SpA into Rai SpA, the caption discloses costs of 17 thousand euros for the directors of the incorporated company and of 32 thousand euros for statutory auditors. They also include 188 thousand euros of annual fees for the statutory audit by independent auditors, 38 thousand euros for other auditing services, and 15 thousand euros for other non-audit services.

Use of third-party assets: these amount to 827,564 thousand euros (at 31 December 2009: 910,058 thousand euros), and express costs for rents, leases, usage rights and filming rights, as detailed in Schedule 31.

Production costs for use of third party assets (thousands of euros)	Schedule 31	
	Year 2010	Year 2009
Lease instalments	784	797
Rent and hire costs	65,967	72,164
Usage rights	107,125	109,758
Filming rights	293,146	385,076
Acquisition of viewing rights from RaiSat	-	19
Acquisition of viewing rights from Rai Cinema	345,784	326,803
Acquisition of viewing rights to serious music and theatrical events from Rai Trade	6,762	7,358
Other rights	7,996	8,083
Total	827,564	910,058

Personnel costs: employee-related costs amount to 911,045 thousand euros (at 31 December 2009: 903,548 thousand euros), broken down as indicated in the income statement. The average number of employees on the payroll in 2010 was 11,857, including employees on fixed-term contracts, as detailed in Schedule 32.

Average number of employees

Schedule 32

	Year 2010			Year 2009 (*)		
	Staff on permanent contracts (average)	Staff on fixed-term contracts (average)	Total	Staff on permanent contracts (average)	Staff on fixed-term contracts (average)	Total
- Managers	257	-	257	261	-	261
- Junior managers and supervisors	1,149	-	1,149	1,119	-	1,119
- Journalists	1,674	344	2,018	1,661	365	2,026
- Office staff, production employees, camera staff, film directors' staff, technicians	5,965	1,189	7,154	5,785	1,311	7,096
- Blue-collars	932	206	1,138	954	227	1,181
- Conductors, musical directors and choir staff	122	8	130	125	9	134
- Medical staff	11	-	11	12	-	12
Total	10,110	1,747	11,857	9,917	1,912	11,829

(*) does not include RaiSat staff, amounting to (average number of units): 77 12 89

Amortisation, depreciation and writedowns: these amount to 374,644 thousand euros (at 31 December 2009: 378,459 thousand euros). The breakdown is shown directly in the income statement. In detail, amortisation in relation to intangible assets refers basically to industrial patents and intellectual property rights for 270,009 thousand euros (at 31 December 2009: 273,433 thousand euros), while Schedules 33 and 34 provide details of depreciation of tangible assets and writedowns in relation to non-current assets. They include a writedown of capitalised programmes amounting to 28,986 thousand euros, which was made to take account of the risk that certain programmes may not be transmitted or re-broadcast.

Depreciation of tangible assets (thousands of euros)

Schedule 33

	Year 2010	Year 2009
Land and buildings	11,453	22,306
Plant and machinery	40,229	39,541
Industrial and sales equipment	2,114	2,125
Other assets	6,182	6,421
Total	59,978	70,393

Other writedowns of non-current assets (thousands of euros)

Schedule 34

	Year 2010	Year 2009
Intangible assets under development	5,709	-
Programmes being amortised	28,986	25,375
Total	34,695	25,375

Changes in inventories of raw materials, supplies, consumables and merchandise: the amount of 241 thousand euros (at 31 December 2009: minus 93 thousand euros) represents the increase in net inventories carried under current assets at 31 December 2010 with respect to the previous year.

Provisions for risks: these amount to 15,611 thousand euros (at 31 December 2009: 27,569 thousand euros) and indicate allocations to provisions for risks. The most significant items are detailed in Schedule 16.

Other provisions: these amount to 515 thousand euros (at 31 December 2009: 1,740 thousand euros). The main items are shown in Schedule 16.

Other operating costs: these amount to 82,903 thousand euros (at 31 December 2009: 97,046 thousand euros). Their composition is shown directly in the income statement and further information is provided in Schedule 35.

Miscellaneous operating costs (thousands of euros)

Schedule 35

	Year 2010	Year 2009
Capital losses on disposals:		
Non-current tangible assets:		
- land and buildings	48	9
- plant and machinery	229	133
- industrial and sales equipment	4	6
- other assets	157	97
- tangible assets under construction	627	41
Non-current intangible assets:		
- under amortisation/depreciation	5	-
- in progress	6	-
	1,076	286
Concession fee	28,206	29,520
Other costs:		
- gifts, prize contests and entertainment expenses	11,324	14,402
- association dues	2,985	2,944
- municipal property tax	3,578	3,577
- other indirect taxes and contributions	7,481	7,024
- contribution to the Authority - Min. Decree 16/07/99	4,423	4,198
- payment of uninsured damages, fines and penalties	683	1,148
- newspapers, books, periodicals, specific documentation and publications	3,116	3,057
- prior-year charges and reversal of non-existent assets	7,803	19,537
- provision for pension fund - former employees	9,695	9,685
- other	2,533	1,668
	53,621	67,240
Total	82,903	97,046

Financial income and expense

Income from equity investments: this amounts to 62,407 thousand euros (31 December 2009: 49,763 thousand euros), and is represented by 57,643 thousand euros of dividends distributed in 2010 by investee companies, and 4,764 thousand euros of capital deriving from the completion of the liquidation of Sacis SpA, as shown in Schedule 36.

Income from equity investments (thousands of euros)		Schedule 36
	Year 2010	Year 2009
Dividends from subsidiaries:		
- Rai Cinema	38,759	15,504
- Rai Way	14,144	18,632
- Rai Trade	2,300	2,500
- Sipra	1,400	5,000
- RaiNet	999	1,498
- RaiSat	-	6,548
	57,602	49,682
Dividends from associated companies:		
- Euronews	41	81
Other income from equity investments:		
- Capital gain from liquidation of Sacis	4,764	-
Total	62,407	49,763

Other financial income: this amounts to 4,605 thousand euros (at 31 December 2009: 5,412 thousand euros) broken down as follows:

- from *non-current receivables*: booked for 11 thousand euros for interest income on cautionary deposits;
- from *non-current securities other than equity investments*: booked for 73 thousand euros and referring to interest earned;
- *financial income other than the above*: this amounts to 4,521 thousand euros and mainly relates to interest on current receivables as shown directly in the income statement and detailed even further in Schedule 37.

Other financial income on current receivables other than the above (thousands of euros)		Schedule 37
	Year 2010	Year 2009
Interest and commissions receivable from subsidiaries	4,179	5,025
Interest and commissions receivable from associated companies	-	1
Interest and commissions receivable from others and miscellaneous income:		
- interest from banks, post office current accounts and other financial institutions	204	113
- default interest on customer receivables	27	1
- interest from others	111	166
	342	280
Total	4,521	5,306

Interest and other financial expenses: these amount to 5,072 thousand euros (at 31 December 2009: 4,914 thousand euros). They relate to interest expense, commission expense for financial services received and other charges for financial operations, as shown directly in the income statement and in further detail in Schedule 38.

Interest and other financial expense (thousands of euros)

Schedule 38

	Year 2010	Year 2009
Interest and commissions payable to subsidiaries	146	344
Interest and commissions payable to associated companies	2	1
Interest and commissions payable to others and miscellaneous charges:		
- interest and commissions payable to banks and other financial institutions	4,879	4,497
- interest to suppliers	16	28
- provision to fund for interest expense risks	11	37
- other interest expense and miscellaneous charges	18	7
	4,924	4,569
Total	5,072	4,914

Foreign exchange gains and losses: these show a gain of 2,401 thousand euros (at 31 December 2009: 806 thousand euros), representing the balance of foreign exchange charges and premiums on foreign currency hedge transactions as well as the effect of translating the value of payables and receivables in foreign currencies at year-end exchange rates or the rate in force at the time of the hedge in the case of exchange risk hedges, as detailed further in Schedule 39.

Foreign exchange gains and losses (thousands of euros)

Schedule 39

	Year 2010	Year 2009
Foreign exchange gains (losses) from valuation	573	(387)
Other foreign exchange gains	1,828	1,193
Total	2,401	806

Value adjustments to financial assets

Revaluations: these amount to 465 thousand euros (at 31 December 2009: 199 thousand euros). They reflect the recovery of losses incurred by subsidiaries in previous years.

Writedowns: these total 3,062 thousand euros (at 31 December 2009: 2,133 thousand euros). They comprise writedowns of non-current financial assets following losses incurred for the year.

Exceptional income and expense

The caption is comprised of charges of 45,470 thousand euros and income of 415 thousand euros and is analysed in Schedule 40.

Exceptional income (thousands of euros)

Schedule 40

	Year 2010	Year 2009
Out-of-period gains and reversal of non-existent liabilities	415	4,960
Total	415	4,960

Exceptional expense (thousands of euros)

	Year 2010	Year 2009
Costs connected with the staff voluntary resignation incentive scheme	45,000	6,664
Prior years' taxes	172	-
Contingent liabilities	298	-
Total	45,470	6,664

Current income taxes for the year, and deferred tax assets and liabilities

These amount to 15,134 thousand euros. They are made up as follows:

(thousands of euros)				
	Current	Deffeed tax liabilities	Deferred tax assets	Total
IRES	-	1,828	37,607	39,435
IRAP	(25,600)	855	444	(24,301)
	(25,600)	2,683	38,051	15,134

The following table shows the origin and effects of deferred tax items during the year.

(thousands of euros)					
	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.566% (average)	Total
DEFERRED TAX ASSETS					
Movements in the year:					
- Adjustment of prior year tax loss	(247)	(68)	==	==	(68)
- Tax loss for the year	137,000	37,675	==	==	37,675
- Estimated recovery of taxed provisions	0	0	9,729	444	444
Total	136,753	37,607	9,729	444	38,051
DEFERRED TAX LIABILITIES					
Movements in the year:					
- Tax charge for long-term loan	166	46	==	==	46
- Neutralisation of foreign exchange valuations	(573)	(158)	==	==	(158)
- Tax-purpose accelerated depreciation on fixed asset programmes	0	0	11,421	522	522
- Accelerated depreciation for tax purposes non-current tangible assets	7,025	1,932	7,292	333	2,265
- RaiSat merger contribution - credit impairment	30	8	==	==	8
Total	6,648	1,828	18,713	855	2,683

The following table presents the estimated reconciliation between the statutory result for the year and the taxable amount for IRES and IRAP purposes.

(thousands of euros)	IRES 27.5%		IRAP 4.566%
Loss before taxes	(143,602)	Production value	2,886,074
Reversal of depreciation on tangible assets	7,026	Raw materials, supplies, consumables and merchandise	(22,703)
Non-deducted provisions – balance of movements	939	Service costs	(811,621)
Non-deductible contingent liabilities	3,816	Cost of use of third-party assets	(827,564)
Municipal property tax	3,578	Amortisation of intangible assets	(278,045)
Non-deductible vehicle costs	3,411	Depreciation of tangible assets	(59,978)
Non-deductible portion of telephone expenses	3,134	Changes in inventories of raw materials, supplies, consumables and merchandise	242
Writedown on non-deductible investments	3,053	Miscellaneous operating costs	(82,903)
Amortisation of programmes – balance of changes	2,754	Costs similar to employee costs ongoing coordinated and occasional contracts)	11,547
Hotel and restaurant expenses – non deductible portion	1,158	Reversal of depreciation on intangible assets	11,420
Other changes – increase	4,078	Provision for pension fund of former employees	9,695
Deductible portion of IRAP for the year	(2,560)	Reversal of depreciation on tangible assets	7,292
Exempted portion of Sacis capital gain	(4,526)	Municipal property tax	3,578
Exempted portion of dividends	(54,761)	Other changes – increase	4,689
Other changes – decrease	(5,112)	Prior years' labour cost	(4,615)
Loss for the year	(177,614)	Income from staff secondment and reimbursement of emoluments	(6,537)
Remaining loss from 2009	(11,192)	Utilisation/release of taxed provisions	(58,077)
		Tax wedge	(217,440)
		Other changes – decrease	(4,387)
Fiscal loss	(188,806)	Taxable amount	560,667

On the taxable amount for IRAP, current taxes of 25,600 thousand euros have been calculated.

7) Result for the year

The year closed with a loss of 128,467,320.38 euros.

8) Other information

As regards disclosures on related parties, no significant transactions took place outside the normal market conditions. For details on relations with Group companies, see the Report on Operations.

By rulings no. 2379/2010 of 28 October 2010 (filed on 9 December 2010) and 326/2011 of 15/18 November 2010 (filed on 23 February 2011), the Court of Auditors – Jurisdictional Section for the Lazio Region – ordered payment to Rai for state tax damages by certain parties including executives and members of the Board of Director of Rai. Despite these rulings being immediately enforceable, subject to suspension following appeal, uncertainties exist in relation to possible subsequent developments in court. Owing to this the conditions no longer obtain for recording an account receivable.

For important events occurring after the closing date, see the Report on Operations.

Balance Sheet - Assets (in euros)

Schedule 41

	Rai SpA at 31.12.2009	RaiSat at 01.01.2010	Eliminations	Other changes	Rai + RaiSat	RaiSat values measurable in Rai at 31.12.2010 (*)
A) SUBSCRIBED CAPITAL UNPAID	-	-	-	-	-	-
B) NON-CURRENT ASSETS						
I. INTANGIBLE ASSETS						
3.- Industrial patents and intellectual property rights	234,439,822	10,655,621	-	-	245,095,443	3,314,444
4.- Concessions, licences, trademarks and similar rights	21,328,025	13,799	-	-	21,341,824	6,411
6.- Intangible assets under development and payments on account	194,908,720	1,467,691	-	-	196,376,411	224,846
7.- Other assets	11,743,494	-	-	-	11,743,494	-
TOTAL INTANGIBLE ASSETS	462,420,061	12,137,111	-	-	474,557,172	3,545,701
II. TANGIBLE ASSETS						
1.- Land and buildings	128,418,385	-	-	-	128,418,385	-
2.- Plant and machinery	110,469,954	72,325	-	-	110,542,279	44,231
3.- Industrial and sales equipment	5,605,923	11,053	-	-	5,616,976	1,582
4.- Other assets	30,492,849	22,313	-	-	30,515,162	15,791
5.- Tangible assets under construction and payments on account	58,867,144	-	-	-	58,867,144	-
TOTAL TANGIBLE ASSETS	333,854,255	105,691	-	-	333,959,946	61,604
III. FINANCIAL ASSETS						
1.- Equity investments in						
a) subsidiaries	304,046,141	-	(2,450,588)	(3,060,000) (1)	298,535,553	-
b) associated companies	1,611,662	-	-	-	1,611,662	-
d) other companies	777,203	-	-	-	777,203	-
	306,435,006	-	(2,450,588)	(3,060,000)	300,924,418	-
2.- Receivables						
d) from others						
maturing within 12 months	181,710	11,505	-	-	193,215	1,033
maturing after 12 months	4,536,974	-	-	-	4,536,974	-
	4,718,684	11,505	-	-	4,730,189	1,033
3.- Other securities	3,762,582	-	-	-	3,762,582	-
TOTAL FINANCIAL ASSETS	314,916,272	11,505	(2,450,588)	(3,060,000)	312,477,189	1,033
TOTAL NON-CURRENT ASSETS	1,111,190,588	12,254,307	(2,450,588)	(3,060,000)	1,117,934,307	3,608,338

(*) Values granted by RaiSat which can be found, without too much difficulty, in the Rai financial statements.

follows

(1) Purchase of RaiSat shares in 2010

Balance Sheet - Assets (in euros)

Schedule 41

	Rai SpA at 31.12.2009	RaiSat at 01.01.2010	Eliminations	Other changes	Rai + RaiSat	RaiSat values measurable in Rai at 31.12.2010 (*)
C) CURRENT ASSETS						
I. INVENTORIES						
1.- Raw materials, supplies and consumables	404,456	-	-	-	404,456	-
4.- Finished products and merchandise	221,329	-	-	-	221,329	-
TOTAL INVENTORIES	625,785	-	-	-	625,785	-
II. RECEIVABLES						
1.- customers	391,201,622	7,387,133	-	-	398,588,755	6,155,073
2.- subsidiaries	637,328,704	-	(28,848,069)	-	608,480,635	-
3.- associated companies	271,114	-	-	-	271,114	-
4.- holding companies	-	35,184,972	(35,184,972)	-	-	-
4.bis- tax receivables	53,250,519	101,373	-	-	53,351,892	-
4.ter- deferred tax assets						
due within 12 months	28,772,796	-	-	-	28,772,796	-
due after 12 months	1,240,000	-	-	-	1,240,000	-
5.- other						
due within 12 months	99,875,394	115,603	(15,242)	-	99,975,755	17,920
due after 12 months	12,240,374	-	-	-	12,240,374	-
TOTAL RECEIVABLES	1,224,180,523	42,789,081	(64,048,283)	-	1,202,921,321	6,172,993
III. CURRENT FINANCIAL ASSETS	-	-	-	-	-	-
IV. CASH AND CASH EQUIVALENTS						
1.- Bank and post office deposits	19,502,713	-	-	-	19,502,713	-
2.- Cheques	8,637	-	-	-	8,637	-
3.- Cash and cash equivalents on hand	380,900	1,478	-	-	382,378	-
TOTAL CASH AND CASH EQUIVALENTS	19,892,250	1,478	-	-	19,893,728	-
TOTAL CURRENT ASSETS	1,244,698,558	42,790,559	(64,048,283)	-	1,223,440,834	6,172,993
D) ACCRUED INCOME AND PREPAID EXPENSES	37,629,792	201,504	-	-	37,831,296	-
TOTAL ASSETS	2,393,518,938	55,246,370	(66,498,871)	(3,060,000)	2,379,206,437	9,781,331

(*) Values granted by RaiSat which can be found, without too much difficulty, in the Rai financial statements.

Balance Sheet - Liabilities (in euros)

Schedule 41

	Rai SpA at 31.12.2009	RaiSat at 01.01.2010	Eliminations	Other changes	Rai + RaiSat	RaiSat values measurable in Rai at 31.12.2010 (*)
A) SHAREHOLDERS' EQUITY						
I. SHARE CAPITAL	242,518,100	2,585,000	(2,585,000)	-	242,518,100	-
IV. LEGAL RESERVE	6,977,058	639,187	(639,187)	-	6,977,058	-
VII. OTHER RESERVES	327,544,027	3,557,282	5,923,302	(3,320,100) (1)	333,704,511	6,160,484
VIII. PROFITS (LOSSES) BROUGHT FORWARD	-	-	-	-	-	-
IX. PROFIT (LOSS) FOR THE YEAR	(79,929,950)	5,149,703	(5,149,703)	-	(79,929,950)	-
TOTAL SHAREHOLDERS' EQUITY	497,109,235	11,931,172	(2,450,588)	(3,320,100)	503,269,719	6,160,484
B) PROVISIONS FOR RISKS AND CHARGES						
1.- for pension and similar liabilities	152,614,315	7,022	-	-	152,621,337	-
2.- for taxes (also deferred)	12,564,493	8,159	-	-	12,572,652	-
3.- other	232,404,662	1,856,883	-	-	234,261,545	-
TOTAL PROVISIONS FOR RISKS AND CHARGES	397,583,470	1,872,064	-	-	399,455,534	-
C) PROVISION FOR STAFF SEVERANCE PAY	322,350,989	826,223	-	-	323,177,212	-
D) PAYABLES						
4.- Due to banks	163,734,075	-	-	-	163,734,075	-
6.- Advances	990,033	-	-	-	990,033	-
7.- Suppliers	537,615,914	9,769,861	-	-	547,385,775	2,031,825
9.- Subsidiaries	203,306,981	-	(35,184,972)	-	168,122,009	-
10.- Associated companies	5,499,973	-	-	-	5,499,973	-
11.- Holding companies	-	28,863,311	(28,863,311)	-	-	-
12.- Taxes payable	60,291,204	367,749	-	-	60,658,953	-
13.- Welfare and social security institutions	49,623,604	574,778	-	-	50,198,382	-
14.- Other payables	101,825,126	1,041,206	-	260,100 (2)	103,126,432	-
TOTAL PAYABLES	1,122,886,910	40,616,905	(64,048,283)	260,100	1,099,715,632	2,031,825
E) ACCRUED EXPENSES AND DEFERRED INCOME	53,588,334	6	-	-	53,588,340	-
TOTAL LIABILITIES	2,393,518,938	55,246,370	(66,498,871)	(3,060,000)	2,379,206,437	8,192,309

(*) Values granted by RaiSat which can be found, without too much difficulty, in the Rai financial statements.

(1) Purchase of RaiSat shares in 2010 and dividends distributed in 2010.

(2) RaiSat dividend distributed to minorities in 2010.

Memorandum Accounts (in euros)

Schedule 41

	Rai SpA at 31.12.2009	RaiSat at 01.01.2010	Eliminations	Rai + RaiSat	RaiSat values measurable in Rai at 31.12.2010 (*)
1.- Unsecured guarantees granted					
a) Sureties:					
- for subsidiaries	87,696,405	-	-	87,696,405	-
- for associated companies	2,582,285	-	-	2,582,285	-
- for others	178,933	-	-	178,933	-
	90,457,623	-	-	90,457,623	-
c) Other:					
- for subsidiaries	2,498,959	-	-	2,498,959	-
	2,498,959	-	-	2,498,959	-
Total unsecured guarantees granted	92,956,582	-	-	92,956,582	-
2.- Secured guarantees granted					
b) for own commitments other than payables	3,730,000	-	-	3,730,000	-
c) for debt recorded in the balance sheet	50,561,130	-	-	50,561,130	-
Total secured guarantees granted	54,291,130	-	-	54,291,130	-
3.- Purchase and sales commitments	80,299,110	3,831,154	-	84,130,264	-
4.- Other	388,867,555	602,960	-	389,470,515	-
	616,414,377	4,434,114	-	620,848,491	-

(*) Values granted by RaiSat which can be found, without too much difficulty, in the Rai financial statements.

Income Statement (in euros)				Schedule 42
	Rai SpA 31.12.2009	RaiSat SpA 31.12.2009	Eliminations 31.12.2009	Total pro-forma
A) PRODUCTION VALUE				
1.- Revenues from sales and services	2,895,617,234	63,152,508	(36,902,793)	2,921,866,949
2.- Changes in inventories of work in progress, semifinished and finished goods	5,969	(58,385)	-	(52,416)
4.- Internal cost capitalisations	15,417,502	-	-	15,417,502
5.- Other production-related income			-	-
a) operating grants	3,191,709	-	-	3,191,709
b) gains on disposal of assets	418,427	-	-	418,427
c) other	121,032,034	531,335	(3,937,156)	117,626,213
	124,642,170	531,335	(3,937,156)	121,236,349
TOTAL PRODUCTION VALUE	3,035,682,875	63,625,458	(40,839,949)	3,058,468,384
B) PRODUCTION COSTS				
6.- Raw materials, supplies, consumables and merchandise	(23,054,490)	(120,600)	4,591	(23,170,499)
7.- Services	(838,301,736)	(21,438,368)	34,026,416	(825,713,688)
8.- Use of third-party assets	(910,058,059)	(9,132,343)	6,802,764	(912,387,638)
9.- Personnel				
a) wages and salaries	(653,621,219)	(4,658,453)	-	(658,279,672)
b) social security contributions	(181,565,669)	(1,467,985)	-	(183,033,654)
c) staff severance pay provision	(44,192,509)	(296,794)	-	(44,489,303)
d) pension and similar costs	(13,258,170)	(67,591)	-	(13,325,761)
e) other costs	(10,910,530)	(17,920)	-	(10,928,450)
	(903,548,097)	(6,508,743)	-	(910,056,840)
10.- Amortisation, depreciation and writedowns				
a) amortisation of intangible assets	(280,915,749)	(15,789,256)	-	(296,705,005)
b) depreciation of tangible assets	(70,393,784)	(61,707)	-	(70,455,491)
c) other non-current asset writedowns	(25,374,919)	-	-	(25,374,919)
d) writedown of current receivables and cash and cash equivalents	(1,774,498)	(39,119)	-	(1,813,617)
	(378,458,950)	(15,890,082)	-	(394,349,032)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(92,638)	-	-	(92,638)
12.- Provisions for risks	(27,568,945)	(172,741)	-	(27,741,686)
13.- Other provisions	(1,740,188)	-	-	(1,740,188)
14.- Other operating costs				
a) capital losses on disposal of assets	(286,336)	-	-	(286,336)
b) concession fee	(29,519,606)	-	-	(29,519,606)
c) other	(67,239,767)	(547,728)	21,714	(67,765,781)
	(97,045,709)	(547,728)	21,714	(97,571,723)
TOTAL PRODUCTION COSTS	(3,179,868,812)	(53,810,605)	40,855,485	(3,192,823,932)
Difference between production value and costs	(144,185,937)	9,814,853	15,536	(134,355,548)

follows

Income Statement (in euros)

Schedule 42

	Rai SpA 31.12.2009	RaiSat SpA 31.12.2009	Eliminations 31.12.2009	Total pro-forma
C) FINANCIAL INCOME AND EXPENSE				
15.- Income from equity investments				
a) dividends from subsidiaries	49,681,979	-	(6,548,100)	43,133,879
b) dividends from associated companies	80,696			80,696
	49,762,675	-	(6,548,100)	43,214,575
16.- Other financial income				
a) from non-current receivables				
. Other	21,932	-	-	21,932
	21,932	-	-	21,932
b) from non-current securities other than equity investments	83,233	-	-	83,233
d) financial income other than the above				
. interest and commissions from subsidiaries	5,025,233	-	(131,963)	4,893,270
. interest and commissions from associated companies	974			974
. interest and commissions from holding companies	-	1,229	(1,229)	-
. interest and commissions from others and miscellaneous income	280,225			280,225
	5,306,432	1,229	(133,192)	5,174,469
	5,411,597	1,229	(133,192)	5,279,634
17.- Interest and other financial expenses				
a) interest and commissions payable to subsidiaries	(343,674)	-	1,229	(342,445)
b) interest and commissions payable to associated companies	(640)	-	-	(640)
c) interest and commissions payable to holding companies	-	(131,963)	131,963	-
d) interest and commissions payable to others and miscellaneous charges	(4,570,152)	(13,944)	-	(4,584,096)
	(4,914,466)	(145,907)	133,192	(4,927,181)
17bis.- Foreign exchange gains and losses - net	805,853	(201,153)	-	604,700
TOTAL FINANCIAL INCOME AND EXPENSE	51,065,659	(345,831)	(6,548,100)	44,171,728
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS				
18.- Revaluations				
a) of equity investments	199,961	-	-	199,961
	199,961	-	-	199,961
19.- Writedowns				
a) of equity investments	(2,132,970)	-	-	(2,132,970)
	(2,132,970)	-	-	(2,132,970)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	(1,933,009)	-	-	(1,933,009)
E) EXCEPTIONAL INCOME AND EXPENSE				
20.- Exceptional income				
b) out-of-period gains and reversal of non-existent liabilities	4,960,140	129,263	-	5,089,403
c) other	-	1	-	1
	4,960,140	129,264	-	5,089,404
21.- Exceptional expense				
c) other	(6,663,968)	-	-	(6,663,968)
	(6,663,968)	-	-	(6,663,968)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(1,703,828)	129,264	-	(1,574,564)
Result before taxes	(96,757,115)	9,598,286	(6,532,564)	(93,691,393)
22.- Current income taxes for the year, and deferred tax assets and liabilities	16,827,165	(4,448,583)		12,378,582
23.- Profit (loss) for the year	(79,929,950)	5,149,703	(6,532,564)	(81,312,811)





**Parent Company
supplementary schedules**

Following the merger by incorporation of the subsidiary RaiSat into Rai SpA during the year, with effects backdated for accounting purposes to 1 January 2010, in order to ensure a consistent comparison of the results of the current year with the previous one, an income statement and a balance sheet resulting from the consolidation of the two companies have been drawn up reference purposes.

Parent Company balance sheet reclassified in vertical form (thousands of euros)

		31.12.2010	31.12.2009		
			Rai	RaiSat	Eliminations
					Total
A.-	NON-CURRENT ASSETS				
	Intangible assets	451,381	462,420	12,137	474,557
	Tangible assets	321,715	333,854	105	333,959
	Financial assets	316,163	314,917	12	(2,451)
		1,089,259	1,111,191	12,254	(2,451)
					1,120,994
B.-	WORKING CAPITAL				
	Inventories	926	626	0	626
	Trade receivables	667,072	783,073	42,572	(52,074)
	Other assets	200,453	232,933	419	(15)
	Trade payables	(667,794)	(697,961)	(26,675)	52,089
	Provisions for risks and charges	(387,749)	(397,583)	(1,872)	
	Other liabilities	(226,004)	(265,328)	(1,984)	
		(413,096)	(344,240)	12,460	0
					(331,780)
C.-	INVESTED CAPITAL				
	net of current liabilities (A+B)	676,163	766,951	24,714	(2,451)
					789,214
D.-	PROVISION FOR STAFF SEVERANCE PAY	305,142	322,351	826	
					323,177
E.-	INVESTED CAPITAL				
	net of current liabilities and provision for staff severance pay (C-D)	371,021	444,600	23,888	(2,451)
					466,037
	financed by:				
F.-	EQUITY				
	Share capital paid up	242,518	242,518	2,585	(2,585)
	Reserves and results brought forward	260,751	334,521	4,196	6,667
	Net profit (loss) for the year	(128,467)	(79,930)	5,150	(6,533)
		374,802	497,109	11,931	(2,451)
					506,589
G.-	NET MEDIUM/LONG-TERM FINANCIAL DEBT	0	0	0	0
H.-	NET SHORT-TERM DEBT (NET CASH FUNDS)				
	. net short-term debt	210,337	213,187	11,958	(11,958)
	. cash and short-term financial receivables	(214,118)	(265,696)	(1)	11,958
		(3,781)	(52,509)	11,957	0
					(40,552)
I.-	TOTAL NET FINANCIAL DEBT (G+H)	(3,781)	(52,509)	11,957	0
					(40,552)
L.-	TOTAL, COME IN E (F+I)	371,021	444,600	23,888	(2,451)
					466,037

Parent Company income statement reclassified in vertical form (thousands of euros)

	31.12.2010		31.12.2009		
		Rai	RaiSat	Eliminations	Total
A.- REVENUES	2,820,911	2,969,855	63,187	(40,824)	2,992,218
Change in inventories of work in progress semifinished and finished goods	59	6	(58)		(52)
Internal cost capitalisations	14,200	15,417	0		15,417
B.- "TYPICAL" PRODUCTION VALUE	2,835,170	2,985,278	63,129	(40,824)	3,007,583
Cost of materials and external services	(1,738,873)	(1,851,111)	(30,923)	40,839	(1,841,195)
C.- VALUE ADDED	1,096,297	1,134,167	32,206	15	1,166,388
Personnel costs	(911,045)	(903,548)	(6,509)		(910,057)
D.- GROSS OPERATING MARGIN	185,252	230,619	25,697	15	256,331
Amortisation of programmes	(257,382)	(261,184)	(15,763)		(276,947)
Other amortisation/depreciation	(68,014)	(78,247)	(88)		(78,335)
Other adjustments	(36,621)	(27,149)	(39)		(27,188)
Provisions for risks and charges	(15,857)	(28,959)	(173)		(29,132)
Miscellaneous income and charges - net	32,330	20,734	181	0	20,915
E.- OPERATING RESULT	(160,292)	(144,186)	9,815	15	(134,356)
Financial income and expense	1,924	1,303	(346)	0	957
Income from equity investments	59,821	47,830	0	(6,548)	41,282
F.- RESULT BEFORE EXCEPTIONAL E DELLE IMPOSTE ITEMS AND TAXES	(98,547)	(95,053)	9,469	(6,533)	(92,117)
Exceptional income and expense - net	(45,054)	(1,704)	130		(1,574)
G.- RESULT BEFORE TAXES	(143,601)	(96,757)	9,599	(6,533)	(93,691)
Income taxes for the year	15,134	16,827	(4,449)		12,378
H.- NET PROFIT (LOSS) FOR THE YEAR	(128,467)	(79,930)	5,150	(6,533)	(81,313)

Parent Company cash flow statement (thousands of euros)

	31.12.2010	31.12.2009
A.- NET OPENING CASH FUNDS (NET OPENING SHORT- TERM FINANCIAL DEBT)	40,552	196,783
B.- CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the year	(128,467)	(79,930)
Amortisation and depreciation	325,396	339,431
(Gains) losses on disposal of non-current assets	(5,392)	(134)
(Revaluations) writedowns of non-current assets	37,304	27,312
Change in working capital	81,316	(63,322)
Net change in staff severance pay provision	(18,035)	(12,174)
	292,122	211,183
C.- CASH FLOW FROM INVESTING ACTIVITIES IN NON-CURRENT ASSETS		
Investment in non-current assets:		
. intangible assets	(277,800)	(296,251)
. tangible assets	(48,873)	(59,598)
. financial assets	(9,598)	(4,297)
Sale proceeds, or reimbursement value, of non-current assets and other changes	7,638	4,689
	(328,633)	(355,457)
D.- CASH FLOW FROM FINANCING ACTIVITIES		
New loans	-	-
Contributions by shareholders	-	-
Capital grants	-	-
Loan repayments	0	0
Equity repayments	0	-
	0	0
E.- PROFIT DISTRIBUTION	(260)	-
F.- CASH FLOW FOR THE YEAR	(B+C+D+E)	(36,771)
G.- NET CLOSING CASH FUNDS (NET CLOSING SHORT-TERM FINANCIAL DEBT)	(A+F)	52,509





Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

"To the Shareholders,

first of all, we would like to remind you that the Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting on 3 August 2010.

During the year which ended 31 December 2010, as regards **the activity of the Board of Statutory Auditors**, we performed the supervision activity envisaged by the Law, observing the principles of conduct recommended by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

The auditing activities were assigned to the Independent Auditors, PricewaterhouseCoopers SpA (hereinafter "PWC"), whose three-year mandate which expired on the date of the shareholders' meeting to approve the financial statements for 2009, was subsequently extended until the approval of the financial statements for 2010.

Our activities consisted of the following.

We carried out the monitoring activities and the principles of correct administration envisaged by the Law and the Company Bylaws. In accordance with the legislation of Corporate Law, the Board met with the company executives in charge of certain Corporate Divisions to obtain the information required to assess the adequacy of the organisational structure, the internal auditing systems and the administrative-accounting system.

62 audit visits were carried out during the year (18 of which by the current Board); the results of these visits, when it was deemed necessary to do so, were reported to the Chief Executive Officer and General Manager.

Specific meetings were also held with PWC, during which, besides the fact that no "censurable actions" were reported to us, information was requested also on the audit of the accounts. With the Internal Auditing Management – also on the basis of information received from PWC – the status of the procedures and internal audits was analysed, with reference to Rai SpA and to the Group. The updating of the whole set of procedures still requires constant commitment for its completion.

The Board was informed, through quarterly reports by the Supervisory Board and during a meeting with the members of said Board, of the status of the completion and update of the Parent Company's Organisation, Management and Control Model. It acknowledged that the Special Section concerning the provisions of article 25 octies of Legislative Decree 231/2001 on Copyright is being drawn up, along with several updates to the existing document, particularly in consideration of the organisational changes that have taken place.

No "censurable actions" were reported to us pursuant to article 2408 of the Civil Code. We have no knowledge of other facts or aspects of such nature as to require mention to the Shareholders' Meeting. The Ethical Committee had nothing of note to report.

In 2010, the Statutory Auditors attended all the meetings of the Board of Directors (45 over 49 days) during which they obtained information from the Directors on the general performance of the business and its outlook, as well as on Company operations of greater economic, financial and capital significance.

In 2010, Rai went ahead with the merger of the subsidiary RaiSat, starting on 1 January 2010 (merger surplus of 6.2 million euros). We also report that, in 2010, 9 Shareholders' Meetings were held, all of which were attended by the Board of Statutory Auditors.

We report, in addition, that the Board of Directors, following the issue of Law 244/07 and subsequent amendments which also changed the Company Bylaws, suspended the granting of "special assignments" to its members within the context of the two Committees previously set up, as of July 2010. Then, in accordance with the aforementioned Law, art. 13, paragraph 12 bis, in the meeting held on 3 March 2011 the Board resolved the formation of two advisory committees, one for Administration and the other for Organisation, having already approved their formation previously.

Moving on to the Rai Financial Statements as at 31 December 2010 – delivered to us by the Board on 18 May 2010 and now submitted for your approval – we wish to inform you that they have been drawn up using the accounting principles and main valuation criteria with a view to considering the Company as a going concern. These financial statements consist of the Balance Sheet, Income Statement and Notes to the Financial Statements and are accompanied by the Directors' Report on the operations. We hereby certify, also on the basis of meetings held with the Independent Auditors, PWC, that the Parent Company financial statements have been drawn up, in all three components (Balance Sheet, Income Statement and Notes to the Financial Statements), in accordance with the provisions of law.

In the **Report on Operations**, which should be referred to for further details, the Directors describe, first and foremost, that the Parent Company financial statements as at 31 December 2010 present a loss of 128.5 million euros, while the Group consolidated financial statements present a loss of 98.2 million euros.

As regards the performance of revenues, the Directors wish to particularly highlight certain aspects concerning the licence fee and advertising, formulating specific considerations. The Board of Statutory Auditors has also devoted its attention to the structural weakness of Rai's primary income on several occasions.

The Directors would like to point out that the per-unit licence fee for 2010 – which rose by 1.5 euros to 109.0 euros – continues to be one of the lowest in Europe. As mentioned in the past however, it is also subject to the highest rate of tax evasion, estimated at almost 30%, with losses in revenue estimated at around 500 million euros/year, and there is also a very high rate of tax evasion of the special fee. The Board has drawn management's attention to this on several occasions, emphasising the need to take appropriate measures to reduce the negative phenomenon, such as associations and agreements with the tax authorities, etc.

Advertising revenues rose by about 3% following heavy losses in 2008-2009 as a result of the serious market crisis.

In the Board's opinion, only via effective legislative provisions and new payment collection instruments to contrast evasion of payment of the licence fee could Rai have a chance to stabilise its accounts. The effects of such measures could be so beneficial as to make the annual adaptation of the per-unit licence fee unnecessary in the near future.

In terms of costs, the Directors, after pointing that – as in every even year – the Income Statement for 2010 includes significant expenses for big sporting events (108 million for the World Cup and Winter Olympics), also report that, in short – within the scope of initiatives envisaged in the 2010-2012 Industrial Plan – work has continued to increase efficiency and review spending procedures, also intervening on products. The positive effects of these actions have made it possible to absorb a large part of the above-mentioned costs for big events and therefore contain the drop in income margins.

The Directors also wish to draw attention – pursuant to art. 2428 of the Civil Code – to the Company's situation and its operating performance in general as well as in the individual sectors in which it operates through its own structures and subsidiaries. News is provided on research and development activities, on relations with the subsidiaries and associated companies, with regard to the outlook, on important events which occurred after the end of the financial year and also on the aims and policies concerning financial risk management and exposure to the interest rate, credit and liquidity risks, thus fulfilling the reporting obligations relating to the main risks for the Company and the Group.

Separate Accounting was applied – in compliance with the legislation in force – to the financial statements for the year ended 31 December 2009 (the latest approved), which were audited by PKF Italia SpA. The results highlighted that public funds (licence fees) do not entirely cover the costs of the Public Service for the activities assigned by the Law and by the Service Agreement. The deficit for 2009 was 337 million euros, which, when added to the deficits accumulated since the first application of this system, in 2005, bring the overall value of losses to 1.3 billion, payable by the Company – contrary to that established by article 47 of the Consolidated Radio and Television Law (TUSMAR), which envisages the balance of the Public Service.

With the new Service Agreement for 2010-2012 – signed by the parties on 6 April 2011 and approved by the Ministry of Economic Development with Decree of 27 April 2011 and, having been checked by the Court of Auditors, currently awaiting publication in the Official Gazette – further commitments are envisaged by the Concession Holder. It should however be pointed out that, for the first time, certain defensive regulations have been introduced for application in the case of significant alterations in the cost-revenue ratio of the Public Service to be assessed by a special commission formed between the Ministry and the Concession Holder.

In the situation outlined above, it is of vital importance to check the effective efficiency of the mechanism chosen to restore the synallagmatic balance between Public Service costs and the relative funding.

2010 was characterised by a significant commitment to the extension of the Digital Terrestrial platform (DDT) to the technical areas envisaged in the ministerial calendar. The overall Group investment for the extension of the programme to the whole of Italy will amount to about 400 million euros, 77 of which sustained up to 31 December 2010, with an increase on the initial estimates due to the different technical configuration of the digital platform.

In an increasingly complex and competitive market, 14 free digital channels are now offered by Rai in the areas covered by this new technology. This implicates, and will implicate in the future, economic commitments in terms of offering to maintain a central position on the television market, among general-interest and theme-specific channels.

To cope with this considerable development programme, it is therefore fundamental, as sustained by the Report, that Rai be guaranteed the public resources – which are structurally lacking – needed to cover the requirements and costs of the generalist-interest television service.

The Court of Auditors paid close attention to licence-fee evasion in the Report to Parliament for 2008-2009 (deposited on 28 April 2010), highlighting the need to identify effective legislative measures to fight it.

The Board emphasises – as observed in the report to the financial statements at 31 December 2009, that the considerable resources unlawfully subtracted from the Rai financial statements – which it has not even been possible to compensate for with advertising revenues in recent years, as these too have suffered a sharp decline (-228 million euros in 2008-2009) – have determined significant losses in the last few years. In the four-year period from 2007 to 2010, overall losses amounted to 250 million euros, covered with a corresponding amount of Shareholders' Equity reserves. Consequently these reserves have fallen from 376 to 132 million euros (net of amounts deriving from the Rai Click and RaiSat mergers).

This has had a direct influence on the net financial position which, at Group level, has gone from having a positive balance of 110 million euros at 31 December 2007 to a negative balance of 150 million euros at 31 December 2010 (-250 million).

The **Notes to the Parent Company Financial Statements** contain a description of the accounting policies adopted and provide, with the supplementary schedules presented, the other disclosures required under article 2427 of the Civil Code; in accordance with the various regulations, information is given on revaluations made to tangible assets still carried in the balance sheet.

For all the items recorded in the Balance Sheet and Income Statement, details are given in relation to the reasons for the differences from the corresponding items of the financial statements at 31 December 2009, as envisaged by article 2423 *ter* (5) of the Civil Code.

With regard to matters falling within the sphere of competence of the Board of Statutory Auditors, we report that, in connection with valuation and accounting aspects, we concur with the accounting policies reported for the individual financial statement components, which have remained unchanged from 2009, and are in accordance with the general principles indicated in article 2423 *bis* of the Civil Code and with the more specific provisions of the following article 2426.

In addition, we wish to point out that:

- there are no formation, start-up and expansion costs, nor deferred costs for research, development or advertising, carried under intangible assets in the balance sheet;
- deferred tax assets relate mainly to the negative taxable amount for the year, which is completely offset by the taxable amounts of subsidiaries within the 2010 scope of consolidation, and have been disclosed within the limits of the tax benefits which can be obtained in future years; as for previous years, no deferred tax assets have been booked against IRES losses, exceeding the taxable amounts of the subsidiaries;
- there have been no “exceptional cases” during the year which would entail making derogations from standard accounting principles as permitted under article 2423 (4) of the Civil Code.

Since tax year 2004, Rai has opted to be taxed in compliance with the procedure pursuant to article 117 of the Consolidated Income Tax Law, as amended by Legislative Decree no. 344/2003, referred to as the “tax consolidation procedure”.

As provided for by art. 2429 (3) of the Civil Code, complete copies of the Subsidiaries’ latest financial statements are deposited at the Company headquarters, along with the reports of the relative Boards of Statutory Auditors and the certification reports of the respective independent auditors. There is also a statement summarising the most important data taken from the latest financial statements of the Associates.

.....

In the light of all the matters described and considered above, we express our favour for the approval of the Parent Company financial statements at 31 December 2010, as proposed by the Board of Directors, closing with a loss of 128,467,320.38 euros. We also agree with the further request, contained in the same proposal for resolution, regarding the entire coverage of the loss of 128,467,320.38 euros with the use of:

– *Other reserves – merger surplus* for the same amount.

.....

Following this operation *Other reserves* consists of 125,307,239.83 euros.

Rome, 3 June 2011

THE STANDING STATUTORY AUDITORS

Mr Carlo GATTO
Ms Maria Giovanna BASILE
Mr Antonio IORIO



**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE
No. 39 OF 27 JANUARY 2010**

To the Shareholders of
RAI – Radiotelevisione italiana SpA

- 1 We have audited the separate financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2010. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these separate financial statements based on our audit.
 - 2 We conducted our audit in accordance with the auditing standards issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Accounting Profession) and recommended by CONSOB, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.
- For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 10 June 2010.
- 3 In our opinion, the separate financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2010 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and of the results of operations of the Company.
 - 4 The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of a report on operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by CONSOB. In our opinion the report on

PricewaterhouseCoopers SpA

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operations is consistent with the separate financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2010.

Rome, 3 June 2011

PricewaterhouseCoopers SpA

Signed by

Aurelio Fedele
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Shareholders' Meeting Resolution

The Rai Shareholders' Meeting held on 20 June 2011, unanimously resolved:

- to approve the draft of the Rai Statutory Financial Statements as at 31 December 2010, consisting of the balance sheet, income statement and notes to the financial statements, closing with a loss of 128,467,320.38 euros, as well as the report on operations;
- to cover the above-mentioned loss of 128,467,320.38 euros, using other reserves – merger surplus, for said amount;
- to acknowledge the draft Consolidated Financial Statements of the Group for 2010, balance sheet, income statement and notes to the consolidated financial statements, which disclose a loss of 98.2 million euros, as well as the report on operations.





Consolidated Financial Statements at 31 December 2010

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Directors' Report on the Group

Shareholders,

the consolidated financial statements of the Rai Group closed with a loss of 98.2 million euros and a negative net financial position of 150.4 million euros.

The result for 2010 is worse than that for 2009 (61.8 million euros), largely due to the considerable reduction in resources due to the severe situation affecting the economic marketplace.

The adaptation of the individual licence fee, which was in line with the historical trend, together with the positive evolution of new subscribers, as well as the inversion in trend of advertising revenues, following the collapse in 2009, had a favourable effect on operational dynamics without however being able to contrast this phenomenon, which was worsened by the reduced contribution of commercial revenues.

In more detail the effect of the adaptation of the per-unit licence fee determined an increase in public resources, amounting to 40 million euros, while paying users have now almost reached the 16-million family mark.

Following the significant drop in revenues from advertising endured in 2008-2009, 2010 showed a reversal of trend, with an increase of just over 40 million euros, corresponding to just over 4 percentage points.

Other revenues, those of a typically commercial nature, present a decline of around 246.1 million euros (-45.2% on 2009) mainly as a result of the absence of income booked in 2009 in relation to the sale to third parties of the pay TV rights to broadcast the 2010 and 2014 World Cup and other minor FIFA events (for the sum of 175 million euros).

In terms of operating costs, taking into account that – as in every other even year – the 2010 income statement was influenced by heavy expenses for big sports events (almost 108 million euros for the World Cup and the Winter Olympics partially offset by savings on the purchase of broadcasting rights for the Champions League and the matches played by the Italian football team), the tendency towards a reduction in expenditure was confirmed – within a constant setting, thanks to a combination of coordinated projects.

These results were achieved through a combination of targeted and selective operations which made it possible to attain real and significant increases in operating efficiency and to optimize the level of utilisation of internal resources, also thanks to the implementation of more streamlined and effective production models.

The income statement also benefited from stable personnel costs. Managerial operations entered into, including early retirement incentives and the substantial blockage of pay policies, made it possible to neutralize the impact of the renewal of contracts and expenses linked to the stabilization of employees with temporary employment contracts.

Another influential factor was the non-assessment of the performance pay component linked to the reaching of specific targets/objectives, due to a lack of the necessary requirements.

The recovery of the world economy recorded in the first half of 2010 showed the first signs of slowing down beginning in the second half of the year. The international macroeconomic dynamics penalised the recovery of the Italian economy, initially sustained by higher international exchanges but then slowed down by uncertainties regarding the evolution of demand, with particular regard to the consumption component, which is affected by uncertain employment prospects and continuing stagnation of real household incomes.

In this context, the advertising market, following the general decline of over 13% in 2009, recovered almost 4%, while television advertising posted a growth of about 6%.

Moving on to the more specific setting of the reference market, emphasis should be placed on the huge change in competition, characterised by broader, more articulated, multilevel, and consequently multi-dimensional, competition between different platforms, business models and operators.

Competition takes place at different levels: between broadcasting and commercial platforms to adjudicate audiences forced to abandon terrestrial analogue television due to the switch-off processes by technical areas; between free channels and pay-tv channels; between the operators active within the two market segments.

In the pay-tv segment, despite the fact that the predominant role continues to be played by the satellite operator, the competition between the two major operators, Sky and Mediaset, is becoming fiercer and fiercer. This is having evident effects on the acquisition of premium rights, which are absolutely critical to success. This aggression in the strategies used in the procurement of sports and film rights represents a potential threat to Rai's competitive positioning as these are areas traditionally covered by the Public Service Operator.

As regards free-TV, the affirmation of digital terrestrial TV – which is now the platform most popular among users – has brought about immense changes in the service offered. General interest channels have been joined by a variety of semi-general interest and specialised channels. There are almost 50 in the 'all-digital' areas and this number looks set to rise, considering the channels due to be launched by the operators taking part in the so-called beauty contest for the assignment of the television frequencies available.

The proliferation of new free semi-general interest and specialized channels has inevitably led to the division of viewing figures among broadcasters and the types of programmes on offer. This has determined a natural contraction of the broadcasting performances of the general-interest channels.

The framework outlined is represented by the evolution of the resources of the television system, characterized by the extensive growth of revenues from access to pay TV and pay per view services, which now account for over 35% of the total, and by the market shares of collection of payments for advertising. Mediaset showed a stable performance, while Sky enjoyed a significant increase and Rai suffered a decline.

In the presence of a structural weakness of resources and the need to strengthen the products on offer, Rai has developed the 2010-2012 Industrial Plan with a view to maintaining its presidia of premium products in order to compete effectively within an extremely complex market setting and continue to occupy a leading role within the television system.

The Industrial Plan is the response developed by Rai to create balance within the company, also envisaging operations that will influence industrial layouts, with discontinuous actions on of the outline of the activities supervised.

Rai is currently busy implementing that envisaged by the Industrial Plan, developing the operational and detailed projects of the activities outlined, which will take quite some time to accomplish due to the structural nature of some of the actions.

Several important points relating to simplifying the Group's corporate structure are almost completed. The incorporation of RaiSat and Rai Trade into Rai and of O1 Distribution into its holding company, Rai Cinema, will follow, before the end of the summer, that of RaiNet into the Parent Company.

On the strength of its strategic address/industrial tool and the television offering plan, both of which are scheduled to be implemented over the long term, Rai is pursuing its mission to offer all users access to the broadest and most articulated offering of free broadcasts, achieving excellent viewing figures across the various reference audiences. In the all-digital areas the offer currently consists of 14 channels, one of which in HD: RaiUno, RaiDue, RaiTre, Rai 4, Rai 5, Rai Premium, Rai Movie, Rai Storia, Rai YoYo, Rai Gulp, Rai News, Rai Sport 1, Rai Sport 2 and Rai HD.

In addition to digital terrestrial platform, Rai is also present on all the main consolidated and emerging platforms on the market.

With a complementary role, both for territorially margin areas or those penalised by possible reception difficulties and in order to fulfil the obligations imposed by the Institutions with regard to technological and competitive neutrality, Rai has set up, in

conjunction with Mediaset and Telecom Italia Media, the first free satellite platform, Tivù Sat, offering complete broadcasting services, without the blackout of any programme within the whole bouquet available on the DTT network in the all-digital areas. This offering has continued to evolve since its launch in the middle of 2009 and now has about 50 domestic and international channels.

The development of DTT in compliance with the calendar for the switch-off by technical areas requires a consistent financial commitment, starting with that for the construction of the network infrastructure: a technical investment which, by the time it has been completed, will have absorbed resources of about 400 million euros, much of this being concentrated in 2011-2012, as well as significant commitments and investments in the area of contents to expand the offering.

Rai will have to face this considerable investment programme without the support or with only the marginal support of public funding taking into account the specific role of the concession holder and its particular network configuration, in a market phase which continues to be difficult.

The insufficiency of resources from the licence fee is joined by continuing uncertainties relating to the dynamics of advertising revenues. The general weakness of advertising, while conditioned by the on-going negativity of the macro economic situation, seems to present structural characteristics, partly deriving from the expansion of investment alternatives available to those placing adverts and the more targeted proliferation possibilities offered by advertising campaigns available on other channels.

In this context, the outlook for 2011 – which has the possibility to benefit from improvements due to further actions to rationalize expenditure, enabled by stricter cost reduction policies, the implementation of certain actions included in the Industrial Plan and the absence of big sports events - is much better than it was for 2010, and should make it possible to achieve a substantial breakeven.

Due to the orientation expressed in certain legal provisions, during 2010 Rai became eligible for qualification as a public legal organization, with the consequential need to apply the instructions envisaged in the Code that regulates public contracts for employment, services and supplies.

Consequently, Rai – operating in a situation in which it has to compete on a highly competitive market – is required, in order to satisfy its requirements, and therefore for the selection of its contractors, to observe the principles and public procedures envisaged by the Code, allowing for all the exemptions and simplifications envisaged by the regulations, particularly in consideration of the prerogatives and characteristics of the television business.

The Consolidated Law on Finance makes express provision for a mechanism to guarantee the economic equilibrium of the concession holder, acknowledging that public resources must equate to the costs sustained for the performance of the activities delegated to it.

This legal order has not been respected up to now, causing enormous damage to Rai, year after year. If the principle of proportionality between costs and resources had been respected, Rai could have had income for over 1.3 billion euros in 2005-2009.

Even without the results of separate accounting, the instrument that certifies the deficit of public resources, Rai endures a deduction of resources which is unequalled in other European countries, due to the aforementioned anomalous extent of licence fee evasion.

The reduced annual income for Rai can be quantified at about 500 million euros.

The acknowledgement of public resources to Rai in an appropriate amount would have broad positive effects: on the comprehensive prospective balance of market resources, on the audiovisual industry, on the concession holder's capacity to improve its focus on the pursuit of the Public Service mission with a further advantage for the overall quality of programming.

Rai therefore believes that the recovery of the accounts and of a sustainable economic balance, as well as the restoration of a solid financial situation, require – not only for every possible initiative to lever costs dynamics, in line with the Industrial Plan – but also a decisive intervention on public resources.

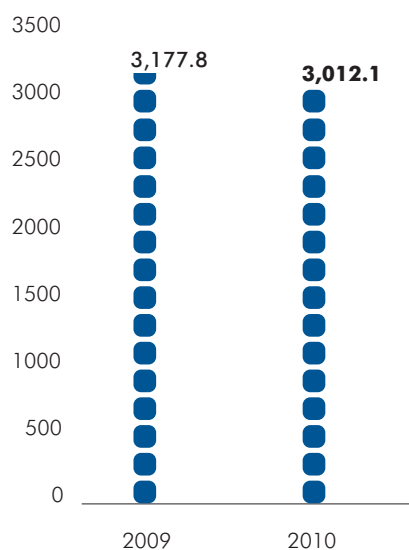
Indeed, the intensification of competition and the consolidation of certain technological and consumption trends have excluded the possibility of the aid guaranteed so often in the past by advertising in relation to the modest income from licence fees. In addition to this, during recession or weak market situations, the more restrictive conditions to which Rai is subject have always amplified market difficulties, and this despite recent positive publishing performances.

The maintenance of the organisational structure and area of activity, in relation to which the independence of Rai is bound to the decisions made by the Institutions, poses an obvious limit to the extent of the benefits that can be obtained with recovery policies concentrated solely on rationalising costs, which do however continue.

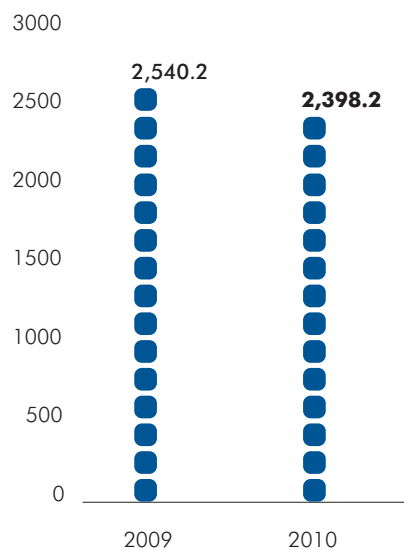
In conclusion – with the support of adequate public funding – Rai will be able to ensure an even greater distinction of its offering. It will be able to make bigger investments in innovation, to build a bridge that can create a stable link with the new generations, who use a variety of technologies to access content, and it will be able to acquire the skills necessary in order to maintain a balanced central role within the communications industry.

Highlights (millions of euros)

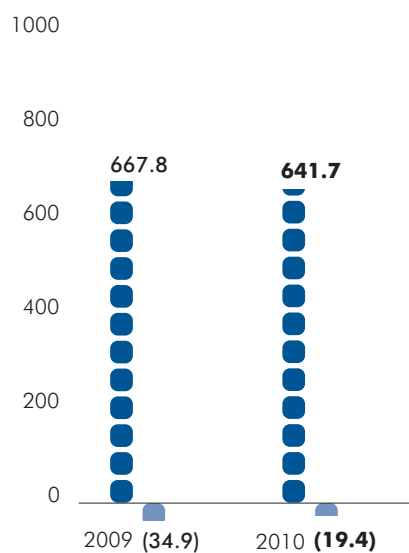
Revenues



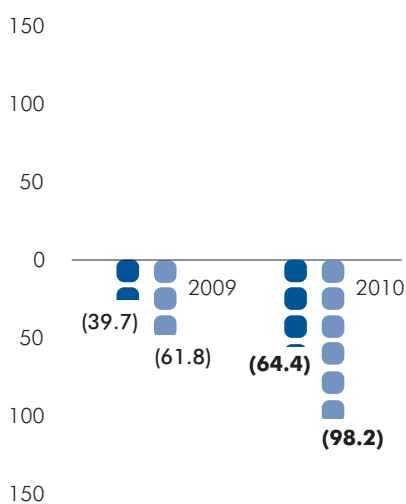
Operating Costs



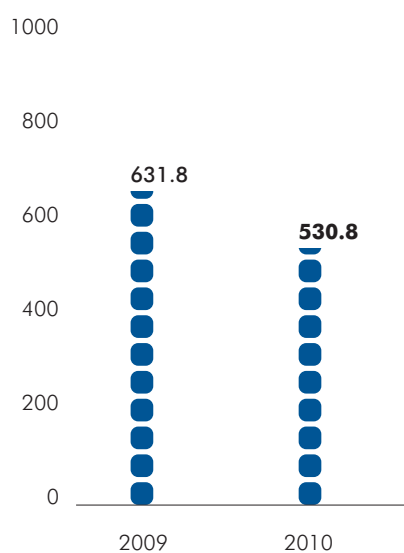
GOM - Operating Result



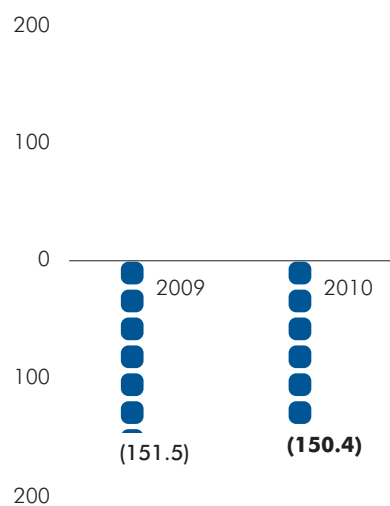
Result before Taxes - Loss for the year



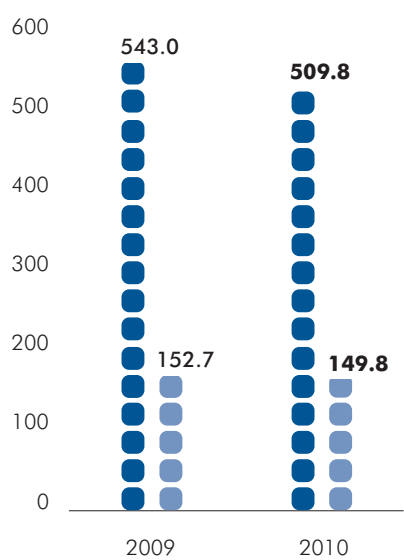
Shareholders' equity



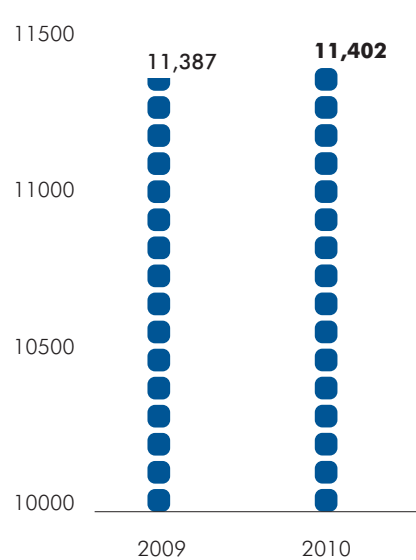
Net Financial Position



Investments (in programmes and other)



Workforce at 31 December



Reclassified consolidated financial statements

Consolidated Income Statement (millions of euros)

	2010	2009	Change	Change %
Revenues from sales and services	3,012.1	3,177.8	(165.7)	-5.2
Change in inventories of work in progress, semi-finished and finished products	0.2	(0.2)	0.4	= =
Internal cost capitalisations	27.6	30.4	(2.8)	-9.2
Total revenues	3,039.9	3,208.0	(168.1)	-5.2
Cost of materials and external services	(1,383.7)	(1,530.6)	146.9	-9.6
Personnel costs	(1,014.5)	(1,009.6)	(4.9)	0.5
Total operating costs	(2,398.2)	(2,540.2)	142.0	-5.6
Gross operating margin	641.7	667.8	(26.1)	-3.9
Amortisation of programmes	(507.0)	(528.4)	21.4	-4.0
Other amortisation and depreciation	(121.9)	(122.6)	0.7	-0.6
Other net income (expense)	(32.2)	(51.7)	19.5	-37.7
Operating result	(19.4)	(34.9)	15.5	-44.4
Net financial expense	(0.4)	(4.8)	4.4	-91.7
Income from equity investments	1.0	0.5	0.5	100.0
Result before exceptional items	(18.8)	(39.2)	20.4	-52.0
Net exceptional expense	(45.6)	(0.5)	(45.1)	9020.0
Result before taxes	(64.4)	(39.7)	(24.7)	62.2
Income taxes for the year	(33.8)	(22.1)	(11.7)	52.9
Loss for the year	(98.2)	(61.8)	(36.4)	58.9
<i>of which portion pertaining to minority interests</i>	0.0	0.3	(0.3)	-100.0

Balance Sheet aggregates (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Non-current assets	1,597.7	1,617.4	(19.7)	-1.2
Working capital	(577.1)	(475.9)	(101.2)	21.3
Staff severance pay provision	(339.4)	(358.2)	18.8	-5.2
Net invested capital	681.2	783.3	(102.1)	-13.0
Net equity	530.8	631.8	(101.0)	-16.0
Net financial debt	150.4	151.5	(1.1)	-0.7
	681.2	783.3	(102.1)	-13.0

Review of consolidated Balance Sheet, Income Statement and Financial position

Income Statement

The Rai Group income statement for 2010 shows a net loss of 98.2 million euros, against a loss of 61.8 million euros for 2009. The difference with the result of the Parent Company result, which presents a net loss of 128.5 million euros, is largely determined by the elimination of the dividends disbursed by the Group companies in relation to the previous year's results against those for the year ending.

The following section provides an overview of the main items of the Income Statement and the reasons behind the more significant changes from the previous year.

Revenues from sales and services

Revenues from sales and services consist of licence fees, advertising revenues and other commercial revenues. They totalled 3,012.1 million euros, down 165.7 million euros (-5.2%) on 2009.

Revenues (millions of euros)				
	2010	2009	Change	Change %
Licence fees	1,685.4	1,645.4	40.0	2.4
Advertising	1,028.9	988.5	40.4	4.1
Other revenues	297.8	543.9	(246.1)	-45.2
Total revenues	3,012.1	3,177.8	(165.7)	-5.2

A breakdown of revenues from sales and services, per company and net of operations between Group companies, is presented in the following table.

Revenues - by company (millions of euros)				
	2010	%	2009	%
Rai	1,823.5	60.5	1,991.5	62.7
Rai Cinema	14.6	0.5	16.3	0.5
RaiNet	0.7	0.0	0.3	0.0
RaiSat	0.0	0.0	34.1	1.1
Rai Trade	54.6	1.8	59.5	1.9
Rai Way	38.2	1.3	39.1	1.2
Sipra	1,035.7	34.4	993.5	31.3
01 Distribution	44.7	1.5	42.5	1.3
Other companies	0.1	0.0	1.0	0.0
Total	3,012.1	100.0	3,177.8	100.0

Licence fees (1,685.4 million euros). These include licence fees for the current year as well as those for previous years, collected through coercive payment following legal registration.

They also include accounts receivable from the Ministry of the Economy and Finance for unpaid licence fees relating to 2008, 2009 and 2010 for subscribers exempted from payment, pursuant to art. 1 paragraph 132, law no.244 of 24 December 2007. It should be pointed out that circular 46/E, dated 20 September 2010, in defining the subjective requirements and the procedure that the parties concerned have to observe to take advantage of such benefit, the Inland Revenue Department established the necessary basis for identifying those entitled to exemption. The identification of exempted subscribers, which is now in the advanced stages, has made it possible to prudentially estimate an account receivable of 2.0 million euros.

Licence fees (millions of euros)

	2010	2009	Change	Change %
Fees for the year	1,660.5	1,629.7	30.8	1.9
Fees from coercive payment	22.9	15.7	7.2	45.9
License fees for subscribers exempted for years 2008, 2009 and 2010	2.0	-	2.0	-
Total	1,685.4	1,645.4	40.0	2.4%

The overall increase (+2.4%) refers to the increase in the per-unit licence fee from 107.50 euros to 109.00 euros (+1.4%), and to the marked increase in measures to coerce payment. There has also been an increase in the number of paying subscribers (+0.2%) and the recovery of new subscribers (+3.4%), following a decline in 2009.

Advertising revenues. As soon as the first timid signs of recovery from recession began to appear, the national advertising market showed a reversal of the trend for 2009, and presented moderate but widespread signs of recovery for almost every medium and sector: the advertising market presents growth of 3.8% in 2010, increasing revenue by about 300 million euros. With the exception of Periodicals and Daily Newspapers, all media have shown a positive trend. The Rai Group reference market (TV, Radio, Cinema and Internet) showed an overall increase of 7.0% (source Nielsen) in 2010.

In this context, the Rai Group's **advertising revenues** (1,028.9 million euros) highlight an increase of 40.4 million euros (+4.1%) compared with 2009.

The growth of the specialised channels should be noted, as they recorded a considerable increase in viewers compared with 2009, due to the high quality of programming, the expansion of the DTT signal broadcasting area and actions for the repositioning and rebranding of certain channels (Rai Movie and Rai 5).

Advertising (millions of euros)

	2010	2009	Change	Change %
On general-interest channels:				
- television	825.2	809.2	16.0	2.0
- radio	43.5	45.3	(1.8)	-4.0
- promotions and sponsorship	97.8	87.8	10.0	11.4
On specialist channels	30.1	14.8	15.3	103.4
Other advertising	32.3	31.4	0.9	2.9
Total	1,028.9	988.5	40.4	4.1

Other revenues show a decline of 246.1 million euros (-45.2%). This was mainly determined by the absence of the income booked in 2009 for the sale to third parties of the pay TV broadcasting rights for the 2010 and 2014 World Cups and for other minor FIFA events, for 175 million euros.

Other reductions of the caption are highlighted in the table below.

They comprise the zeroing of income from the Supply of theme-based satellite channels by former RaiSat (-32.7 million euros), the reduction of the Sale of rights to the utilise archive materials (-12.9 million euros) for the different effects of the agreements entered into during the two years, Special services under agreement (-10.0 million euros) as a consequence of the reorganisation of activities envisaged under the foreign broadcasting agreement, Services rendered to telephone companies (-7.1 million euros) and Different services, performed mainly for public entities (-7.6 million euros) including lower income from the Ministry of Education, University and Research (5.5 million euros in 2009).

Other revenues (millions of euros)

	2010	2009	Change	Change %
Sale of rights, musical publications	83.0	85.0	(2.0)	-2.4
Special services under agreement	58.8	68.8	(10.0)	-14.5
Film and home video distribution	41.4	38.0	3.4	8.9
Fees for hosting plant and equipment	30.1	29.9	0.2	0.7
Sale of rights to utilise archive materials	21.4	34.3	(12.9)	-37.6
Signal broadcasting, circuit hire, radio bridge and link services	12.7	12.4	0.3	2.4
Repayment of programme production costs	7.6	9.7	(2.1)	-21.6
Telephone services	6.4	13.5	(7.1)	-52.6
Sale of pay TV rights to broadcast World Cup and minor events	0.0	175.0	(175.0)	-100.0
Supply of theme-based satellite channels	0.0	32.7	(32.7)	-100.0
Different services, performed mainly for public entities	8.9	16.5	(7.6)	-46.1
Other	27.5	28.1	(0.6)	-2.1
Total	297.8	543.9	(246.1)	-45.2

A breakdown of other revenues, per company and net of operations between Group companies, is presented in the following table.

Other revenues - by company (millions of euros)

	2010	%	2009	%
Rai	138.1	46.4	346.0	63.6
Rai Cinema	14.6	4.9	16.3	3.0
RaiNet	0.7	0.2	0.3	0.1
RaiSat	-	0.0	33.6	6.2
Rai Trade	53.5	18.0	58.7	10.8
Rai Way	38.2	12.8	39.1	7.2
Sipra	7.8	2.6	6.4	1.2
01 Distribution	44.7	15.0	42.5	7.8
Other companies	0.2	0.1	1.0	0.2
Total	297.8	100.0	543.9	100.0

As shown in the table below, the relative weights of the three components on total revenues from sales and services show an increase in the Licence fees and Advertising items compared with the totals for the previous year, to the detriment of the Other revenues component.

% of revenues		
	2010	2009
Licence fees	56.0	51.8
Advertising	34.2	31.1
Other revenues	9.9	17.1
Total	100.0	100.0

Operating costs

These total 2,398.2 million euros, falling 142.0 million euros compared with 2009, equating to 5.6%, the reasons for which are listed below.

The caption includes internal costs (labour cost) and external costs, regarding ordinary business activities, according to the following classification.

Consumption of goods and external services – This caption includes purchases of goods and services required to make programmes of immediate-use (purchases of consumables, external services, artistic collaborations, etc.), filming rights for sports events, copyright, running costs (rental and hire fees, telephone and postage, cleaning, maintenance, etc.) and other operating costs (direct and indirect taxes, contribution to the Authority, the public broadcasting concession fee, etc.).

As shown in the table, the caption shows a drop of 146.9 million euros (-9.6%), determined by the absence of the cost of pay TV broadcasting rights for the 2010 and 2014 World Cups and for other minor FIFA events, for 169.3 million euros, subject to the sale to third parties booked last year and mentioned earlier.

The comparison, net of this component, highlights an increase in the caption of 22.4 million euros (+1.6%), largely deriving from the increase in costs to purchase broadcasting rights mainly for sports events (+77.2 million euros). As in all even numbered years, 2010 was characterised by important four-yearly sports events (World Cup and Winter Olympics) influencing the 2010 income statement by 107.8 million euros, partially offset by savings from the broadcasting rights for the Champions League and Italian National Football Team matches.

In addition to the above, savings were made in the other components of the caption, confirming last year's trend.

Consumption of goods and external services (millions of euros)				
	2010	2009	Change	Change %
Materials purchased	29.1	29.5	(0.4)	-1.4
External services:				
Freelance services	148.3	149.1	(0.8)	-0.5
Services for acquisition and production of programmes	242.6	267.8	(25.2)	-9.4
Staff allowances, travel and accessory costs	45.8	45.4	0.4	0.9
General services (postage, telephones, maintenance, transport, cleaning, archive services etc.)	191.0	199.6	(8.6)	-4.3
Other	108.8	114.6	(5.8)	-5.1
	736.5	776.5	(40.0)	-5.2
Use of third-party assets:				
Leases and rentals	118.5	123.8	(5.3)	-4.3
Cost of pay TV rights for World Cup and minor events sold	0.0	169.3	(169.3)	= =
Filming rights (mainly for sports events and the Sanremo Festival)	293.1	215.9	77.2	35.8
Utilisation rights	122.6	129.9	(7.3)	-5.6
	534.2	638.9	(104.7)	-16.4
Change in inventories	0.1	0.1	0.0	= =
Concession fee	28.2	29.5	(1.3)	-4.4
Miscellaneous operating costs				
Prizes and winnings	9.7	12.3	(2.6)	-21.1
Authority contribution	5.1	4.9	0.2	4.1
Municipal property tax	4.4	4.4	0.0	0.0
Other indirect taxes and contributions	10.2	9.8	0.4	4.1
Newspapers, magazines, books and publications	3.3	3.3	0.0	0.0
Membership fees	3.5	3.5	0.0	0.0
Other	6.5	5.7	0.8	14.0
	42.7	43.9	(1.2)	-2.7
Other	12.9	12.2	0.7	5.7
Total	1,383.7	1,530.6	(146.9)	-9.6

A breakdown by individual Group company of the cost of goods and services, net of transactions between Group companies, is given in the following table:

Consumption of goods and external services by company (millions of euros)

	2010	%	2009	%
Rai	1,162.4	84.0	1,286.0	84.0
Rai Cinema	20.4	1.5	15.5	1.0
RaiNet	6.6	0.5	6.7	0.4
RaiSat	-	0.0	15.9	1.0
Rai Trade	30.5	2.2	36.9	2.4
Rai Way	77.8	5.6	77.6	5.1
Sipra	39.3	2.8	42.6	2.8
01 Distribution	36.1	2.6	38.7	2.5
Other companies	10.6	0.8	10.7	0.7
Total	1,383.7	100.0	1,530.6	100.0

Personnel costs – These amount to 1,014.5 million euros, up by a total of 4.9 million euros on the total at 31 December 2009 (+0.5%), as detailed in the table below.

Personnel costs (millions of euros)

	2010	2009	Change	Change %
Wages and salaries	725.9	729.5	(3.6)	-0.5
Social security contributions	205.8	203.9	1.9	0.9
Staff severance pay	52.8	49.4	3.4	6.9
Pension and similar costs	14.0	14.7	(0.7)	-4.8
Other	16.0	12.1	3.9	32.2
Total	1,014.5	1,009.6	4.9	0.5

The previous year's trend of personnel cost containment was confirmed, remaining well below the rate of inflation, thanks partially to the absence of provision (for all Group companies apart from Sipra) for middle management, office staff, blue collar and executive bonuses, resulting in a lower cost of about 17.5 million euros.

The reduction in personnel costs is also due to a series of management measures to offset the economic impact of automatic pay increases provided for by the labour contract, the stabilisation of those on temporary employment contracts, the rise in the staff severance pay revaluation index and, above all, the simultaneous renewal of all the collective contracts. Among the actions taken, incentives for resignation and the substantial blockage of management policies played a significant role.

A breakdown of personnel costs by individual Group company is given in the following table.

Personnel costs by group company (millions of euros)

	2010	%	2009	%
Rai	911.0	89.8	903.4	89.5
Rai Cinema	4.9	0.5	4.9	0.5
RaiNet	3.6	0.4	3.7	0.4
RaiSat	-	0.0	6.6	0.7
Rai Trade	7.0	0.7	6.6	0.7
Rai Way	50.0	4.9	49.3	4.9
Sipra	30.6	3.0	28.3	2.8
Other companies	7.4	0.7	6.8	0.7
Total	1,014.5	100.0	1,009.6	100.0

Personnel on payroll at 31 December 2010 (including 63 work-introduction and apprenticeship contracts) amounted to 11,402, up 15 on the same date of the previous year. In detail, Group company leavers numbered 439, of whom 279 left under resignation incentives, while engagements numbered 454, 366 of which following the signing of permanent employment contracts by temporary workers in application of trade union agreements, 33 returns to work following legal action and 5 compulsory placements.

The **average number of employees**, including those on fixed-term contracts, came to 13,295, down 57 from the previous year due to an increase of 114 in the number of staff on permanent contracts and reduction of 171 in the number of staff on fixed-term contracts.

Gross Operating Margin

The Gross Operating Margin, as a consequence of the above, is positive by 641.7 million euros, down 26.1 million euros, or 3.9%, on the previous year.

Amortisation of programmes

This caption is related to **investments in programmes** which, during 2010, amounted to 509.8 million euros, down 33.2 million euros (-6.1%), regarding every kind of programme, as highlighted in the following table.

Investments in programmes (millions of euros)

	2010	2009	Change	Change %
Programmes:				
- TV fiction series	324.0	333.5	(9.5)	-2.8
- Films	123.0	140.4	(17.4)	-12.4
- Other programmes	62.8	69.1	(6.3)	-9.1
Total	509.8	543.0	(33.2)	-6.1

A breakdown of investments in programmes by each individual company is shown in the following table:

Investments in programmes by company (millions of euros)				
	2010	%	2009	%
Rai	273.0	53.6	287.6	53.0
Rai Cinema	227.6	44.6	227.4	41.9
RaiSat	-	0.0	16.7	3.1
Rai Trade	9.2	1.8	10.0	1.8
Other companies	-	0.0	1.3	0.2
Total	509.8	100.0	543.0	100.0

Amortisation charged to the above captions for the year, 507.0 million euros, shows a reduction of 21.4 million euros (-4.0%) compared with the previous year, related to the performance of investments.

Amortisation of programmes (millions of euros)				
	2010	2009	Change	Change %
Programmes:				
- TV fiction series	299.6	310.7	(11.1)	-3.6
- Films	150.2	157.0	(6.8)	-4.3
- Other programmes	57.2	60.7	(3.5)	-5.8
Total	507.0	528.4	(21.4)	-4.0

Other amortisation and depreciation

The 2010 movement in this caption, shown in the following table, is linked to **investments in tangible non-current assets and other investments**, and presents a total reduction of 2.9 million euros (-1.9%). This is determined by growth in investments in tangible assets (+4.2 million euros) made principally by Rai Way for the development of the digital terrestrial broadcasting service and a reduction in other investments (-7.1 million euros).

The table below shows the breakdown by company and type:

Other investments (millions of euros)				
	2010	2009	Change	Change %
Tangible non-current assets	142.3	138.1	4.2	3.0
Other intangible assets	7.5	14.6	(7.1)	-48.6
Total	149.8	152.7	(2.9)	-1.9
including, for the development of the digital network	76.6	58.7	17.9	30.5

Other investments by company (millions of euros)

	2010	%	2009	%
Rai	53.7	35.8	68.3	44.7
Rai Cinema	0.2	0.1	0.1	0.1
RaiSat	-	0.0	-	0.0
Rai Trade	0.3	0.2	0.6	0.4
Rai Way	90.5	60.4	76.8	50.3
Sipra	4.1	2.7	6.0	3.9
Other companies	1.0	0.7	0.9	0.6
Totale	149.8	100.0	152.7	100.0

Amortisation and depreciation charged for the year amounts to 121.9 million euros, with a drop of 0.7 million euros compared with 2009, referring entirely to tangible non-current assets, in relation to the progressive completion of the depreciation of assets acquired in the past.

Depreciation and amortisation of other non-current assets (millions of euros)

	2010	2009	Change	Change %
Tangible non-current assets	108.6	111.2	(2.6)	-2.3
Other intangible assets	13.3	11.4	1.9	16.7
Total	121.9	122.6	(0.7)	-0.6

Other net income (charges)

The caption comprises costs/revenues not directly related to the Company's core business and, in 2010, highlights net expenses of 32.2 million euros (51.7 million euros in the previous year). In detail, the caption comprises expenses relating to repeat-usage programmes which it is not expected will be used, repeated or commercially exploited (42.8 million euros), provisions for risks and charges (19.1 million euros), provision to the credit depreciation fund (8.4 million euros), provision to the supplementary pension fund for former employees (9.7 million euros), partly offset by net prior-year income (29.2 million euros) and releases of funds allocated in previous years (20.0 million euros).

Operating result

The results described above for operating revenues and costs led to an improvement in the operating result, from -34.9 million euros in the previous year to -19.4 million euros this year, with a drop of 15.5 million euros.

Net financial expense

Net financial expense shows a loss of 0.4 million euros, improving on 2009 (-4.8 million euros). The caption shows the economic effects of typical financial operations and comprises bank interest expense and income as well as that relating to Group companies and net income/expense in relation to exchange rates.

Net financial income (expense) (millions of euros)

	2010	2009	Change
Net interest expense from banks and other lenders	(4.0)	(3.7)	(0.3)
Net income (expense) in relation to exchange rates	3.0	(0.5)	3.5
Other net financial income (expense)	0.6	(0.6)	1.2
Total	(0.4)	(4.8)	4.4

Financial operations show a drop in net interest payable to banks of 0.3 million euros, due to the rise in financial exposure to third parties, partly offset by the drop in market rates.

Exchange rate differences, deriving from the purchase of sports broadcasting rights (Rai) and investments in intangible assets (Rai Cinema) in US dollars, are positive, thanks to hedges implemented in prior years, which limited the negative oscillations in the exchange rate during the year.

The average cost of loans by banks and other financial institutions, consisting of current account credit lines, "hot cash" and stand-by loans, has fallen due to the significant reduction in the money market reference rates, standing at 1.9% (2.3% in the previous year).

Net exceptional expense

This caption amounts to 45.6 million euros (0.5 million euros in 2009) originated mainly by 45.4 million euros of expenses for incentivised early staff resignation.

Income taxes

These amount to 33.8 million euros and represent the balance between current and deferred taxes as shown in the table.

Income taxes (millions of euros)

	2010	2009	Change
IRES	(38.4)	(27.2)	(11.2)
IRAP	(35.6)	(35.5)	(0.1)
Substitute tax	0.0	0.0	0.0
Deferred tax liabilities:			
- from Group company financial statements	2.6	13.8	(11.2)
- from consolidation adjustments	(0.1)	(0.1)	0.0
Deferred tax assets:			
- from Group company financial statements	37.8	26.7	11.1
- from consolidation adjustments	(0.1)	0.2	(0.3)
Total	(33.8)	(22.1)	(11.7)

IRES of 38.4 million euros presents an increase of 11.2 million euros on the previous year's figure, relating to the better economic results of certain Group companies.

No amount was recorded for IRES for the Parent Company, as the year is expected to have a negative tax result.

IRAP for 35.6 million euros is stable on the previous year's figure.

Deferred tax liabilities in 2010 determine a positive effect equating to 2.6 million euros (13.8 million euros in 2009), as a consequence of the reversal of the temporary differences in income deriving from higher amortisation applied in previous years, purely for tax purposes.

Deferred tax assets (37.8 million euros) originated from the booking of IRES credit deriving from the negative taxable amount for the year, which was related mainly to the Parent Company. This was offset by the positive taxable amounts of the subsidiaries, included within the scope of consolidation for the 2010 tax year.

Balance Sheet aggregates

Non-current assets

Non-current assets (millions of euros)				
	31.12.2010	31.12.2009	Change	Change %
Tangible non-current assets	613.4	581.2	32.2	5.5
Programmes	921.0	962.8	(41.8)	-4.3
Equity investments	9.5	13.3	(3.8)	-28.6
Other non-current assets	53.8	60.1	(6.3)	-10.5
Total	1,597.7	1,617.4	(19.7)	-1.2

Tangible non-current assets are detailed in the following table.

Tangible non-current assets (millions of euros)				
	31.12.2010	31.12.2009	Change	Change %
Land and buildings	185.0	179.2	5.8	3.2
Plant and machinery	262.0	216.0	46.0	21.3
Industrial and sales equipment	11.0	11.1	(0.1)	-0.9
Other assets	32.4	34.5	(2.1)	-6.1
Non-current assets under development and payments on account	123.0	140.4	(17.4)	-12.4
Total	613.4	581.2	32.2	5.5

Investments in programmes are represented mainly by TV fiction series (490.1 million euros) and films (335.3 million euros).

Investments in programmes (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
TV fiction series	490.1	495.3	(5.2)	-1.0
Films	335.3	371.0	(35.7)	-9.6
Other programmes	95.6	96.5	(0.9)	-0.9
Total	921.0	962.8	(41.8)	-4.3

Equity investments amount to 9.5 million euros and present a reduction on the previous year (3.8 million euros), largely due to the closure of Sacis liquidation process.

Other non-current assets are shown in the following table:

Other non-current assets (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Digital terrestrial frequencies	17.9	21.3	(3.4)	-16.0
Alterations and improvements to leased properties	14.9	15.5	(0.6)	-3.9
Non-current receivables	6.3	5.7	0.6	10.5
Securities	3.8	3.8	0.0	0.0
Other	10.9	13.8	(2.9)	-21.0
Total	53.8	60.1	(6.3)	-10.5

Working capital

The change from 2009 (-101.2 million euros) is due mainly to normal developments in the business.

Working capital (millions of euros)

	31.12.2010	31.12.2009	Change	Change %
Inventories	4.5	5.0	(0.5)	-10.0
Trade receivables	656.1	779.9	(123.8)	-15.9
Other assets	224.2	263.4	(39.2)	-14.9
Trade payables	(805.9)	(811.4)	5.5	-0.7
Provisions for risks and charges	(402.7)	(413.2)	10.5	-2.5
Other liabilities	(253.3)	(299.6)	46.3	-15.5
Total	(577.1)	(475.9)	(101.2)	21.3

Major changes relate to:

- **Trade receivables:** down 123.8 million euros, mainly determined by the booking during the year of prior amounts receivable for services rendered to the Government under contract.
- **Other assets:** down 39.2 million euros and largely related to the re-entry of advance payments made to purchase the broadcasting rights for sports events held during the year (particularly the World Cup and Winter Olympics).
- **Other liabilities:** down 46.3 million euros, determined mainly by the different temporary liquidation of various accounts payable.

Net financial position

The year-end **net financial position** is negative by 150.4 million euros, showing no significant changes compared to the previous year (-151.5 million euros) and is comprised as follows:

Net Group financial position (millions of euros)				
	31.12.2010	31.12.2009	Change	Change %
Net amounts due from (to) banks and other lenders				
in the medium/long term	(3.7)	(2.7)	(1.0)	37.0
in the short term	(148.0)	(163.7)	15.7	-9.6
Cash and cash equivalents	3.0	20.8	(17.8)	-85.6
	(148.7)	(145.6)	(3.1)	2.1
Other financial payables	(1.7)	(5.9)	4.2	-71.2
Net financial position	(150.4)	(151.5)	1.1	-0.7

Despite the negative economic result, the improvement in working capital, mainly due to the collection of prior accounts receivable for services rendered to the Government under contract, and the reduction of the total investments made, contributed significantly to the substantial stability of the net financial position compared with the previous year.

The average financial position is negative by about 188 million euros and has deteriorated compared to the previous year (-144 million euros).

The analysis carried out on the basis of the **balance sheet** and **income statement ratios** highlighted that:

- the **net invested capital coverage ratio**, calculated as the ratio between net invested capital and net equity, is 1.28 (1.24 in 2009);
- the **current ratio**, identified as the ratio between current assets (inventories, current assets, cash and cash equivalents and financial receivables) and current liabilities (current liabilities and financial debts), is 0.73 (0.83 in 2009);
- the **self-coverage ratio** of non-current assets, calculated as the ratio of Shareholders' equity to non-current assets, is 0.33 (0.39 in 2009).

The **financial risks** to which the Group is exposed are monitored using appropriate computerised and statistical instruments. A policy regulates financial management in accordance with best international practice, the aim being to preserve the corporate value by taking an adverse attitude towards risk, pursued via active monitoring of the exposure and the centralised implementation of suitable hedging strategies by the Parent Company, also acting on behalf of the subsidiaries.

In particular:

- The **exchange risk** is significant in relation to the exposure in US dollars generated by the acquisition of rights to sports events in foreign currencies by Rai (as well as the funding of the foreign associated company Rai Corporation) and of film and television broadcasting rights by Rai Cinema. These commitments generated payments for about 180 million dollars during 2010. Operation takes place from the date of subscription to the commercial commitment, often lasting several years, and aims to defend the counter value in euros of commitments estimated at the time of order or in the budget. Hedging strategies are implemented using financial derivative instruments – such as forward purchases, swaps, and options structures – without ever taking on an attitude of financial speculation. The group policy envisages numerous operating limits to be observed by the hedging activity.
- The **interest rate risk** is also regulated by the company policy, particularly for medium/long-term exposure with specific operating limits. At the moment, the financial position does not contain significant long-term and variable rate exposures, but sees short periods of operational liquidity alternating with overdraft positions through reversible credit lines or stand-by loans, for it was deemed unnecessary to activate hedging operations.
- The **credit risk** on cash deployment is limited in that the company policy envisages the use, for limited periods of cash timing differences, of low-risk financial instruments with parties with high ratings. Only tied deposits or sight deposits with remunerations close to the Euribor rate were used during 2010.
- As regards the **liquidity risk**, it should be noted that the Group has short-term credit lines with the banking system, which are in excess of 475 million euros. A stand-by loan for 220 million euros has been taken out with a group of banks and is due to expire in 2012. The total loans are sufficient to cover the overdrafts, although the procedure for liquidating the four deferred instalments by the Ministry of the Economy and Finance can generate tensions in the event of significant delays with respect to the quarter-end dates established by contract. To cope with the significant investments required by the DTT project, besides having applied to the European Investment Bank for a medium/long-term loan, the company has also begun a selection procedure with the banking system, which should be completed in the first half of 2011, to restructure the sources of loans, with a view to extending them over a longer period of time.





**Consolidated Balance Sheet
and Income Statement** (in statutory form)

Consolidated Balance Sheet - Assets (millions of euros)

	31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
1.- Formation, start-up and expansion costs	..	..
3.- Industrial patents and intellectual property rights	648.0	688.6
4.- Concessions, licences, trademarks and similar rights	18.1	21.5
6.- Intangible assets under development and payments on account	283.0	285.3
7.- Other	15.6	18.0
TOTAL INTANGIBLE ASSETS	964.7	1,013.4
II. TANGIBLE ASSETS		
1.- Land and buildings	185.0	179.2
2.- Plant and machinery	262.0	216.0
3.- Industrial and sales equipment	11.0	11.1
4.- Other assets	32.4	34.5
5.- Intangible assets under construction and payments on account	123.0	140.4
TOTAL TANGIBLE ASSETS	613.4	581.2
III. FINANCIAL ASSETS		
1.- Equity investments in		
a) non-consolidated subsidiaries	-	4.6
b) associated companies	8.7	7.9
d) other companies	0.8	0.8
	9.5	13.3
2.- Receivables		
d) from others		
. amounts due within one year	0.7	0.6
. amounts due after one year	5.6	5.1
	6.3	5.7
3.- Other securities	3.8	3.8
TOTAL FINANCIAL ASSETS	19.6	22.8
TOTAL NON-CURRENT ASSETS	1,597.7	1,617.4

follows

Consolidated Balance Sheet - Assets (millions of euros)

	31.12.2010	31.12.2009
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	2.2	2.1
3.- Contract work in progress	0.1	0.7
4.- Finished goods and merchandise	2.2	2.2
TOTAL INVENTORIES	4.5	5.0
II. RECEIVABLES		
1.- Customers	655.6	779.6
2.- Subsidiaries	-	..
3.- Associated companies	0.1	0.3
4bis.- Tax receivables	56.3	54.0
4ter.- Deferred tax assets		
. amounts due within one year	43.9	35.5
. amounts due after one year	4.3	1.9
5.- Others		
. amounts due within one year	53.8	115.1
. amounts due after one year	20.2	13.0
TOTAL RECEIVABLES	834.2	999.4
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	2.5	20.4
2.- Cheques	..	..
3.- Cash and cash equivalents on hand	0.5	0.4
TOTAL CASH AND CASH EQUIVALENTS	3.0	20.8
TOTAL CURRENT ASSETS	841.7	1,025.2
D) ACCRUED INCOME AND PREPAID EXPENSES	46.1	43.9
TOTAL ASSETS	2,485.5	2,686.5

Consolidated Balance Sheet - Liabilities (millions of euros)

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. PARENT COMPANY EQUITY		
I. Share Capital	242.5	242.5
IV. Legal Reserve	7.0	7.0
VII. Other reserves	379.5	443.8
IX. Group profit (loss) for the year	(98.2)	(62.1)
TOTAL GROUP SHAREHOLDERS' EQUITY	530.8	631.2
II. MINORITY INTERESTS IN EQUITY		
- Share capital and reserves pertaining to minority interests	-	0.3
- Profit (loss) for the year pertaining to minority interests	-	0.3
TOTAL SHAREHOLDERS' EQUITY PERTAINING TO MINORITY INTERESTS	-	0.6
TOTAL SHAREHOLDERS' EQUITY	530.8	631.8
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	151.8	153.9
2.- Current and deferred taxes	12.0	14.5
3.- Other	238.9	244.8
TOTAL PROVISIONS FOR RISKS AND CHARGES	402.7	413.2
C) PROVISION FOR STAFF SEVERANCE PAY	339.4	358.2
D) PAYABLES		
4.- Due to banks		
. amounts due within one year	148.0	163.7
. amounts due after one year	0.8	-
5.- Due to other lenders		
. amounts due within one year	1.3	0.7
. amounts due after one year	1.6	2.0
6.- Advances		
. amounts due within one year	4.3	6.9
. amounts due after one year	1.5	1.5
7.- Due to suppliers	796.2	797.7
9.- Due to non-consolidated subsidiaries	-	5.1
10.- Due to associated companies	5.6	5.5
12.- Taxes payable	77.6	70.8
13.- Welfare and social security institutions	50.3	55.6
14.- Other payables	74.7	117.5
TOTAL PAYABLES	1,161.9	1,227.0
E) ACCRUED EXPENSES AND DEFERRED INCOME	50.7	56.3
TOTAL PAYABLES	2,485.5	2,686.5

Consolidated Memorandum accounts (millions of euros)

	31.12.2010	31.12.2009
1.- Unsecured guarantees granted		
a) Sureties:		
- in favour of associated companies	2.6	2.6
- in favour of others	82.5	87.9
	<hr/> 85.1	<hr/> 90.5
c) Other:		
- in favour of others	1.9	2.5
	<hr/> 1.9	<hr/> 2.5
Total unsecured guarantees granted	87.0	93.0
2.- Secured guarantees granted		
b) For own commitments other than payables	3.7	3.7
c) For debt recorded in the balance sheet	50.6	50.6
	<hr/> 54.3	<hr/> 54.3
Total secured guarantees granted	54.3	54.3
3.- Purchase and sale commitments	71.0	88.2
4.- Other memorandum accounts	443.7	532.9
	<hr/> 656.0	<hr/> 768.4

Consolidated Income Statement (millions of euros)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,962.0	3,134.1
2.- Changes in inventories of work in progress, semifinished and finished products	0.2	(0.2)
3.- Changes in work contracts in progress	(0.6)	..
4.- Internal cost capitalisations	27.6	30.4
5.- Other production-related income		
a) operating grants	8.2	5.1
b) gains on disposal of assets	1.7	0.4
c) miscellaneous	102.2	97.7
	112.1	103.2
TOTAL PRODUCTION VALUE	3,101.3	3,267.5
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(29.1)	(29.5)
7.- Services	(736.5)	(776.5)
8.- Use of third-party assets	(534.2)	(638.9)
9.- Personnel		
a) wages and salaries	(725.9)	(729.5)
b) social security contributions	(205.8)	(203.9)
c) staff severance pay provision	(52.8)	(49.4)
d) pension and similar costs	(14.0)	(14.7)
e) other costs	(16.0)	(12.1)
	(1,014.5)	(1,009.6)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(532.9)	(551.7)
b) depreciation of tangible assets	(108.6)	(111.2)
c) other non-current asset writedowns	(43.4)	(36.4)
d) writedowns of credits booked to current assets, cash and cash equivalents	(8.4)	(13.5)
	(693.3)	(712.8)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(0.1)	(0.1)
12.- Provisions for risks	(17.2)	(23.4)
13.- Other provisions	(2.2)	(3.8)
14.- Other operating costs		
a) capital losses on disposals	(1.5)	(0.5)
b) concession fee	(28.2)	(29.5)
c) other	(63.9)	(77.8)
	(93.6)	(107.8)
TOTAL PRODUCTION COSTS	(3,120.7)	(3,302.4)
Operating result	(19.4)	(34.9)

follows

Consolidated Income Statement (millions of euros)

	31.12.2010	31.12.2009
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
a) from non-current receivables equity investments		
. other	..	..
b) from non-current securities other than	0.1	0.1
d) financial income other than the above		
. interest and commissions from associated companies	-	..
. interest and commissions from others and miscellaneous income	1.6	1.0
	<u>1.7</u>	<u>1.1</u>
17.- Interest and other financial expenses		
b) interest and commissions payable to associated companies	..	..
d) interest and commissions payable to others and miscellaneous expense	(5.1)	(5.1)
	<u>(5.1)</u>	<u>(5.1)</u>
17bis.- Foreign exchange gains and losses - net	3.0	(0.5)
TOTAL FINANCIAL INCOME AND EXPENSE	(0.4)	(4.5)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) equity investments	1.1	0.5
19.- Writedowns		
a) equity investments	(0.1)	..
b) of non-current securities other than equity investments	..	(0.3)
	<u>(0.1)</u>	<u>(0.3)</u>
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	1.0	0.2
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
b) prior year gains and reversal of non-existent liabilities	0.6	6.3
c) other	-	..
	<u>0.6</u>	<u>6.3</u>
21.- Exceptional expense		
b) prior year taxes	(0.3)	..
c) prior-year charges and reversal of non-existent assets	(0.5)	..
d) others	(45.4)	(6.8)
	<u>(46.2)</u>	<u>(6.8)</u>
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(45.6)	(0.5)
Result before taxes	(64.4)	(39.7)
22.- Current income taxes for the year, and deferred tax assets and liabilities	(33.8)	(22.1)
23.- Profit (loss) for the year	(98.2)	(61.8)
Of which:		
- pertaining to the Parent Company	(98.2)	(62.1)
- pertaining to minority interests	-	0.3





Notes to the consolidated financial statements

1) Introduction

The Rai Group consolidated financial statements have been prepared in accordance with the provisions of the Italian Civil Code and Legislative Decree 127 of 9 April 1991. The following documents are annexed to the consolidated financial statements: the reclassified statements comprised of tables for the analysis of the balance sheet and income statement, and of cash flows.

In order to render the consolidated financial statements at 31 December 2010 fully comparable with those of the previous year, certain items have been reclassified.

The consolidated balance sheet, income statement, notes and related schedules are expressed in millions of euros.

The consolidated financial statements reporting date is 31 December 2010, which is the year-end date for all consolidated companies.

The financial statements of consolidated companies are those approved by their Shareholders and have been adjusted, where necessary, to apply accounting standards consistently.

The consolidated financial statements and the accounts of the individual consolidated companies, except for those of Rai Corporation Canada due to its small relevance, have been audited by Pricewaterhousecoopers SpA.

The reconciliation between Rai and Group results and equity for 2010 and 2009 is presented on page 265.

2) Scope of consolidation

Rai and all Italian and foreign in which the Parent Company Rai holds - directly or indirectly - the majority of voting rights at ordinary Shareholders' meetings are included in the scope of consolidation.

The following companies are consolidated on a line-by-line basis (figures for share capital are at 31 December 2010):

- *Rai Cinema SpA*; registered office in Roma, Piazza Adriana 12, share capital 200,000,000.40 euros; shareholders: Rai 99.997678%, Rai Trade 0.002322%.
- *Rai Corporation - Italian Radio TV System*; registered office in New York, 32 Avenue of the Americas; share capital 500,000 US\$; shareholders: Rai 100%.
- *Rai Corporation Canada - Italian Radio TV System*; registered office in Woodbridge (Ontario) L4H 4V9 Canada – 80 Carlauren Road - Suite 23, share capital 1,394 Canadian dollars; shareholders: Rai Corporation 100%.
- *Rai World formerly NewCo Rai International SpA*; registered office in Rome, Viale Mazzini 14, share capital 1,300,000 euros; shareholders: Rai 99.954%, Rai Trade 0.046%.
- *RaiNet SpA*; registered office in Milan, Corso Sempione 27, share capital 5,160,000 euros; shareholders: Rai 100%.
- *Rai Trade SpA*; registered office in Roma, Via Umberto Novaro 18, share capital 8,000,000 euros; shareholders: Rai 100%.
- *Rai Way SpA*; registered office in Roma, Via Teulada 66, share capital 70,176,000 euros; shareholders Rai 99.99926%, Rai Trade 0.00074%.
- *Sipra SpA*; registered office in Turin, Corso Bernardino Telesio 25, share capital 10,000,000 euros; shareholders: Rai 100%.
- *01 Distribution Srl*; registered office in Rome, Piazza Adriana 12, share capital 516,456 euros; shareholders: Rai Cinema 100%.

With the deed of merger dated 23 September 2010, backdated to 1 January 2010, RaiSat SpA was merged by incorporation into Rai.

The following companies are recorded using the equity method:

- *Audiradio Srl*; registered office in Milan, Largo Toscanini 1, share capital 258,000 euros; shareholders: Rai 30.23%, others 69.77%.
- *Auditel Srl*; registered office in Milan, Largo Toscanini 1, share capital 300,000 euros; shareholders: Rai 33%, others 67%.
- *Euronews - Société Anonyme*; registered office in Lione Ecully (France), 60 Chemin des Mouilles; share capital 3,630,585 euros; shareholders: Rai 22.84%, others 77.16%.
- *San Marino RTV SpA*; registered office in the Republic of San Marino, Viale Kennedy 13; share capital 516,460 euros; shareholders: Rai 50%, E.Ra.S. 50%.
- *Tivù Srl*; registered office in Roma, Via di Villa Patrizi 8, share capital 1,000,000 euros; shareholders: Rai 48.16%, others 51.84%.

3) Consolidation principles and foreign currency translation methods

These can be summarised as follows:

- a) The book values of equity investments in consolidated companies and the corresponding portion of their net equities have been eliminated against the total incorporation of the assets, liabilities, costs and revenues of such companies (regardless of percentage of ownership); minority interests' shares in equity (and the results for the year) are shown in specific items. Any differences emerging have been taken directly to consolidated equity.
- b) Payables and receivables, expense and income, dividends and other transactions made between consolidated companies have been eliminated.
- c) Financial statements denominated in foreign currency have been translated into euros, applying to each individual asset and liability item on the balance sheet the exchange rate in force at 31 December 2010 (Euro/US\$: 1.33620; euro/Can\$: 1.33220), while the items on the income statement have been subject to application of the average exchange rate for 2010 (euro/US\$: 1.326799; euro/Can\$: 1.366505) and equity items have been valued at the historical rate. Differences arising from the change in the exchange rate used in relation to equity items compared with the previous year are taken to a special consolidated equity reserve.
- d) For consolidation purposes, the financial statements of consolidated companies have been brought into line with the accounting policies and methods described hereunder.

4) Accounting policies

Before examining the individual items, we have provided an overview of the main accounting policies used, which were adopted from the perspective of the Company as a going concern and comply with the provisions of Articles 2423 et seq. of the Civil Code and Legislative Decree 127 of 9 April 1991. Such policies are substantially unchanged from those applied in the previous year.

a) Industrial patents and intellectual property rights:

The acquisition and production costs of programmes, composed of external costs that can be allocated directly to each project and the cost of internal resources used to create programmes, are recorded according to the following criteria:

- 1) costs for repeat-use television productions are capitalised under intangible assets and, if such productions are usable at year-end, are carried under industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such programmes are not yet usable at year-end, the costs are carried under intangible assets under development and payments on account.

The objective difficulty of establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of the rights, which is further complicated by the many ways in which they can be used, has led to the useful life of repeat-use programmes being estimated as follows:

- three years for TV series productions or in general for all non-film productions;
- four years for football library exploitation rights;
- five years for free TV rights acquired by Rai Cinema, except for products for which the whole range of rights has been acquired (film, television, home video etc.) the useful life of which is estimated at seven years.

Costs for concession rights with a shorter duration are amortised over the period they are available.

In addition, an impairment provision has been established for programmes for which transmission, re-broadcasting or commercial exploitation is at risk.

- 2) Costs for immediate-use television programmes are expensed in a single year, which is normally that in which they are used. More specifically:

- *News, light entertainment and all radio programming.* Costs are expensed in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
- *Sports events.* Costs are booked to the year in which the event takes place.
- *Documentaries, classical music and drama.* Costs are charged against income in a single amount at the time the programmes are ready for broadcasting or the rights are usable.

- b) Software licences are carried with industrial patents and intellectual property rights net of amortisation and are amortised over three years from the year they enter service.

- c) Costs incurred for the construction of the digital terrestrial network are capitalised under intangible assets net of amortisation and amortised on a straight-line basis over the forecast period of use from the date the service is activated.

- d) Trademarks are amortised substantially over ten years from the year they enter service.

- e) Deferred charges are carried under other intangible assets net of accumulated amortisation. They regard improvements to leased or licensed property and accessory charges on loans. Amortisation for leasehold improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period of benefit of the costs, calculated using amortisation rates which reflect the rate of economic deterioration of the relative assets. Accessory charges on loans are amortised in relation to the duration of the loan.

- f) Tangible assets – which are shown net of accumulated depreciation – are recorded at cost, increased by internal personnel costs incurred in preparing them to enter service, increased following revaluations pursuant to laws.

The costs of tangible assets as determined above are amortised in accordance with Article 2426 (2) of the Civil Code.

Ordinary maintenance costs are expensed in the year in which they are incurred.

- g) Financial leases have been booked by recording the asset and relative debt in the consolidated balance sheet in amounts which, at the beginning of the contract, are equal to the normal value of the leased asset. Depreciation of such leased assets is calculated on a straight line basis at 6% per annum. Leasing instalments are split between the portion representing financial charges, which are taken to the income statement as such, and the principal portion, which is taken as a reduction to the relative debt.
- h) Equity investments in non-consolidated subsidiaries and associated companies are carried at equity; equity investments below 20% and interests in consortia are shown at cost adjusted for any permanent impairment in value. In the event of investee companies with negative equity (in deficit), the investments are written down in full and an additional amount is set up in the provisions for risks and charges for the portion of the deficit pertaining to the Group. Adjustments for permanent impairment are reversed in the event that such impairment is subsequently recovered due to sufficient operating earnings by the investee company.
- i) Fixed-income securities carried as non-current financial assets are valued at purchase cost. Positive or negative differences between purchase cost and redemption value are taken to income in the amount accruing for the year.
- j) Non-current assets which, at the balance sheet date, have suffered a permanent impairment in value, are carried at the lower value. Should the reasons for the writedown made in previous years no longer apply, the assets are revalued within the limits of the amount of the writedown.
- k) Other securities carried under current financial assets are valued at the lower of purchase cost – determined as the weighted average cost – and estimated realisable value, which is given by market value.
- l) Inventories of raw materials, supplies and consumables (technical materials) are valued at purchase cost, which is determined on the basis of weighted average cost, written down taking account of market trends and estimated non-use due to obsolescence and slow turnover. Inventories of items for resale (books, DVDs, etc.) are carried at the lower of purchase cost, which is determined on the basis of weighted average cost, and estimated realisable value as determined by market prices.
- m) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis for the individual entries.
- n) Provisions for pension and similar liabilities, which comprise the provision for supplementary staff severance pay, the social security benefits provision and the company supplementary pension fund, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.
- o) The provision for taxes includes probable tax liabilities arising out of the settlement of tax disputes and includes deferred tax liabilities calculated on timing differences which have resulted in lower current taxes. Deferred tax assets arising from charges which are tax-deductible on a deferred basis and from tax losses are taken up under Current Assets caption 4 *ter* ("Deferred tax assets") if there is reasonable certainty that they will be recovered in the future.
- p) Other provisions for risks and charges include provisions to cover specific losses or liabilities, the existence of which is certain or probable, but the amount or date of occurrence of which is uncertain. They are set up on a case-by-case basis in relation to specific risk positions and their amount is determined on the basis of reasonable estimates of the liability that such positions could generate.
- q) The provision for staff severance pay is determined in conformity to applicable law and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date net of advances already paid.

- r) Payables are shown at nominal value; receivables are carried at estimated realisable value, net of the provision for bad debts as determined on the basis of a case-by-case assessment of the solvency risks of the individual debtors.
- s) Payables and receivables denominated in currencies other than the Euro – with the exception of hedged positions, which are valued at the rate applying to the financial instrument – are recorded at the exchange rates applying at the balance sheet date. Profits and losses ensuing from such conversion are taken to the income statement as components of financial income or expense. Any net profit is taken to a specific non-distributable reserve until the profit is realised.
- t) Payments on account include advances paid by customers for services that have not yet been performed.
- u) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- v) Dividends are taken to income in the year in which they are received.
- w) Income taxes are recorded on the basis of an estimate of taxable income in conformity with applicable regulations, taking account of deferred tax positions. The tax liability to be settled on presentation of the tax declaration is carried under taxes payable, together with liabilities relating to taxes already assessed and due. The tax charge in the Group's consolidated financial statements reflects the tax charges in the individual financial statements of consolidated companies, which have been aligned on the basis of uniform accounting policies and prepared on a prudent basis.

Companies consolidated using the line-by-line method with the exception of Rai Trade, Rai Corporation and Rai Corporation Canada, have opted to be taxed on a Group consolidated basis and have transferred to the Parent Company the duty of attending to all requirements regarding the settlement and payment of IRES tax. The procedure for the consolidation of the Group's taxable amounts is regulated by a specific agreement between the Parent Company and the subsidiaries. The fundamental standards that regulate this agreement are neutrality (absence of negative effects on the single companies), proportionality in the use of losses and their integral remuneration on the basis of the rate of IRES in force at the time of effective use, offsetting the incomes booked.

- x) During consolidation, the tax effects on consolidation adjustments resulting in timing differences on the Group's result have been recorded as prepaid taxes and deferred taxes.
- y) In order to hedge interest rate and exchange rate risk, the Company uses derivative contracts to hedge specific transactions. Interest differentials to be collected or paid on interest rate swaps are taken to the income statement on an accruals basis over the duration of the contract. Accrued interest differentials that have not been settled at the end of the year or which have been settled before they actually accrue are taken to accrued income and prepaid expenses, or accrued expenses and deferred income, as the case may be. Derivative contracts hedging exchange rate risks are used to cover contractual commitments in foreign currencies and entail adjusting the value of the underlying item. The premium or discount arising from the differential between the spot and future exchange rates for hedging transactions carried out via future acquisition of value and premiums paid in relation to options is taken to the income statement over the duration of the contract.

If the market value of derivatives contracts that do not fully qualify for hedge accounting is negative, a specific risk provision is set up for this value.

- z) Collections are recorded by bank transaction date; for payments account is likewise taken of the instruction date.

5) Consolidated Balance Sheet

Assets

Non-current assets

Intangible assets

This caption includes the cost of non-physical factors of production with lasting utility, net of amortisation and writedowns in the event of permanent impairment of value.

These total 964.7 million euros, with a net increase of 48.7 million euros on the preceding year, represented by the balance between new investment (529.1 million euros), the amortisation charge for the year (532.9 million euros), and writedowns and eliminations for 44.5 million euros, as well as other decreases for 0.4 million euros.

Formation, start-up and expansion costs. These disclose an insignificant value (31 December 2009: insignificant) booked to the financial statements of Rai World formerly NewCo Rai International (see Schedule 1).

Intangible assets (millions of euros)											Schedule 1			
31.12.2009 (a)						Changes during the year					31.12.2010			
	Cost	Write-downs	Amortisat.	Book value	Increases and capitalis.	Disposals (b)	Reclassific.	Writedowns/ Amortisat. Eliminations	Conversion differences	Cost	Write-downs	Amortisat.	Book value	
Formation, start-up and expansion costs	0.1	-	(0.1)	..	-	-	-	-	..	-	0.1	-	(0.1)	..
Industrial patents and intellectual property rights:														
programmes	(c) 1,580.3	(45.6)	(848.2)	686.5	335.1	..	177.3	(36.7)	(519.6) (d)	-	2,092.7	(45.9)	(1,404.2)	642.6
other	(e) 4.1	-	(2.0)	2.1	1.5	..	5.3	-	(3.5)	-	10.9	-	(5.5)	5.4
	1,584.4	(45.6)	(850.2)	688.6	336.6	..	182.6	(36.7)	(523.1)	-	2,103.6	(45.9)	(1,409.7)	648.0
Concessions, licences, trademarks and similar rights														
digital terrestrial broadcasting	40.5	-	(19.2)	21.3	-	-	-	-	(3.4)	-	40.5	-	(22.6)	17.9
other	0.6	-	(0.4)	0.2	..	-	-	..	..	-	0.6	..	(0.4)	0.2
	41.1	-	(19.6)	21.5	..	-	-	..	(3.4)	-	41.1	..	(23.0)	18.1
Intangible assets under development and payments on account:														
programmes	(f) 276.3	-	-	276.3	186.5	(1.0)	(177.3)	(6.1)	-	-	278.4	-	-	278.4
long-term costs relating to third-party property	1.4	-	-	1.4	1.1	..	(0.8)	-	-	-	1.7	-	-	1.7
other	7.6	-	-	7.6	1.2	-	(5.9)	-	-	-	2.9	-	-	2.9
	285.3	-	-	285.3	188.8	(1.0)	(184.0)	(6.1)	-	-	283.0	-	-	283.0
Other:														
long-term costs relating to third-party property	(g) 55.3	-	(41.2)	14.1	1.8	(0.1)	0.8	-	(3.6)	0.2	55.3	-	(42.1)	13.2
accessory charges on loans	1.5	-	(0.4)	1.1	0.1	-	-	-	(0.6)	-	1.6	-	(1.0)	0.6
other	5.0	-	(2.2)	2.8	1.8	-	..	(0.6)	(2.2)	-	6.8	(0.6)	(4.4)	1.8
	61.8	-	(43.8)	18.0	3.7	(0.1)	0.8	(0.6)	(6.4)	0.2	63.7	(0.6)	(47.5)	15.6
	1,972.7	(45.6)	(913.7)	1,013.4	529.1	(1.1)	(0.6)	(43.4)	(532.9)	0.2	2,491.5	(46.5)	(1,480.3)	964.7

(a) Discloses only the amounts not completely amortised at 31 December 2009

(b) Of which:

Cost	(3.8)
Amortisation	2.7
	(1.1)

(c) Programmes, with book values:

not completely amortised	1,580.3	(45.6)	(848.2)	686.5	1,394.4	(43.2)	(708.5)	642.7
completely amortised	581.8	(0.1)	(581.7)	-	698.3	(2.7)	(695.6)	-
	2,162.1	(45.7)	(1,429.9)	686.5	2,092.7	(45.9)	(1,404.1)	642.7

(d) net of the provision for impairment of programmes for 36.4 million euros

(e) With book values:

not completely amortised					9.4	-	(4.0)	5.4
completely amortised					1.5	-	(1.5)	-
					10.9	-	(5.5)	5.4

(f) Costs relating to the use of intellectual property in progress at 31 December 2009 and not transferred by December 2010 to non-current assets being amortised, refer to rights becoming valid after 31 December 2010 and to internal productions of programmes still to be completed on such date. In all cases there are costs referring to programmes which will be used in the future.

(g) Long-term costs relating to third-party property with book values:

not completely amortised	55.3	-	(41.2)	14.1	55.0	-	(41.8)	13.2
completely amortised	0.1	-	(0.1)	-	0.3	-	(0.3)	-
	55.4	-	(41.3)	14.1	55.3	-	(42.1)	13.2

Industrial patents and intellectual property rights. As shown in Schedule 1, these amount to 648.0 million euros, as follows:

- 642.6 million euros for the cost of television programmes and films available for use, booked mainly to the financial statements of the Parent Company and Rai Cinema, showing a net decrease of 43.9 million euros compared to the figure relating to 31 December 2009. This decrease is represented by the difference between new assets for 512.4 million euros (of which 177.3 million euros transferred from intangible assets under development and payments on account for rights that became available during the year), a writedown against the risk of non-transmission, repeatability and commercial exploitation of certain programmes amounting to 36.7 million euros and the amortisation charge for the year of 519.6 million euros;
- 5.4 million euros for software rights, showing a net increase of 3.3 million euros compared to the figure relating to 31 December 2009. Specifically, the aforementioned increase is represented by the difference between new assets for 6.8 million euros (of which 5.3 million euros transferred from intangible assets under development and payments on account for rights that became available for use during the year) and the amortisation charge for the year of 3.5 million euros.

As regards television and film products available for use, at 31 December 2010 the item total, gross of writedowns, was split between:

- rights to television programmes owned or held under unlimited-term licences amounting to 250.3 million euros;
- rights to television programmes held under fixed-term licences amounting to 438.3 million euros.

Overall investments in television programmes made in 2010 amount to 521.6 million euros, including 186.5 million euros in programmes which were not yet available at 31 December 2010, which are carried under Intangible assets under development and payments on account.

Analysing investments by type, at 31 December 2010, 324.0 million euros had been invested in fiction programmes (series, miniseries, TV movies, soap operas etc), 123.0 million euros in films, 33.6 million euros in cartoons and comedy programmes, 10.1 million euros in football libraries, 11.8 million euros in documentaries, 14.6 million euros in classical music and drama and 4.5 million euros in other genres.

Concessions, licences, trademarks and similar rights. These items, which are stated net of accumulated amortisation, include costs incurred on the acquisition of licences for digital terrestrial frequencies, and own trademarks. Overall, these amount to 18.1 million euros, of which 17.9 million euros with reference to digital network frequencies (see Schedule 1).

Intangible assets under development and payments on account. These amount to 283.0 thousand euros, including:

- 278.4 million euros for the cost of television programmes and films which are not yet available, and therefore not subject to amortisation; compared with the figure at 31 December 2009, this has shown a net increase of 2.1 million euros, as shown in Schedule 1. Specifically, the aforementioned increase is equal to the balance between increases for new assets (186.5 million euros), decreases for items transferred to Industrial patents and intellectual property rights in that they relate to productions and/or acquisitions which have become usable during the period in question (177.3 million euros) and eliminations for 7.1 million euros;
- 1.1 million euros for software programs and analysis, showing a net reduction of 5.2 million euros compared to the figure relating to 31 December 2009. The aforementioned reduction is equal to the balance between increases for new assets (0.6 million euros), decreases referring almost entirely to items transferred to Industrial patents and intellectual property rights in that they relate to products that became usable during the year (5.8 million euros);
- 1.7 million euros refers to alterations and improvements under way on property under leasehold or concession (31 December 2009: 1.4 million euros);
- 1.8 million euros for the cost of purchasing option rights on commercial exploitation agreements regarding football libraries booked to the Parent Company's financial statements (at 31 December 2009: 1.2 million euros).

For television programmes and films that have not yet become available, the total of 278.4 thousand euros includes:

- 158.8 million euros for television programmes owned by the Company that were not ready at 31 December 2010 or for which usage rights began after 31 December 2010;

- 119.6 million euros regarding third-party television programmes held on fixed-term licence beginning after 31 December 2010.

Other intangible assets. The amount of 15.6 million euros includes:

- 13.2 million euros for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (31 December 2009: 14.1 million euros);
- 1.7 million euros relating to investments in software programs and analyses (at 31 December 2009: 1.9 million euros);
- 0.6 million euros for costs incurred during the year, net of accumulated amortisation, on stand-by loans with a duration of three years, to be broken down throughout the loan period (at 31 December 2009: 1.1 million euros);
- 0.1 million euros (31 December 2009: 0.8 million euros) mainly for the purchase of a right to the first negotiation and option on the broadcasting of football matches, net of amortisation calculated over the concession period, booked to the Parent Company financial statements.

Tangible Assets

These comprise the costs and related revaluations of tangible fixed assets with a useful life of several years. They are carried net of standard depreciation and writedowns for lasting value impairments if any.

The standard depreciation rates applied are listed below:

- *buildings and light structures* from 3% to 10%
- *plant and machinery* from 12.50% to 25%
- *industrial and sales equipment* from 14.30% to 19%
- *other assets* from 12% to 33.33%

At 31 December 2010, Tangible assets amount to 613.4 million euros and show, overall, a net increase of 32.2 million euros compared with 2009, comprised of the balance between new assets for 142.3 million euros, amortisation for 108.6 million euros and reclassifications for 1.5 million euros, as specified in Schedule 2.

Tangible assets and accumulated depreciation (millions of euros)

Schedule 2

31.12.2009						Changes during the year					31.12.2010				
Costs	Revaluat.	Writedowns	Accumul. depreciat.	Book value		Increases and capitalis.	Reclassif.	Net eliminations and transfers (a)	Depreciat.	Conversion differences	Costs	Revaluat.	Writedowns	Accumul. depreciat.	Book value
Land and buildings	523.1	626.7	(36.5)	(934.1)	179.2	12.8	9.0	(0.4)	(15.6)	-	542.7	626.1	(36.5)	(947.3)	185.0
Plant and machinery	1,610.1	23.9	-	(1,418.0)	216.0	52.7	74.9	(0.3)	(81.3)	..	1,703.2	13.7	-	(1,454.9)	262.0
Industrial and sales equipment	109.4	4.5	-	(102.8)	11.1	1.5	2.4	..	(4.0)	-	108.0	3.3	-	(100.3)	11.0
Other assets	161.0	2.9	-	(129.4)	34.5	4.1	1.7	(0.2)	(7.7)	..	120.8	1.0	-	(89.4)	32.4
Assets under construction and payments on account	140.4	-	-	-	140.4	71.2	(87.4)	(1.2)	-	..	123.0	-	-	-	123.0
	2,544.0	658.0	(36.5)	(2,584.3)	581.2	142.3	0.6	(2.1)	(108.6)	..	2,597.7	644.1	(36.5)	(2,591.9)	613.4

(a) of which:

. Costs	(89.6)
. Revaluations	(13.9)
. Depreciation	101.4
	(2.1)

It should be noted that new assets recorded, which reflect investments made in the year, comprise 8.4 million euros for the capitalisation of the cost of internal personnel engaged in the construction of buildings, plant and machinery.

The gross value of revaluations recorded under tangible non-current assets is reported below, listed according to the applicable regulations:

- 0.2 million euros gross in implementation of Law 823 of 19 December 1973;
- 47.0 million euros gross in implementation of law 576 of 2 December 1975 and law 72 of 19 March 1983;
- 62.1 million euros gross in implementation of Law 413 of 30 December 1991;
- 534.8 million euros gross in implementation of Law 650 of 23 December 1996.

Non-current Financial Assets

These represent the cost of durable financial investments and related revaluations, net of any writedowns described in the comments on the individual items.

These total 19.6 million euros and are comprised as follows:

Equity investments in non-consolidated subsidiaries. The caption no longer presents any value, because the liquidation of Sacis Spa has been closed and the value of the investment written off (at 31 December 2009: 4.6 million euros);

Equity investments in associated companies. These relate to companies not falling within the scope of the consolidation in which interests of over 20% are held and over which a dominant influence is not exercised. Details follow:

(millions of euros)				
	Percentage holding		Book value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Audiradio	30.23%	30.23%	0.3	0.3
Auditel	33%	33%	0.4	0.4
San Marino	50%	50%	2.9	2.9
Euronews	22.84%	22.84%	4.0	3.7
Tivù	48.16%	48.25%	1.1	0.6
Gross value			8.7	7.9
Impairment provisions			0.0	0.0
Net value			8.7	7.9

Equity investments in the associated companies are all held in the Rai portfolio.

Equity investments in other companies. These total 0.8 million euros and are comprised as follows:

(millions of euros)		
	31.12.2010	31.12.2009
Almaviva	0.3	0.3
Istituto Enciclopedia Treccani	0.5	0.5
Other	0.1	0.1
Gross value	0.9	0.9
Impairment provisions	(0.1)	(0.1)
Net value	0.8	0.8

Receivables from others. These amount to 6.3 million euros (31 December 2009: 5.7 million euros) and are comprised as follows:

- advances paid in relation to mandates for the sale of rights for 3.4 million euros;
- guarantee deposits of 2.5 million euros;
- loans granted to employees of 0.4 million euros;

The composition of these captions is shown in Schedule 3. Schedules 6 and 8 detail their distribution by maturity, type and currency, while Schedule 7 by geographic area.

Financial assets - Receivables and other items (millions of euros)

Schedule 3

	31.12.2009				Changes during the year				31.12.2010			
	Cost	Revaluat.	Writedowns	Book value	Acquisitions Subscriptions Disbursements	Disposals Redemptions	Reclassificat.	Writedowns (-) Writebacks (+)	Cost	Revaluat.	Writedowns	Book value
Receivables:												
Others												
- employees	0.7	-	(0.2)	0.5	0.1	(0.2)	-	-	0.6	-	(0.2)	0.4
- guarantee deposits	2.4	-	(0.2)	2.2	0.4	(0.1)	-	..	2.7	-	(0.2)	2.5
- tax prepayments on provision for severance pay - Law 140/97	..	-	-	..	-	-	-	..	-	-	-	-
- advances of sales mandates	15.4	-	(12.4)	3.0	1.0	(0.3)	(0.3)	..	15.8	-	(12.4)	3.4
	18.5	-	(12.8)	5.7	1.5	(0.6)	(0.3)	..	19.1	-	(12.8)	6.3
Other securities	3.8	..	..	3.8	-	-	-	..	3.8	..	..	3.8

Other securities. These amount to 3.8 million euros (31 December 2009: 3.8 million euros) and are entirely comprised of collateral securities.

The composition of the item is shown in Schedule 3.

Current Assets

Inventories

Inventories amount to 4.5 million euros net of the inventory provision (31 December 2009: 5.0 million euros). As shown in Schedule 4, they comprise:

- *Raw materials, supplies and consumables:* these amount to 2.2 million euros net of the inventory provision for 14.4 million euros. They consist almost entirely of supplies and spare parts for maintenance and the operation of equipment, considered as consumables since they are not directly incorporated into products.
- *Contract work in progress:* this amounts to 0.1 million euros, most of which is carried in Rai Way's financial statements, relating to costs incurred on developing the Isoradio network.
- *Finished goods and merchandise:* these amount to 2.2 million euros net of the inventory provision of 0.5 million euros, mostly relating linked to the books and periodicals business, home video distribution and inventories of items acquired in exchange for advertising.

Inventories (millions of euros)

Schedule 4

	31.12.2009	Changes during the year		31.12.2010
		Increases (+) Decreases (-)	Balance of provisions made (-) and released (+)	
Raw materials, supplies and consumables	17.5	(0.9)	-	16.6
Writedown provision	(15.4)	-	1.0	(14.4)
	2.1	(0.9)	1.0	2.2
Contract work in progress	0.7	(0.6)	-	0.1
Finished goods and merchandise	3.2	(0.5)	-	2.7
Writedown provision	(1.0)	-	0.5	(0.5)
	2.2	(0.5)	0.5	2.2
Total	5.0	(2.0)	1.5	4.5

Receivables

Receivables total 834.2 million euros, showing a decrease of 165.2 million euros on 31 December 2009, as can be seen in Schedule 5, which gives a breakdown of receivables, and Schedules 6 and 8 which show their distribution by maturity, type and currency. Their distribution by geographic area is shown in Schedule 7.

Current assets - Receivables (millions of euros)

Schedule 5

	31.12.2009	Changes during the year			31.12.2010
		Balance of entries (+) repayments (-)	Uses/release	Provision	
Customers					
. government and other public entities for public broadcasting services	184.2	(100.4)	-	-	83.8
. net receivables for licence fees	23.8	10.4	-	-	34.2
. other receivables	640.5	(43.2)	-	-	597.3
less					
. bad debts provision	(68.9)	-	16.7	(7.5)	(59.7)
	779.6	(133.2)	16.7	(7.5)	655.6
Subsidiaries					
. Sacis	..	..	-	-	-
	-	-	-
Associated companies					
. Audiradio	0.1	(0.1)	-	-	-
. Auditel	..	..	-	-	..
. San Marino RTV	0.1	..	-	-	0.1
. Tivù	0.1	(0.1)	-	-	..
	0.3	(0.2)	-	-	0.1
Tax receivables	54.0	2.3	-	-	56.3
Deferred tax assets	37.4	10.8	-	-	48.2
Others					
. advances for sporting events	87.6	(51.8)	-	-	35.8
. advances to suppliers, collaborators, agents	12.8	(0.3)	-	-	12.5
. social security departments	9.0	1.8	-	-	10.8
. personnel	7.0	(0.4)	-	-	6.6
. other	13.1	(2.6)	-	-	10.5
less					
. bad debts provision	(1.4)	-	0.1	(0.9)	(2.2)
	128.1	(53.3)	0.1	(0.9)	74.0
Total	999.4	(173.6)	16.8	(8.4)	834.2

**Receivables, accrued income and prepaid expenses,
distributed by maturity and type** (millions of euros)

Schedule 6

	31.12.2010 Amounts due				31.12.2009 Amounts due			
	within 1 year	from 2 to 5 years	after 5 years	Book value	within 1 year	from 2 to 5 years	after 5 years	Book value
NON-CURRENT FINANCIAL RECEIVABLES								
Others	0.7	4.5	1.1	6.3	0.6	4.1	1.0	5.7
	0.7	4.5	1.1	6.3	0.6	4.1	1.0	5.7
CURRENT RECEIVABLES								
Financial receivables								
others	..	-	-	..	..	-	-	..
	..	-	-	-	-	..
Trade and other receivables								
Customers	655.6	-	-	655.6	779.6	-	-	779.6
Subsidiaries	-	-	-	-	..	-	-	..
Associated companies	0.1	-	-	0.1	0.3	-	-	0.3
Tax receivables	56.3	-	-	56.3	54.0	-	-	54.0
Deferred tax assets	43.9	4.3	-	48.2	35.5	1.9	-	37.4
Due from others:								
- for future sports events	15.7	20.1	-	35.8	75.4	12.2	-	87.6
- other	38.1	0.1	-	38.2	39.7	0.8	-	40.5
	809.7	24.5	-	834.2	984.5	14.9	-	999.4
Accrued income and prepaid expenses								
Accrued income	0.1	-	-	0.1	0.1	-	-	0.1
Prepaid expenses	45.3	..	0.7	46.0	43.1	0.1	0.6	43.8
	45.4	0.0	0.7	46.1	43.2	0.1	0.6	43.9
Total	855.8	29.0	1.8	886.6	1,028.3	19.1	1.6	1,049.0

Receivables - Distribution by geographical area (millions of euros)

Schedule 7

	31.12.2010				31.12.2009			
	Italy	EU	Non-EU	Book value	Italy	EU	Non-EU	Book value
Non-current financial receivables due from:								
others	6.0	0.1	0.2	6.3	5.4	0.1	0.2	5.7
	6.0	0.1	0.2	6.3	5.4	0.1	0.2	5.7
Current receivables								
customers	615.6	17.6	22.4	655.6	744.8	15.6	19.2	779.6
subsidiaries	-	-	-	-	..	-	-	..
associated companies	..	-	0.1	0.1	0.2	-	0.1	0.3
tax receivables	56.2	-	0.1	56.3	54.0	-	-	54.0
deferred tax assets	48.2	-	-	48.2	37.4	-	-	37.4
others								
- for future sports events	18.4	10.6	6.8	35.8	59.0	8.3	20.3	87.6
- other	34.6	3.4	0.2	38.2	35.9	3.4	1.2	40.5
	773.0	31.6	29.6	834.2	931.3	27.3	40.8	999.4
Total	779.0	31.7	29.8	840.5	936.7	27.4	41.0	1,005.1

Receivables, cash and equivalents and accrued income in foreign currency or exposed to exchange rate risk (millions of euros)

Schedule 8

	31.12.2010				31.12.2009			
	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value
Non-current financial receivables due from:								
others	19.0	0.2	(12.9)	6.3	18.2	0.3	(12.8)	5.7
	19.0	0.2	(12.9)	6.3	18.2	0.3	(12.8)	5.7
Current receivables								
customers	710.1	5.2	(59.7)	655.6	843.1	5.4	(68.9)	779.6
subsidiaries	-	-	-	-	..	-	-	..
associated companies	0.1	-	-	0.1	0.3	-	-	0.3
tax receivables	56.2	0.1	-	56.3	54.0	-	-	54.0
deferred tax assets	48.2	-	-	48.2	37.4	-	-	37.4
other:								
- for future sports events	18.1	17.7	-	35.8	73.1	14.5	-	87.6
- miscellaneous	40.2	0.2	(2.2)	38.2	40.0	1.9	(1.4)	40.5
	872.9	23.2	(61.9)	834.2	1,047.9	21.8	(70.3)	999.4
Cash and cash equivalents								
Bank and post office deposits	0.8	1.7	-	2.5	18.8	1.6	-	20.4
Cheques	..	-	-	..	..	-	-	..
Cash and cash equivalents on hand	0.5	..	-	0.5	0.4	..	-	0.4
	1.3	1.7	-	3.0	19.2	1.6	-	20.8
Accrued income	0.1	-	-	0.1	0.1	-	-	0.1
Total	893.3	25.1	(74.8)	843.6	1,085.4	23.7	(83.1)	1,026.0

Receivables from customers. These disclose trade receivables. They total 655.6 million euros, with a nominal value of 715.3 million euros which has been written down by 59.7 million euros to bring them to their estimated realisable value and compared with 31 December 2009 they show a decrease of 124.0 million euros.

Details of the caption are divided into:

- *receivables from Sipra customers for advertising services sold:* exposed for a nominal value of 307.8 million euros, they show a 12.1 million euro increase on 31 December 2009;
- *receivables for services rendered by Rai to the Government under specific agreements:* as shown in the following table, these amount to a nominal 83.8 million euros, down 100.4 million euros on 31 December 2009, equivalent to the balance between the increase in invoices issued and for amounts accrued for 2010 less collections;

Receivables for services rendered to the government and other public entities under specific agreements (millions of euros)

	2010	2009
Prime Minister's Office:		
- Operating grant to be transferred to San Marino RTV	3.1	4.6
- Radio, television and multimedia offering for the foreign market	24.1	98.6
- Broadcasting from Trieste in Slovenian	19.6	13.0
- Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	1.9	4.0
- Radio and television broadcasts in German for the Province of Bolzano and radio broadcasts in Ladin for the Val Badia, Val Gardena and Val di Fassa	14.8	30.2
- Extension of the RaiUno signal to Tunisia and subsequent maintenance	0.5	2.2
Total Prime Minister's Office	64.0	152.6
Ministries:		
- Economy and Finance: management of television licence fee collection	11.2	23.5
Regions:		
- Autonomous Region of Valle d'Aosta: management of equipment for reception of programmes from the French-speaking area	8.6	8.1
Total	83.8	184.2

- *net receivables for licence fees*: these amount to 34.2 million euros, up 10.4 million euros on 31 December 2009, representing licence fees not yet transferred to Rai. Activities are underway to recover such receivables. They consist in asking the Ministry of the Economy and Finance to increase the specific provision of the expense section during the settlement of the Government Financial Statements for 2011, in order to allow recovery, with liquidation of the fourth instalment of transfer of the fees, envisaged to take place in December 2011;
- *other receivables*: these amount to a nominal value of 289.5 million euros, down 31.1 million euros compared with 31 December 2009, and represent, among the most significant entries, receivables from customers of Rai for the sale of rights, technical assistance to third parties and others for 182.0 million euros, receivables from Rai Trade for the sale of rights for 54.3 million euros, film companies and home video customers booked to the financial statements of 01 Distribution for 31.8 million euros, receivables from customers of Rai Way for 10.8 million euros and receivables from customers of Rai Cinema for 8.8 million euros.

Receivables from associated companies. These amount to 0.1 million euros (31 December 2009: 0.3 million euros), and represent the balance of trade receivables from the companies Auditel, San Marino RTV and Tivù which are carried in the Parent Company financial statements.

Tax receivables. These are carried at a nominal value of 56.3 million euros (31 December 2009: 54.0 million euros). They relate for the most part to receivables recorded in the Parent Company financial statements (55.0 million euros), to Group VAT (46.1 million euros), IRAP credit (2.1 million euros), tax reimbursements requested (6.6 million euros), and minor captions for the difference.

Deferred tax assets. These represent the amount receivable deriving from items subject to deferred deductibility. They total 48.2 million euros (31 December 2009: 37.4 million euros) comprising deferred tax assets recorded by the individual companies (46.3 million euros) and deferred tax assets from consolidation adjustments (1.9 million euros). They are up 10.8 million euros as detailed in Schedule 9. They relate mainly to:

- 41.3 million euros taken up by the Parent Company in connection with items which are deductible on a deferred basis for tax purposes (41.2 million euros) and items transferred from group companies under the consolidated taxation mechanism (0.1 million euros);
- 2.4 million euros for prepaid tax assets taken up by Rai Way;
- 1.8 million euros for prepaid tax assets taken up by Sipra;
- 0.8 million euros for prepaid tax assets taken up by Rai Cinema.

Deferred tax assets (millions of euros)

Schedule 9

	IRES		IRAP		
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.5% (average)	Total taxes
Situation at 31.12.2009					
Tax loss	98.1	27.0	0.0	0.0	27.0
Estimated recovery of provisions	9.2	2.5	73.2	3.3	5.8
Statutory/fiscal difference on amortisation	6.5	1.8	8.7	0.4	2.2
Deferral of effect of re-aligning tax value of assets	0.4	0.1	0.4	0.0	0.1
Prepaid taxes from consolidation adjustments	6.4	1.8	5.1	0.2	2.0
Other	1.0	0.2	0.9	0.1	0.3
Total	121.6	33.4	88.3	4.0	37.4
Movements in the year:					
Tax loss	39.3	10.8	0.0	0.0	10.8
Estimated recovery of provisions	2.4	0.7	(27.7)	(1.3)	(0.6)
Statutory/fiscal difference on amortisation	(3.1)	(0.9)	37.1	1.7	0.8
Deferral of effect of re-aligning tax value of assets	(0.4)	(0.1)	(0.4)	0.0	(0.1)
Prepaid taxes from consolidation adjustments	(0.5)	(0.2)	0.8	0.1	(0.1)
Other	(0.3)	0.0	(0.3)	0.0	0.0
Total	37.4	10.3	9.5	0.5	10.8

	IRES		IRAP		
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.6% (average)	Total taxes
Situation at 31.12.2010:					
Tax loss	137.4	37.8	0.0	0.0	37.8
Estimated recovery of provisions	11.6	3.2	45.5	2.0	5.2
Statutory/fiscal difference on amortisation	3.4	0.9	45.8	2.1	3.0
Deferral of effect of re-aligning tax value of assets	0.0	0.0	0.0	0.0	0.0
Prepaid taxes from consolidation adjustments	5.9	1.6	5.9	0.3	1.9
Other	0.7	0.2	0.6	0.1	0.3
Total	159.0	43.7	97.8	4.5	48.2

Receivables from others. These amount to 74.0 million euros (31 December 2009: 128.1 million euros). Net of writedowns of 2.2 million euros, they reflect the value of other types of receivable as described below:

- *advances to suppliers* on sports events filming rights, carried at nominal value of 35.8 million euros;
- *advances to welfare and social security institutions* on contributions payable for artistic activities and for advance payments of severance pay, carried at a nominal value of 10.8 million euros;
- *receivables from personnel* carried at nominal 6.6 million euros. They are entirely composed of advances of various types, mainly for travel expenses and production expenses;
- *miscellaneous advances to suppliers* carried at a nominal value of 12.5 million euros;
- *receivables from others*, carried at a nominal value of 10.5 million euros.

Cash and cash equivalents

These amount to 3.0 million euros (31 December 2009: 20.8 million euros) relating mostly to the Parent Company which manages central treasury services. They comprise the following:

- Bank and post office deposits: these amount to 2.5 million euros (31 December 2009: 20.4 million euros). They represent sight or short-term balances on deposit or current account with banks, financial institutions and the Post Office.
- Cash and cash equivalents on hand: these amount to 0.5 million euros (31 December 2009: 0.4 million euros) and include liquid funds in the form of cash and equivalent instruments (duty stamps, cashier's cheques or bank-guaranteed cheques etc.) held by the Company at 31 December 2010.

Schedule 8 gives a breakdown of cash and cash equivalents in euros and other currencies.

Accrued income and prepaid expenses

These total 46.1 million euros (31 December 2009: 43.9 million euros) and consist of prepaid expenses for 46.0 million euros and accrued income for 0.1 million euros.

The composition is detailed in Schedule 10.

Accrued income and prepaid expenses (millions of euros)			Schedule 10
	Changes of the period		
	31.12.2009	Balance of transactions	31.12.2010
Prepaid expenses:			
. filming rights for sporting events	28.7	6.3	34.0
. leases and rentals	3.9	(0.1)	3.8
. software utilisation rights	2.1	..	2.1
. acquisition and production of programmes	1.5	0.1	1.6
. documentation and assistance for IT systems	0.1	(0.1)	-
. maintenance and repairs	0.5	(0.2)	0.3
. insurance and preventions	1.0	(0.9)	0.1
. other	6.0	(2.9)	4.1
	43.8	2.2	46.0
Accrued income:			
. premiums earned on foreign currency hedges	0.1	..	0.1
. interest income	..	..	-
	0.1	..	0.1
Total	43.9	2.2	46.1

Liabilities and Equity

Shareholders' equity

Shareholders' equity amounts to 530.8 million euros, down 101.0 million euros on 31 December 2009 mainly due to the loss for the year (98.2 million euros).

The components of shareholders' equity and the effects of operations carried out in 2010 and the previous year are shown in Schedule 11.

Changes in consolidated Shareholders' equity (millions of euros)														Schedule 11
	Balance as at 31.12.2008	Transfer of result	Dividends	Other movements	Conversion differences	Result for year	Balance as at 31.12.2009	Transfer of result	Dividends	Mergers/ Incorpor.	Other movements	Conversion differences	Result for year	Balance as at 31.12.2010
Equity:														
Group equity:														
Capital	242.5						242.5							242.5
Legal reserve	7.0						7.0							7.0
Other reserves:														
- Fund for contributions to capital	1.3	(1.3)					0.0							0.0
- Merger surplus	341.1	(13.8)		0.2			327.5	(79.9)		6.1				253.7
- Reserve for conversion differences	(1.2)				(0.1)		(1.3)					0.5		(0.8)
- Other reserves	103.0	13.5		1.1			117.6	17.8	(0.3)	(5.5)	(3.0)			126.6
Profits (losses) brought forward	5.9	(5.9)					0.0							0.0
Group profit (loss) for the year	(7.5)	7.5				(62.1)	(62.1)	62.1					(98.2)	(98.2)
Total Group equity	692.1	0.0	0.0	1.3	(0.1)	(62.1)	631.2	0.0	(0.3)	0.6	(3.0)	0.5	(98.2)	530.8
Minority interest equity:														
Minority interest capital and reserves	0.3	0.4	(0.3)	(0.1)			0.3	0.3		(0.6)				0.0
Minority interest profit (loss) for the year	0.4	(0.4)				0.3	0.3	(0.3)						0.0
Total minority interest equity	0.7	0.0	(0.3)	(0.1)	0.0	0.3	0.6	0.0	0.0	(0.6)	0.0	0.0	0.0	0.0
Total Shareholders' equity	692.8	0.0	(0.3)	1.2	(0.1)	(61.8)	631.8	0.0	(0.3)	0.0	(3.0)	0.5	(98.2)	530.8

Following the purchase of the share in RaiSat held by RCS Media Group SpA, on 18 March 2010, the consolidated Shareholders' equity at 31 December became the exclusive property of the Group.

Share Capital

At 31 December 2010, Rai's fully paid-in and subscribed share capital was represented by 242,518,100 ordinary shares with a par value 1 euro each, owned by the Ministry of the Economy and Finance (241,447,000 shares, equal to 99.5583% of the share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of share capital).

Legal Reserve

This is booked to the Parent Company financial statements for 7.0 million euros.

Other reserves

Other reserves total 379.5 million euros. This combination of items comprises:

- 253.7 million euros, of merger surplus;
- 125.8 million euros of other reserves.

Group loss for the year

This amounts to 98.2 million euros.

Provisions for risks and charges

These amount to 402.7 million euros, down 10.5 million euros net on 31 December 2009. The composition of these items and details of the aforementioned increase are shown in Schedule 12. The notes which follow provide additional information on the individual provisions.

Provisions for risks and charges (millions of euros)						Schedule 12
	31.12.2009	Provisions	Direct utilisations	Any transfer to income statement	Other movements	31.12.2010
Provision for pension and similar liabilities						
- Provision for supplementary seniority benefits	2.1	0.1 (a)	(0.5)	(0.2) (l)	..	1.5
- Retirement fund	0.3	..	..	..	..	0.3
- Supplementary company pension fund	151.5	9.9 (b)	(11.4)	-	-	150.0
	153.9	10.0	(11.9)	(0.2)	-	151.8
Provision for taxes	14.5	0.2 (c)	(2.7) (c)	..	-	12.0
Other:						
- litigation	104.5	20.2 (d)	(13.5)	(0.7) (l)	0.2	110.7
- renovation and restructuring of properties	22.6	-	(1.0)	-	-	21.6
- expenses for staff resignation incentives	0.8	17.8 (g)	(0.4)	(0.1) (l)	(0.3)	17.8
- litigation with social security institutions	22.0	-	(4.9)	(0.1) (l)	-	17.0
- accrued costs matured	18.0	7.8 (e)	(16.8)	(0.7) (l)	(0.3)	8.0
- lease disputes	5.5	-	(0.2)	(2.0) (l)	-	3.3
- disputes with controlling bodies	10.0	-	(0.5)	(6.5) (l)	-	3.0
- risks of non-usability of non-current assets (*)	5.2	0.6 (f)	(0.1)	(2.7) (l)	-	3.0
- miscellaneous:						
. for risks	26.3	7.7 (h)	(2.8)	(2.9) (l)	2.1	30.4
. for liabilities	29.9	1.7 (i)	(1.0)	(4.0) (l)	(2.5)	24.1
	244.8	55.8	(41.2)	(19.7)	(0.8)	238.9
	413.2	66.0	(55.8)	(19.9) (l)	(0.8)	402.7
(*) of which:						
- programmes under development	3.6					0.6
- fixed assets	1.6					2.4
	5.2					3.0
(a) contra-account:	item B 9 d) pension and similar liabilities	0.1	(g) contra-account:	item E 21 d) other exceptional expense		17.8
(b) contra-accounts:	item B 9 d) pension and similar liabilities	0.2	(h) contra-accounts:	item B 12 provision for risks		6.4
	item B 14 c) other operating costs	9.7		item B 13 other provisions		0.8
(c) contra-account:	item E 22 income taxes for the year	0.2		item A 1 revenues from sales and services		0.5
(d) contra-accounts:	item B 9 e) other personnel costs	9.4		item C 17 d) other financial expense		..
	item B 12 provisions for risks	10.8	(i) contra-accounts:	item B 9 a) wages and salaries		0.9
(e) contra-accounts:	item B 9 a) wages and salaries	6.2		item B 13 other provisions		0.8
	item B 9 b) social security contributions	1.6	(l) contra-account:	item A 5 c) other revenues and income misc.		19.9
(f) contra-account:	item B 13 other provisions	0.6				

Provision for pension and similar liabilities. These amount to 151.8 million euros (31 December 2009: 153.9 million euros) and comprise the supplementary seniority benefits provision, the retirement benefits provision and the company supplementary pension fund.

- The *provision for supplementary seniority benefits* amounts to 1.5 million euros (31 December 2009: 2.1 million euros). It represents the sums owed in respect of indemnities in lieu of notice towards employees of Rai, Rai Way and Rai Cinema hired before 1978 who have reached the compulsory retirement age. The amount is revalued each year in consideration of consumer price inflation. In the event of early termination of employment, or changes in category, the amounts accrued are released.
- The *provision for retirement benefits* amounts to 0.3 million euros (31 December 2009: 0.3 million euros), and includes amounts accrued until 31 December 1988 and annual revaluations allocated in subsequent periods in order to protect the real value of the provision for eligible Rai employees in accordance with the terms of the national collective labour agreement.
- The *provision for supplementary company benefits* amounts to 150.0 million euros (31 December 2009: 151.5 million euros). This includes the expense for supplementary pension benefits currently being paid, consisting of funds accrued for Rai and Rai Way employees who have opted for the supplementary pension plan under the trade union agreements, which are kept at an adequate level to ensure said benefits, with respect to actuarial reserves. It also includes the expense for supplementary pensions that will be paid to eligible Rai and Rai Cinema managerial staff still in service in the event that some of these opt for the supplementary pension plan calculated on the basis of pay earned, seniority and financial and demographic parameters normally used in similar cases.

Provision for current and deferred taxes. This amounts to 12.0 million euros (31 December 2009: 14.5 million euros) represented by provisions booked to the financial statements of the individual companies, particularly Rai (9.9 million euros), Rai Way (1.1 million euros) and Sipra (0.4 million euros) and those resulting from consolidation adjustments (0.6 million euros). It is down 2.5 million euros as detailed in Schedule 13.

Provision for deferred taxes (millions of euros)

Schedule 13

	IRES		IRAP		
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.5% (average)	Total taxes
Situation at 31.12.2009:					
Tax assessment 1975					0,3
Capital gains	0.0	0.0	0.0	0.0	0.0
Exchange rate valuations	0.1	0.0	0.0	0.0	0.0
Accelerated amortisation and depreciation on tangible non-current assets	35.4	9.8	74.8	3.4	13.2
Deferred taxes from consolidation adjustments	1.4	0.4	1.4	0.1	0.5
Other	1.9	0.5	0.0	0.0	0.5
Total	38.8	10.7	76.2	3.5	14.5
Movements in the year:					
Tax assessment 1975					0.0
Capital gains	0.0	0.0	0.0	0.0	0.0
Exchange rate valuations	0.8	0.3	0.0	0.0	0.3
Accelerated depreciation on tangible non-current assets	(7.0)	(2.0)	(18.7)	(0.8)	(2.8)
Deferred taxes from consolidation adjustments	0.3	0.1	0.3	0.0	0.1
Other	(0.3)	(0.1)	0.0	0.0	(0.1)
Total	(6.2)	(1.7)	(18.4)	(0.8)	(2.5)

	IRES		IRAP		
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.6% (average)	Total taxes
Situation at 31.12.2010:					
Tax assessment 1975					0,3
Capital gains	0.0	0.0	0.0	0.0	0.0
Exchange rate valuations	0.9	0.3	0.0	0.0	0.3
Accelerated depreciation and depreciation on tangible non-current assets	28.4	7.8	56.1	2.6	10.4
Deferred taxes from consolidation adjustments	1.7	0.5	1.7	0.1	0.6
Other	1.6	0.4	0.0	0.0	0.4
Total	32.6	9.0	57.8	2.7	12.0

Other provisions. These amount to 238.9 million euros (31 December 2009: 244.8 million euros). They include provisions for costs or losses the existence of which is certain but the amount of which cannot be exactly determined, or which are probable and the amount of which can be reasonably estimated. They are up 5.9 million euros as detailed in Schedule 12.

As regards pending litigation with employees and third parties, the amount carried in the provisions for liabilities and risks is the best estimate of the likely liability based on the most up-to-date information available.

Provision for staff severance pay

The provision totals 339.4 million euros (31 December 2009: 358.2 thousand euros). The provision for staff severance pay is determined at individual level in conformity to the provisions of art. 2120 of the Italian Civil Code, complemented by Budget Law 2007 (Law 296 of 27 December 2006), which established the entry into force of the new legislation on pension funds (Legislative Decree 252 of 5 December 2005) as 1 January 2007.

By effect of the new legislation, provisions for staff severance pay converge into pension funds other than those inside the company, unless employees ask to maintain the severance pay within the company: In this case, the provisions are paid into a reserve managed by the INPS, which will transfer to the company all the benefits disbursed by the latter in the event of payment of advances or termination of the employment contract, as envisaged by Article 2120 of the Civil Code.

The composition of the provision and changes during the year are shown in Schedule 14.

Provision for staff severance pay (millions of euros)							Schedule 14
31.12.2009	Changes during the year						31.12.2010
	Provisions	Severance pay disbursed	Advances	Staff transfers	Transfer to INPS and supplementary retirement funds	Other movements	
358.2	52.8	(28.0)	(0.1)	..	(42.6)	(0.9)	339.4

Payables

Payables amount to 1,161.9 million euros, down 65.1 million euros on 31 December 2009. More specifically, financial debt to banks totals 148.8 million euros, with a net decrease of 14.9 million euros on the figure disclosed in the 2009 financial statements. No payables covered by collateral in the form of company assets are recorded.

A breakdown of the caption is given in Schedule 15, while Schedules 16 and 17 show the composition of payables by maturity, type and currency.

With regard to geographic distribution, the greater part of payables (about 83%) relates to Italian residents, for an amount of about 968.4 million euros, and 13% relates to non-EU residents, for an amount of about 151.7 million euros, on a total of 1,161.9 million euros.

The notes indicated hereunder provide further details on the contents of the individual items.

Payables (millions of euros)		Schedule 15	
		Changes during the year	
	31.12.2009	Balance of new positions (+) and repayments (-)	31.12.2010
Due to banks	163.7	(14.9)	148.8
Due to other lenders	2.7	0.2	2.9
Advances	8.4	(2.6)	5.8
Suppliers	797.7	(1.5)	796.2
Non-consolidated subsidiaries (a)	5.1	(5.1)	-
Associated companies (b)	5.5	0.1	5.6
Taxes payable	70.8	6.8	77.6
Social security institutions	55.6	(5.3)	50.3
Other payables	117.5	(42.8)	74.7
	1,227.0	(65.1)	1,161.9
(a) including:			
- Sacis in liquidation	5.1	(5.1)	-
(b) including:			
- Audiradio	-	0.3	0.3
- San Marino RTV	4.8	(0.2)	4.6
- Tivù Srl	0.7	0.0	0.7
	5.5	0.1	5.6

**Payables, and accrued expenses and deferred income,
by maturity and type** (millions of euros)

Schedule 16

	31.12.2010				31.12.2009			
	Amounts due				Amounts due			
	within 1 year	from 2 to 5 years	after 5 years	Book value	within 1 year	from 2 to 5 years	after 5 years	Book value
Medium/long-term financial debt								
Due to banks	..	0.3	0.5	0.8	-	-	-	-
Due to other lenders	1.3	1.1	0.5	2.9	0.7	2.0	-	2.7
	1.3	1.4	1.0	3.7	0.7	2.0	-	2.7
Short-term financial debt								
Due to banks	148.0	-	-	148.0	163.7	-	-	163.7
Suppliers	0.1	-	-	0.1	0.1	-	-	0.1
Non-consolidated subsidiaries	-	-	-	-	5.1	-	-	5.1
Associated companies	1.6	-	-	1.6	0.1	-	-	0.1
Other payables	-	-	-	-	0.6	-	-	0.6
	149.7	-	-	149.7	169.6	-	-	169.6
Trade and other payables								
Advances	4.3	0.6	0.9	5.8	6.9	0.5	1.0	8.4
Suppliers	796.1	-	-	796.1	797.6	-	-	797.6
Non-consolidated subsidiaries	-	-	-	-	..	-	-	..
Associated companies	4.0	-	-	4.0	5.4	-	-	5.4
Taxes payable	77.6	-	-	77.6	70.8	-	-	70.8
Social security institutions	50.3	-	-	50.3	55.6	-	-	55.6
Other payables	74.7	-	-	74.7	116.9	-	-	116.9
	1,007.0	0.6	0.9	1,008.5	1,053.2	0.5	1.0	1,054.7
Total payables	1,158.0	2.0	1.9	1,161.9	1,223.5	2.5	1.0	1,227.0
Accrued expenses	0.1	-	-	0.1	0.2	-	-	0.2
Deferred income	50.6	-	-	50.6	56.1	-	-	56.1
Total	1,208.7	2.0	1.9	1,212.6	1,279.8	2.5	1.0	1,283.3

**Payables and accrued expenses in foreign currency
or exposed to exchange rate risk** (millions of euros)

Schedule 17

	31.12.2010			31.12.2009		
	In euros	In foreign currency or exposed to exchange rate risk	Book value	In euros	In foreign currency or exposed to exchange rate risk	Book value
Payables						
Banks	148.8	..	148.8	163.7	-	163.7
Due to other lenders	2.9	-	2.9	2.7	-	2.7
Suppliers	756.4	39.8	796.2	762.6	35.1	797.7
Non-consolidated subsidiaries	-	-	-	5.1	-	5.1
Associated companies	5.6	-	5.6	5.5	-	5.5
Taxes payable	77.6	..	77.6	70.6	0.2	70.8
Social security institutions	50.3	-	50.3	55.6	-	55.6
Other payables	74.2	0.5	74.7	117.1	0.4	117.5
Total payables (a)	1,115.8	40.3	1,156.1	1,182.9	35.7	1,218.6
Accrued expenses	0.1	-	0.1	0.2	-	0.2
Total	1,115.9	40.3	1,156.2	1,183.1	35.7	1,218.8

(a) Excluding the Advances item.

Due to banks. These amount to 148.8 million euros (31 December 2009: 163.7 million euros), representing current account overdrafts with certain banks.

Due to other lenders. They total 2.9 million euros (31 December 2009: 2.7 million euros), and represent mainly the balance of the amount due to the leasing company in connection with the financial lease over the building in Aosta housing the regional office.

Advances. These amount to 5.8 million euros (31 December 2009: 8.4 thousand euros) relating entirely to miscellaneous advances.

Due to suppliers. They total 796.2 million euros (31 December 2009: 797.7 million euros) and show a decrease of 1.5 million euros with respect to the figure disclosed for the previous year. They consist of 0.1 million euros in financial debts (unchanged from 31 December 2009) and 796.1 million euros in commercial debts (31 December 2009: 797.6 million euros).

Due to associated companies. These amount to 5.6 million euros (31 December 2009: 5.5 million euros) and concern Parent Company balances with San Marino RTV for 4.6 million euros, with Tivù for 0.7 million euros and with Audiradio for 0.3 million euros. They consist of 1.6 million euros in financial liabilities (31 December 2009: 0.1 million euros) and other debts of 4.0 thousand euros (31 December 2009: 5.4 million euros).

Taxes payable. These amount to 77.6 million euros (31 December 2009: 70.8 million euros) and show an increase of 6.8 million euros with respect to the figure disclosed for the previous year. They consist of:

(millions of euros)		
	2010	2009
- IRES	38.1	23.5
- Tax withholdings on earnings of employees and free-lance workers to be paid over	33.9	34.3
- VAT	2.9	5.6
- IRAP	1.9	1.8
- Other withholdings and "substitute" taxes	0.7	5.5
- Other	0.1	0.1
	77.6	70.8

Welfare and social security institutions. These amount to 50.3 million euros (31 December 2009: 55.6 million euros). They reflect contributions due on remuneration paid to employees and free-lance workers, to be paid over to the institutions at the scheduled dates. They consist of:

(millions of euros)		
	2010	2009
- INPGI	16.3	14.6
- ENPALS	15.6	18.3
- Contributions on assessed remuneration	8.3	12.1
- INPS	7.8	7.9
- Other	2.3	2.7
	50.3	55.6

Other payables. These amount to 74.7 million euros (31 December 2009: 117.5 million euros). They show a net decrease of 42.8 million euros, as follows:

(millions of euros)		
	2010	2009
- Employees for assessed remuneration	49.6	64.7
- FCPGI	9.9	9.7
- Other for assessed pertinent remuneration	9.6	19.6
- CRAIPI	..	11.4
- Other	5.6	12.1
	74.7	117.5

Accrued expenses and deferred income

These total 50.7 million euros (31 December 2009: 56.3 million euro). Details and a comparison with the previous year are provided in Schedule 18.

Accrued expenses and deferred income (millions of euros)			Schedule 18
	Changes of the period		
	31.12.2009	Balance of transactions	31.12.2010
Deferred income:			
. contribution for switchover to digital terrestrial	49.3	(2.5)	46.8
. special subscriptions	0.3	0.1	0.4
. teletext services	0.1	-	0.1
. Law 488/92 subsidised loans	0.5	(0.1)	0.4
. real estate investments	0.5	-	0.5
. broadcasting rights and derivatives from our productions	0.7	(0.2)	0.5
. other	4.7	(2.8)	1.9
	56.1	(5.5)	50.6
Accrued expenses:			
. fees and commissions	0.1	(0.1)	-
. other	0.1	..	0.1
	0.2	(0.1)	0.1
Total	56.3	(5.6)	50.7

The caption contains the entire amount contributed of 46.8 million euros, net of the amount already booked to the income statement, disbursed by the Ministry for Communications in support of initiatives to accelerate the switch-over to the digital terrestrial platform, consisting of operations on systems and adaptation of the site infrastructures to extend areas covered by the digital signal and improve reception and the quality of service perceived by the user.

The task of making the necessary investments is entrusted to the subsidiary Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution is disclosed in the income statement of each year in relation to amortisation booked by the subsidiary, taking into account the relationship between the amount of contributions collected and the overall investments envisaged for the accomplishment of the projects related to it.

6) Memorandum accounts

These amount to 656.0 million euros (31 December 2009: 768.4 million euros), formed as indicated in consolidated balance sheet and analysed in Schedules 19 and 20.

Memorandum accounts - unsecured guarantees (millions of euros)		Schedule 19	
	31.12.2010	31.12.2009	
Unsecured guarantees: sureties			
- in favour of associated companies	2.6	2.6	
- in favour of others:			
. Financial Administration for Group VAT	77.8	83.2	
. other	4.7	4.7	
	82.5	87.9	
Total sureties issued	85.1	90.5	
Unsecured guarantees: other			
- in favour of others	1.9	2.5	
Total	87.0	93.0	

Memorandum accounts - secured guarantees (millions of euros)			
	31.12.2010	31.12.2009	
Secured guarantees for own bonds, other than payables			
Goods given in pledge or as deposit:			
- fixed return securities	3.7	3.7	
Secured guarantees for debts booked to financial statements			
Mortgages on:			
- land and industrial buildings	25.3	25.3	
Other secured guarantees	25.3	25.3	
Total secured guarantees for debts booked to financial statements	50.6	50.6	
Total	54.3	54.3	

Memorandum accounts - commitments and others (millions of euros)		Schedule 20
	31.12.2010	31.12.2009
Purchase and sale commitments		
- Purchase commitments	66.7	80.1
- Sales commitments	4.3	8.1
	71.0	88.2
Other		
Secured guarantees received	1.0	1.0
Personal guarantees received:		
- Miscellaneous banks and insurance companies covering full performance of contracts for the production of radio/television programmes	133.9	160.1
- Other	185.2	191.6
Guarantees granted by other parties for Group obligations:		
- Banca Intesa for guarantee granted to UEFA for sports rights relating to the 2006/2009 Champions League	40.5	67.5
- Banca di Roma for guarantee granted to the Lega Nazionale Professionisti for radio and television broadcasting rights for sports events.	-	21.7
- Sanpaolo IMI for guarantees granted to the Financial Administration for competitions for prizes	23.8	17.9
- Sanpaolo IMI for guarantee granted to FIFA covering payment of sporting rights relating to the 2010 World Football Championships	17.5	35.0
- Other	25.4	27.8
Leased assets received	..	..
Third-party assets held by the company	-	-
Company assets held by third parties	15.8	9.5
Other cases	0.6	0.8
	443.7	532.9

Conditions in the hedging contracts covering specific Group commitments and the relative fair values are summarised in Schedule 21. The fair value of these instruments is determined with reference to the market value on the closing date of the period under assessment; in the case of unlisted instruments, fair value is determined using commonly used financial evaluation techniques.

Fair value of derivatives

Schedule 21

	Notional 31.12.2010 million USD	Fair value at 31.12.2010 million euros
Derivative financial instruments for hedges		
- on exchange rates (1):		
. futures purchased and swaps	33.4	(0.3)
. currency purchase optional strategies (Collars)	139.3	6.0
. call options purchased	8.5	0.5
	181.2	6.2

(1) The transactions relate to hedging commercial agreements entered into in US\$, in observance of the Group policy.

On the whole, hedging contracts entered into are, in observance of the Group policy, of a reasonable amount in relation to the overall entity of the commitments subject to such risks.

The purchase commitments also include the DEAR property complex, with a value of 50.5 million euros, being transferred in 2011.

In addition to the details provided in the memorandum accounts, the amount receivable by the Parent Company from the subsidiary Sipra, 2.2 million euros, has been attached in favour of I.N.P.G.I..

At 31 December 2010 there were no further commitments of particular significance for the purchase or sale of goods and services with respect to those taken on in the normal course of business that would require specific information to be given for a better understanding of the Company's financial position.

Schedule 20 details the amount of company assets held by third parties.

7) Income Statement

Production value

Revenues from sales and services. These have been booked for 2,962.0 million euros, down 172.1 million euros on 31 December 2009, and mainly include revenues pertaining to the year, net of transactions between group companies, from licence fees and advertising. A breakdown into major components is given in Schedule 22. As can be seen from the distribution of revenues by geographic area, they are almost all of national origin.

As regards revenues from licence fees, the mechanism used to determine the per-unit fee envisaged by the Consolidated Broadcasting Law ("separate accounting"), aimed at guaranteeing the proportions between costs sustained by Rai, and certified by an independent auditor, for the performance of its public service remit and resources from licence fees, highlights a lack of the latter for the period from 2005 to 2009, totalling over 1.3 billion euros, of which more than 300 million euros refer to 2009 alone. For 2010, the "separate accounting" figures will be available, as established, within four months of the date on which the Shareholders' Meeting approves the financial statements.

Revenues from sales and services (millions of euros)		Schedule 22
	Year 2010	Year 2009
Revenues from sales	3.4	2.9
Revenues from services:		
- Licence fees		
. private subscriptions	1,600.5	1,572.4
. special subscriptions	60.9	57.2
	1,661.4	1,629.6
- Television advertising on general-interest channels:		
. tabular	825.2	809.2
. television promotions	45.2	36.9
. sponsorship	44.3	42.8
	914.7	888.9
- Radio advertising:		
. tabular	43.5	45.3
. radio promotions	1.1	1.0
. sponsorship	7.2	7.1
	51.8	53.4
- Television advertising on specialist channels	30.1	14.8
- Other advertising	32.3	31.4
	1,028.9	988.5
- Special services under agreements	58.8	68.8
- Other services		
. sale of rights, musical publications and theme-based satellite channels	104.4	327.0
. film and home video distribution	41.4	38.0
. fees for hosting plant and equipment	30.1	29.9
. income from broadcasting, circuit hire, bridge and link services	12.7	12.4
. telephone facilities	6.4	13.5
. other	14.5	23.5
	209.5	444.3
	2,958.6	3,131.2
Total	2,962.0	3,134.1

Changes in inventories of work in progress, semi finished and finished goods. These amount to 0.2 million euros (31 December 2009: -0.2 million euros) they refer mainly to DVD inventories.

Changes in work contracts in progress. These amount to a negative value of 0.6 million euros (at 31 December 2009: insignificant value) and refer mainly to the amount carried in the accounts of Rai Way for the completion of the Isoradio network.

Internal cost capitalisations. The amount of 27.6 million euros (31 December 2009: 30.4 million euros) represents the total of internal costs associated with non-current assets, which were capitalised under the specific asset captions. Details are shown in Schedule 23.

Internal cost capitalisations (millions of euros)

Schedule 23

	Year 2010	Year 2009
Intangible assets	19.2	22.7
Tangible assets	8.4	7.7
Total	27.6	30.4

Other production-related income. This totals 112.1 million euros (31 December 2009: 103.2 thousand euros), as detailed in Schedule 24.

Other production-related income (millions of euros)

Schedule 24

	Year 2010	Year 2009
Operating grants	8.2	5.1
Gains on disposals	1.7	0.4
Other		
Recovery and reimbursement of expenses	15.0	19.4
Prior-year license fees	24.0	15.7
Other out-of-period gains	39.7	34.3
Provisions released	20.0	24.8
Income from real estate investments	2.2	2.2
Miscellaneous	1.3	1.3
	102.2	97.7
Total	112.1	103.2

Production costs

This caption comprises costs and capital losses related to ordinary activities, excluding financial operations. The costs shown here do not include those relating to fixed and intangible assets, which are recorded under the respective asset accounts.

Raw materials, supplies, consumables and merchandise. These total 29.1 million euros (31 December 2009: 29.5 million euros), which includes purchases of technical materials for inventory – excluding items used in the construction of plant, which are allocated directly to fixed assets – production materials (sets, costumes, etc.) and miscellaneous operating materials (fuel, office supplies, printed documents, etc.), net of discounts and allowances, as shown in Schedule 25.

Purchases of raw materials, supplies, consumables and merchandise (millions of euros)

Schedule 25

	Year 2010	Year 2009
Technical materials for inventory	4.1	5.4
Miscellaneous programme production materials	5.4	4.9
Other materials	19.6	19.2
Discounts, allowances and premiums on purchases of goods	..	..
Total	29.1	29.5

Services. This totals 736.5 million euros (31 December 2009: 776.5 million euros) and comprises costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 26. Among other things, they include emoluments, remuneration for special functions, attendance fees and reimbursement of expenses paid by the Parent Company to Directors for 2.2 million euros and to Statutory Auditors for 0.2 million euros. The caption includes independent auditors' fees for the statutory audit (0.4 million euros) and other auditing services for 0.1 million euros.

Cost of services (millions of euros)

Schedule 26

	Year 2010	Year 2009
Freelance services	148.3	149.1
Services for acquisition and production of programmes	242.6	267.8
Allowances, travel expenses and transfer of personnel	33.4	32.8
Ancillary personnel service costs	12.4	12.6
Maintenance and repairs	32.3	32.6
Documentation and information services	50.2	53.9
Insurance and accident prevention	19.5	20.8
Advertising and promotion	19.8	19.8
Promotion and distribution expenses	7.7	7.9
Supply services	31.3	32.8
General services	77.2	80.3
Third-party shares of sales figure	40.2	41.6
Other	21.6	24.5
Total	736.5	776.5

One Director and one Statutory Auditor on the Parent Company's payroll also performed similar roles for other subsidiaries at the same time, receiving emoluments for a total of 0.2 million euros and 0.1 million euros respectively.

Use of third-party assets. These amount to 534.2 million euros (31 December 2009: 638.9 million euros), and express costs for rents, leases, usage rights and filming rights, as detailed in Schedule 27.

Use of third-party assets (millions of euros)

Schedule 27

	Year 2010	Year 2009
Lease instalments	..	..
Rent and hire costs	118.5	123.8
Usage rights	113.5	120.4
Filming rights	293.1	385.2
Other rights	9.1	9.5
Total	534.2	638.9

Personnel costs. Employee-related costs amount to 1,014.5 million euros (31 December 2009: 1,009.6 million euros), broken down as indicated in the income statement. The average number of employees on the payroll in 2010 was 13,295, including employees on fixed-term contracts, work-introduction and apprenticeship contracts (31 December 2009: 13,352), distributed by category and by company, as shown in Schedule 28.

Average employment (units)

Schedule 28

	Year 2010			Year 2009		
	Perm.	Fixed-term	Total	Perm.	Fixed-term	Total
Per Company						
Rai	10,110	1,747	11,857	9,917	1,912	11,829
Rai World (former NewCo Rai International)	2	-	2	1	1	2
Rai Cinema	58	1	59	58	1	59
Rai Corporation	47	-	47	47	-	47
RaiNet	46	16	62	45	19	64
RaiSat	-	-	-	77	12	89
Rai Trade	87	9	96	89	6	95
Rai Way	651	50	701	649	41	690
Sipra	431	12	443	435	14	449
01 Distribution	28	-	28	28	-	28
	11,460	1,835	13,295	11,346	2,006	13,352
Per category						
Managers	327	-	327	336	2	338
Journalists	1,675	344	2,019	1,663	365	2,028
Supervisors	1,398	-	1,398	1,376	-	1,376
Office workers	6,946	1,277	8,223	6,827	1,403	8,230
Blue-collars	981	206	1,187	1,007	227	1,234
Orchestra and choir members	122	8	130	125	9	134
Medical staff	11	-	11	12	-	12
	11,460	1,835	13,295	11,346	2,006	13,352

Amortisation, depreciation and writedowns. These total 693.3 million euros (31 December 2009: 712.8 million euros), of which 532.9 million euros relates to amortisation of intangible assets and 108.6 million euros to depreciation of tangible assets, as detailed in Schedules 1 and 2. They include a writedown of programmes amounting to 36.7 million euros, which was made to take account of the risk that certain programmes may not be transmitted or re-broadcast, as well as the commercial exploitation of certain rights.

Changes in inventories of raw materials, supplies, consumables and merchandise. These are carried at nominal value of 0.1 million euros (31 December 2009: 0.1 million euros) and represent the decrease in net inventories carried under current assets at 31 December 2010 with respect to the previous year.

Provisions for risks. These amount to 17.2 million euros (31 December 2009: 23.4 million euros). They indicate allocations to provisions for risks. The most significant items are detailed in Schedule 12 and relate mainly to provisions made by the Parent Company (14.0 million euros).

Other provisions. These amount to 2.2 million euros (31 December 2009: 3.8 million euros). The most significant items are shown in Schedule 12 and relate mainly to provisions booked to the financial statements of Rai (0.5 million euros) and Rai Way (1.5 million euros).

Other operating costs. These amount to 93.6 million euros (31 December 2009: 107.8 million euros). Their distribution is shown directly in the income statement and further information is provided in Schedule 29. For the most part they refer to costs disclosed in the Parent Company financial statements (82.5 million euros).

Miscellaneous operating costs (millions of euros)

Schedule 29

	Year 2010	Year 2009
Asset disposal losses:		
tangible assets	1.5	0.5
intangible assets	..	..
	1.5	0.5
Concession fee	28.2	29.5
Losses on current receivables	1.0	0.8
Other costs:		
gifts, prize contests and entertainment expenses	12.4	15.1
association dues	3.5	3.5
municipal property tax	4.4	4.4
other indirect taxes and contributions	10.2	9.8
contribution to the Authority - Min. Decr. 16/07/99	5.1	4.9
payment of uninsured damages, fines and penalties	0.7	1.0
newspapers, books, periodicals, specific documentation and publications	3.3	3.3
prior-year charges	10.5	23.4
provision for pension fund - former employees	9.7	9.7
other	3.1	1.9
	62.9	77.0
Total	93.6	107.8

Financial income and expense

Other financial income. This totals 1.7 million euros (31 December 2009: 1.1 million euros) and breaks down as shown in Schedule 30.

Financial income (millions of euros)

Schedule 30

	Year 2010	Year 2009
Other financial income:		
from non-current receivables	..	..
from non-current securities other than equity investments	0.1	0.1
financial income other than the above:		
- interest on amount due from associated companies	-	..
- interest on amount due from banks	0.2	0.1
- interest on amount due from customers	0.7	0.7
- interest on interest rate hedges	-	-
- other	0.7	0.2
	1.6	1.0
Total	1.7	1.1

Interest and other financial expenses. These amount to 5.1 million euros (31 December 2009: 5.1 million euros) and include interest expense, costs for commission on financial services received and other financial operating expenses, as detailed in Schedule 31.

Interest and other financial expense (millions of euros)		Schedule 31
	Year 2010	Year 2009
Interest and commissions payable to associated companies	..	..
Interest and commissions payable to others and miscellaneous charges:		
- interest and commissions payable to banks and other financial institutions	5.0	4.7
- interest on amounts payable to suppliers	..	..
- other costs	0.1	0.4
	5.1	5.1
Total	5.1	5.1

Foreign exchange gains and losses. These show a gain of 3.0 million euros (31 December 2009: a loss of 0.5 million euros). This item comprises both foreign exchange charges and premiums on foreign currency hedge transactions as well as the effect of translating the value of payables and receivables in foreign currencies at year-end exchange rates or the rate in force at the time of the hedge in the case of exchange risk hedges, as detailed in Schedule 32.

Foreign exchange gains and losses (millions of euros)		Schedule 32
	Year 2010	Year 2009
Foreign exchange gains (losses) from valuation	1.2	(0.5)
Other foreign exchange gains (losses)	1.8	..
Total	3.0	(0.5)

Value adjustments to financial assets

Revaluations. These amount to 1.1 million euros (31 December 2009: 0.5 million euros), determined by the measurement of investments in associated companies at equity.

Writedowns. They total 0.1 million euros (31 December 2009: 0.3 million euros). They comprise writedowns of non-current financial assets following losses incurred for the year.

Exceptional income and expense

Exceptional items comprise income of 0.6 million euros and expense of 46.2 million euros, as detailed in Schedule 33.

Exceptional income/expense (millions of euros)		Schedule 33
	Year 2010	Year 2009
Exceptional income		
b) Out-of-period gains	0.6	6.3
c) Other	-	..
	0.6	6.3
Exceptional expenses		
b) Prior year taxes	(0.3)	..
c) Prior-year charges and reversal of non-existent assets	(0.5)	..
d) Other:		
- costs connected with the staff voluntary resignation incentives scheme	(45.4)	(6.8)
	(46.2)	(6.8)
Total	(45.6)	(0.5)

Current income taxes for the year, and deferred tax assets and liabilities

The amount of 33.8 million euros is comprised of current and deferred taxes for the year disclosed in the financial statements of the individual companies, and of theoretic taxes resulting from consolidation adjustments. The breakdown of the item is shown in the following table:

(millions of euros)			
	Charged in the accounts of the individual companies	Deriving from consolidation adjustments	Total
Current taxes			
- IRES	(38.4)	-	(38.4)
- IRAP	(35.6)	-	(35.6)
Deferred tax assets	37.8	(0.1)	37.7
Deferred tax liabilities	2.6	(0.1)	2.5
Total	(33.6)	(0.2)	(33.8)

8) Result for the year

The year closed with a loss of 98.2 million euros pertaining exclusively to the Group.

9) Reconciliation between Rai's statutory and consolidated financial statements at 31 December 2010 and 31 December 2009

The following table shows the reconciliation between the result for the year and Shareholders' equity as appearing in the Parent Company and consolidated financial statements:

Reconciliation between Rai parent company and consolidated financial statements (millions of euros)				
	Profit for the year		Shareholders' equity	
	2010	2009	2010	2009
Rai financial statements	(128.5)	(79.9)	374.8	497.1
Elimination of the book value of equity investments against the equities and the dividends distributed against profits for the year	31.8	17.0	166.5	143.6
Adjustment of the book value of associated companies valued on the equity method	1.1	0.3	7.1	10.8
Other consolidation adjustments	(2.4)	0.6	(18.9)	(21.3)
Deferred tax assets/liabilities on consolidation adjustments	(0.2)	0.2	1.3	1.6
Consolidated financial statements	(98.2)	(61.8)	530.8	631.8

10) Additional disclosures

As regards disclosures on related parties, no relevant transactions took place within the Group outside of normal market conditions.

By rulings no. 2379/2010 of 28 October 2010 (filed on 9 December 2010) and no. 326/2011 of 15/18 November 2010 (filed on 23 February 2011), the Court of Auditors – Jurisdictional Section for the Lazio Region – ordered payment to Rai for state tax damages by certain parties including executives and members of the Board of Directors of Rai. Despite these rulings being immediately enforceable, subject to suspension following appeal, uncertainties exist in relation to possible subsequent developments in court. Owing to this, the conditions no longer obtain for recording an account receivable.





Consolidated supplementary schedules

Consolidated balance sheet reclassified in vertical form (millions of euros)

	31.12.2010	31.12.2009
A. NON-CURRENT ASSETS		
Intangible assets	964.7	1,013.4
Tangible assets	613.4	581.2
Financial assets	19.6	22.8
	1,597.7	1,617.4
B. WORKING CAPITAL		
Inventories	4.5	5.0
Trade receivables	656.1	779.9
Other assets	224.2	263.4
Trade payables	(805.9)	(811.4)
Provisions for risks and charges	(402.7)	(413.2)
Other liabilities	(253.3)	(299.6)
	(577.1)	(475.9)
C. INVESTED CAPITAL, net of current liabilities	(A+B) 1,020.6	1,141.5
D. PROVISION FOR STAFF SEVERANCE PAY	339.4	358.2
E. INVESTED CAPITAL, net of current liabilities and provision for staff severance pay	(C-D) 681.2	783.3
financed by:		
F. EQUITY		
Parent Company equity	530.8	631.2
Minority interest equity	-	0.6
	530.8	631.8
G. NET MID-TERM/LONG-TERM FINANCIAL DEBT	3.7	2.7
H. NET SHORT-TERM FINANCIAL DEBT (NET CASH FUNDS)		
- short-term financial debt	149.7	169.6
- cash and short-term financial receivables	(3.0)	(20.8)
	146.7	148.8
	(G+H) 150.4	151.5
I. TOTAL, AS IN E	(F+G+H) 681.2	783.3

Consolidated income statement reclassified in vertical form (millions of euros)

	31.12.2010	31.12.2009
A. REVENUES	3,012.1	3,177.8
Changes in inventories of work in progress, semifinished and finished products	0.2	(0.2)
Internal cost capitalisations	27.6	30.4
B. TYPICAL PRODUCTION VALUE	3,039.9	3,208.0
Cost of materials and external services	(1,383.7)	(1,530.6)
C. VALUE ADDED	1,656.2	1,677.4
Personnel costs	(1,014.5)	(1,009.6)
D. GROSS OPERATING MARGIN	641.7	667.8
Amortisation of programmes	(507.0)	(528.4)
Other amortisation and depreciation	(121.9)	(122.6)
Other value adjustments	(51.8)	(49.9)
Provisions for risks and charges	(19.1)	(26.9)
Miscellaneous income and charges - net	38.7	25.1
E. OPERATING RESULT	(19.4)	(34.9)
Financial income and expense	(0.4)	(4.8)
Income from equity investments	1.0	0.5
F. RESULT BEFORE EXCEPTIONAL ITEMS AND TAXES	(18.8)	(39.2)
Exceptional income and expense - net	(45.6)	(0.5)
G. RESULT BEFORE TAXES	(64.4)	(39.7)
Income taxes for the year	(33.8)	(22.1)
H. PROFIT (LOSS) FOR THE YEAR	(98.2)	(61.8)
of which:		
- pertaining to parent company	(98.2)	(62.1)
- pertaining to minority interests	-	0.3

Consolidated cash flow statement (millions of euros)

	31.12.2010	31.12.2009
A. NET OPENING CASH FUNDS (NET OPENING SHORT- TERM FINANCIAL DEBT)	(148.8)	24.5
B. CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the year	(98.2)	(61.8)
Amortisation and depreciation	628.9	651.0
(Gains) losses on disposal of non-current assets	(0.2)	0.1
(Revaluations) writedowns of non-current assets	43.4	36.2
Change in working capital	101.2	(91.5)
Net change in staff severance pay provision	(18.8)	(13.6)
	656.3	520.4
C. CASH FLOW FROM INVESTING ACTIVITIES IN NON-CURRENT ASSETS		
Investment in non-current assets:		
. intangible assets	(517.3)	(557.6)
. tangible assets	(142.3)	(138.1)
. financial assets	(1.5)	(3.5)
Sale proceeds, or reimbursement value, of non-current assets and other changes	9.2	6.5
	(651.9)	(692.7)
D. CASH FLOW FROM FINANCING ACTIVITIES		
New loans	1.7	-
Loan repayments	(0.7)	(0.7)
Other shareholders' equity movements	(3.0)	0.0
	(2.0)	(0.7)
E. PROFIT DISTRIBUTION	(0.3)	(0.3)
F. CASH FLOW FOR THE YEAR	(B+C+D+E)	(173.3)
G. NET CLOSING CASH FUNDS (NET CLOSING SHORT- TERM FINANCIAL DEBT)	(A+F)	(148.8)





Report of the Board of Statutory Auditors

Report on the consolidated financial statements

To the Shareholders,

The **consolidated financial statements of the Rai Group** at 31 December 2010, which have been made available for your information, are expressed in millions of euros and consist of the Consolidated Balance Sheet, Income Statement and Notes to the Consolidated Financial Statements; they are also accompanied by a Directors' Report on operation.

The Consolidated Balance Sheet and Income Statement present comparative figures for 2009.

The scope of consolidation in 2010 no longer includes RaiSat which, as mentioned in the Directors' Report on the Parent Company's financial statements, has been merged by incorporation into Rai SpA.

The financial statements for 2010 close with a loss of 98.2 million euros (61.8 in 2009).

In the **Directors' Report on Operation**, they describe the overall performance of the Group, reiterating much of the information disclosed in relation to Rai SpA and accompanying this information with details on various individual aspects of activity by the various subsidiaries.

A summary of the Group's financial position and earnings is also provided to facilitate the reader's understanding of the comments on these areas: as part of this, summary information is given on the content of major income statement and balance sheet components with explanations of the changes from 2009, as well as details of their composition.

The **Notes to the Consolidated Financial Statements** describe the scope of the consolidation and the valuation methods applied and provide, with the aid of the supplementary schedules presented, the other disclosures required under article 38 of Legislative Decree 127/1991.

A statement is also provided showing the reconciliation between Rai and the Group results and equity at 31 December 2010. Everything is compared with the corresponding data of the financial statements at 31 December 2009.

With regard to matters falling within the sphere of competence of the Board of Statutory Auditors, we report that, also on the basis of contacts with the Independent Auditors PWC, the consolidated financial statements have been drawn up, in all three of their components, in compliance with statutory requirements and correspond to the accounting records of the parent company and the information transmitted by the various companies included in the scope of consolidation.

With regard to accounting matters, we wish to draw your attention to the following:

- there have been no "exceptional cases" requiring derogations from standard accounting principles as permitted under article 29 (4) of Legislative Decree no. 127/1991;
- assets and liabilities have been valued on a consistent basis, which is unchanged from the previous year;

In conclusion, as a result of all the matters described above, in our opinion the consolidated financial statements of the Rai Group at 31 December 2010 and the accompanying Directors' Report on operations have been drawn up in accordance with the provisions of the aforementioned Legislative Decree 127/1991.

Rome, 3 June 2011

THE STANDING STATUTORY AUDITORS

Mr Carlo GATTO
Ms Maria Giovanna BASILE
Mr Antonio IORIO



**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE
No. 39 OF 27 JANUARY 2010**

To the Shareholders of
RAI – Radiotelevisione italiana SpA

- 1 We have audited the consolidated financial statements of the RAI – Radiotelevisione italiana Group as of 31 December 2010. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
 - 2 We conducted our audit in accordance with the auditing standards issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Accounting Profession) and recommended by CONSOB, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.
- For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 10 June 2010.
- 3 In our opinion, the consolidated financial statements of the RAI – Radiotelevisione italiana Group as of 31 December 2010 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and of the results of operations of the Group.
 - 4 The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of a report on operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by CONSOB. In our opinion the report on

PricewaterhouseCoopers SpA

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operations is consistent with the consolidated financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2010.

Rome, 3 June 2011

PricewaterhouseCoopers SpA

Signed by

Aurelio Fedele
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.





Financial Statements of Subsidiaries

281 **Rai Cinema SpA**

285 **01 Distribution Srl**

289 **Rai Corporation** - Italian Radio TV System

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297 **Rai World SpA** (formerly NewCo Rai International SpA)

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305 **Rai Trade SpA**

309 **Rai Way SpA**

313 **Sipra SpA** - Società Italiana Pubblicità per Azioni

Rai Cinema SpA

Name:	Rai Cinema SpA	
Date of incorporation:	01 December 1999	
Objects:	The company's objects are the purchase, in Italy and abroad, of usage rights on audiovisual, cinema, TV and multimedia products, depending on the production requirements of Rai and its associated companies; the provision to Rai and its associated companies of the above said rights and the organisation, administration and management of rights according to Rai's information, research and broadcasting requirements; distribution, marketing and sale of rights in Italy and abroad; the production of audiovisual works for the cinema, TV and video communication markets; the construction, organisation and management of distribution circuits, cinemas and multiplex cinemas.	
Share capital:	200,000,000.40 euros 38,759,690 shares of par value 5.16 euros each Rai 99.997678 %; Rai Trade 0.002322%	
Ownership:	01 Distribution Srl 100%	
Employees:	60 on permanent contracts	
Board of Directors	(in office until 22 July 2010)	(in office from 22 July 2010)
Chairman:	Franco Scaglia	Franco Scaglia
Managing Director:	Caterina D'Amico	Paolo Del Brocco
Directors:	Fabio Belli Giancarlo Leone Giuseppe Gentili Guido Paglia Ugo Zanello	Angela Filipponio Tatarella Franco La Gioia Gloria Tassarolo
Board Secretary:	Massimiliano Orfei	Massimiliano Orfei
General Manager	Paolo Del Brocco	Giuseppe Sturiale
Board of Statutory Auditors		
Chairman:	Enrico Laghi	Lanfranco Duo'
Standing Statutory Auditors:	Roberto Ascoli Giuseppe Ferrazza	Orlando Fazzolari Cesare Augusto Giannoni
Alternate Statutory Auditors:	Paolo Grasseti Piergiorgio Tomassetti	Paolo Grasseti Leonardo Quagliata

Rai Cinema SpA		Balance Sheet - Assets (in euros)	
		31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID		-	-
B) NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
3.- Industrial patents and intellectual property rights		423,576,762	440,983,002
6.- Intangible assets under development and payments on account		79,846,648	82,896,031
7.- Other		115,963	182,369
TOTAL INTANGIBLE ASSETS		503,539,373	524,061,402
II. TANGIBLE ASSETS			
2. Plant and machinery		17,840	24,296
4.- Other assets		90,257	66,745
TOTAL TANGIBLE ASSETS		108,097	91,041
III. FINANCIAL ASSETS			
1.- Equity investments in:			
a) subsidiaries		516,456	516,456
Total equity investments		516,456	516,456
2.- Receivables			
d) from others		261,136	261,136
Total receivables		261,136	261,136
TOTAL NON-CURRENT FINANCIAL ASSETS		777,592	777,592
TOTAL NON-CURRENT ASSETS		504,425,062	524,930,035
C) CURRENT ASSETS			
I. INVENTORIES			
4.- Finished goods and merchandise		503,967	545,023
TOTAL INVENTORIES		503,967	545,023
II. RECEIVABLES			
1.- From customers		8,825,989	17,071,387
2.- From subsidiaries		24,638,744	12,958,883
4.- From parent companies		4,398,871	22,512,289
4.bis - Tax receivables		35,578	-
4.ter - Deferred tax assets		771,378	1,359,132
5.- Others		201,819	1,899,330
TOTAL RECEIVABLES		38,872,379	55,801,021
III. CURRENT FINANCIAL ASSETS		-	-
IV. CASH AND CASH EQUIVALENTS		-	-
TOTAL CURRENT ASSETS		39,376,346	56,346,044
D) ACCRUED INCOME AND PREPAID EXPENSES		4,028,374	4,175,866
TOTAL ASSETS		547,829,782	585,451,945

Rai Cinema SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	200,000,000	200,000,000
IV. LEGAL RESERVE	11,500,340	9,456,660
VII. OTHER RESERVES	-	2
VIII. PROFITS (LOSSES) BROUGHT FORWARD	7,623,771	7,553,545
VIII. PROFIT (LOSS) FOR THE YEAR	58,744,899	40,873,596
TOTAL SHAREHOLDERS' EQUITY	277,869,010	257,883,803
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	497,239	498,695
2.- Current and deferred taxes	42,506	54,756
3.- Other	2,392,029	3,096,741
TOTAL PROVISIONS FOR RISKS AND CHARGES	2,931,774	3,650,192
C) PROVISION FOR STAFF SEVERANCE PAY	1,066,379	1,077,334
D) PAYABLES		
6.- Advances	50,000	50,000
7.- To suppliers	108,427,801	112,266,074
9.- To subsidiaries	12,762,748	9,561,694
11.- To parent companies	138,990,661	192,872,132
12. Taxes payable	1,405,395	3,359,757
13.- To welfare and social security institutions	196,838	226,031
14.- Others	3,215,601	2,779,500
TOTAL PAYABLES	265,049,044	321,115,188
E) ACCRUED EXPENSES AND DEFERRED INCOME	913,575	1,725,428
TOTAL LIABILITIES	547,829,782	585,451,945

Rai Cinema SpA**Memorandum Accounts (in euros)**

	31.12.2010	31.12.2009
4.- Others	113,515,856	108,281,300
TOTAL MEMORANDUM ACCOUNTS	113,515,856	108,281,300

Rai Cinema SpA		Income Statement (in euros)	
		31.12.2010	31.12.2009
A) PRODUCTION VALUE			
1.- Revenues from sales and services		397,022,599	371,304,181
2.- Changes in inventories of work in progress, semifinished and finished goods		(41,056)	(306,327)
5.- Other production-related income			
a) operating grants		23,600	1,456,900
c) other		3,695,140	5,631,938
Total other production-related income		3,718,740	7,088,838
TOTAL PRODUCTION VALUE		400,700,283	378,086,692
B) PRODUCTION COSTS			
6.- Raw materials, supplies, consumables and merchandise		(1,049,321)	(1,360,373)
7.- Services		(52,496,540)	(48,370,388)
8.- Use of third-party assets		(1,477,979)	(1,470,534)
9.- Personnel			
a) wages and salaries		(3,446,567)	(3,346,745)
b) social security contributions		(1,039,230)	(989,804)
c) staff severance pay provision		(260,073)	(236,440)
d) pension and similar costs		(138,863)	(246,319)
e) other costs		(33,881)	(26,745)
Total personnel costs		(4,918,614)	(4,846,053)
10.- Amortisation, depreciation and writedowns			
a) amortisation of intangible assets		(240,205,651)	(241,598,859)
b) depreciation of tangible assets		(33,691)	(49,159)
c) other non-current asset writedowns		(6,951,443)	(10,991,884)
d) writedowns of current receivables, cash and cash equivalents		(207,527)	(112,677)
Total amortisation, depreciation and writedowns		(247,398,312)	(252,752,579)
12.- Provisions for risks		(100,000)	(800,000)
14.- Others operating costs			
c) other		(3,161,882)	(3,799,328)
Total miscellaneous operating costs		(3,161,882)	(3,799,328)
TOTAL PRODUCTION COSTS		(310,602,648)	(313,399,255)
Difference between production values and costs (A-B)		90,097,635	64,687,437
C) FINANCIAL INCOME AND EXPENSE			
16.- Other financial income			
a) from non-current receivables			
. other		2,579	7,737
Total income from non-current receivables		2,579	7,737
d) financial income other than the above			
. interest and commissions from parent companies		157	298
. interest and commissions from others and miscellaneous income		12,185	12,147
Total financial income other than the above		12,342	12,445
Total other financial income		14,921	20,182
17.- Interest and other financial expense			
c) interest and commissions payable to parent companies		(2,804,498)	(4,256,385)
d) interest and commissions payable to others and miscellaneous charges		(55,857)	(255,827)
Total interest and other financial expense		(2,860,355)	(4,512,212)
17bis.- Foreign exchange gains and losses		(4,497)	(979,175)
TOTAL FINANCIAL INCOME AND EXPENSE		(2,849,931)	(5,471,205)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		-	-
E) EXCEPTIONAL INCOME AND EXPENSE			
20.- Income			
b) out-of-period gains and reversal of non-existent liabilities		6,486	327,244
c) other		1	-
Total income		6,487	327,244
21.- Expense			
b) prior-year taxes		(3,789)	(21,446)
c) prior-year gains and non-existent liabilities		-	(19)
d) difference from rounding off to the nearest euro		-	(1)
e) other		-	(90,000)
Total expense		(3,789)	(111,466)
TOTAL EXCEPTIONAL INCOME AND EXPENSE		2,698	215,778
Result before taxes (A-B+/-C+/-D+/-E)		87,250,402	59,432,010
22.- Current income taxes for the year, and deferred tax assets and liabilities		(28,505,503)	(18,558,414)
23.- Profit (loss) for the year		58,744,899	40,873,596

01 Distribution Srl

Name:	01 Distribution Srl
Date of incorporation:	27 June 2001
Objects:	The company's objects are the purchase and the distribution in cinemas and through home videos in Italy of TV and/or cinema movies and/or advertising films; the exploitation of any rights arising out of TV and/or cinema and/or advertising productions in which the company has an interest and/or operating role; the purchase and exploitation of licensing, merchandising and music rights.
Share capital:	516,456.00 Euro Rai Cinema SpA 100%
Employees:	28 on permanent contracts
Board of Directors	
Chairman:	Adriano Coni
Managing Director:	Filippo Roviglioni
Directors:	Caterina D'Amico Paola Malanga Paolo Del Brocco
Board Secretary:	Giuseppe Morazio
Board of Statutory Auditors	
Chairman:	Antonio Falsetti
Standing Statutory Auditors:	Marco Buttarelli Enrico Laghi
Alternate Statutory Auditors:	Marco Tani Mauro Ianaro

01 Distribution Srl

Balance Sheet - Assets (in euros)

	31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
4.- Concessions, licences, trademarks and similar rights	6,101	10,905
TOTAL INTANGIBLE ASSETS	6,101	10,905
II. TANGIBLE ASSETS		
2. Plant and machinery	1,817	2,544
3.- Industrial and sales equipment	2,216	4,812
4.- Other assets	1,482	2,971
TOTAL TANGIBLE ASSETS	5,515	10,327
III. FINANCIAL ASSETS		
2.- Receivables		
d) from others		
. amounts due within one year	5,815	10,470
Total receivables	5,815	10,470
TOTAL NON-CURRENT FINANCIAL ASSETS	5,815	10,470
TOTAL NON-CURRENT ASSETS	17,431	31,702
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished goods and merchandise	437,934	401,055
TOTAL INVENTORIES	437,934	401,055
II. RECEIVABLES		
1.- From customers	31,108,541	24,049,322
4.- From parent companies	15,427,220	9,906,296
4.bis- Tax receivables	563,186	-
5.- Others	3,618,606	2,441,796
TOTAL RECEIVABLES	50,717,553	36,397,414
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	76,572	452,236
3.- Cash and cash equivalents on hand	1,051	889
TOTAL CASH AND CASH EQUIVALENTS	77,623	453,125
TOTAL CURRENT ASSETS	51,233,110	37,251,594
D) ACCRUED INCOME AND PREPAID EXPENSES	503,834	12,779
TOTAL ASSETS	51,754,375	37,296,075

01 Distribution Srl**Balance Sheet - Liabilities (in euros)**

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	516,456	516,456
IV. LEGAL RESERVE	8,199	7,291
VII. OTHER RESERVES	155,776	138,515
VIII. PROFIT (LOSS) FOR THE YEAR	1,164,475	18,167
TOTAL SHAREHOLDERS' EQUITY	1,844,906	680,429
B) PROVISIONS FOR RISKS AND CHARGES	-	-
C) PROVISION FOR STAFF SEVERANCE PAY	582,372	489,384
D) PAYABLES		
7.- To suppliers	23,598,826	19,501,850
11.- To parent companies	25,094,143	15,965,691
12.- Taxes payable	144,180	126,432
13.- To welfare and social security institutions	107,255	105,556
14.- Others	382,693	426,733
TOTAL PAYABLES	49,327,097	36,126,262
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES	51,754,375	37,296,075

01 Distribution Srl**Memorandum Accounts (in euros)**

	31.12.2010	31.12.2009
4.- Others	714,562	714,562
TOTAL MEMORANDUM ACCOUNTS	714,562	714,562

01 Distribution Srl

Income Statement (in euros)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	48,147,835	43,391,751
2.- Changes in inventories of work in progress, semifinished and finished goods	36,878	242,642
5.- Other production-related income		
a) operating grants	1,203,128	256,750
c) other	28,110,544	29,955,688
Total other production-related income	29,313,672	30,212,438
TOTAL PRODUCTION VALUE	77,498,385	73,846,831
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(44,438)	(52,759)
7.- Services	(70,871,892)	(68,412,855)
8.- Use of third-party assets	(892,879)	(998,759)
9.- Personnel		
a) wages and salaries	(1,747,872)	(1,724,129)
b) social security contributions	(495,910)	(484,372)
c) staff severance pay provision	(139,525)	(127,683)
d) pension and similar costs	(24,167)	(18,017)
e) other costs	(29,849)	(30,475)
Total personnel costs	(2,437,323)	(2,384,676)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(4,805)	(4,805)
b) depreciation of tangible assets	(4,844)	(5,913)
d) writedowns of current receivables, cash and cash equivalents	(200,785)	(350,729)
Total amortisation, depreciation and writedowns	(210,434)	(361,447)
14.- Others operating costs		
a) capital losses on disposals	(516)	(1,548)
c) other	(1,391,926)	(1,273,408)
Total miscellaneous operating costs	(1,392,442)	(1,274,956)
TOTAL PRODUCTION COSTS	(75,849,408)	(73,485,452)
Difference between production values and costs (A-B)	1,648,977	361,379
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	10,592	9,690
. interest and commissions from others and miscellaneous income	1,149	671
Total financial income other than the above	11,741	10,361
Total other financial income	11,741	10,361
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(25,039)	(17,152)
d) interest and commissions payable to others and miscellaneous charges	(19,533)	(19,925)
Total interest and other financial expense	(44,572)	(37,077)
17bis. Foreign exchange gains and losses	(6,994)	(16,040)
TOTAL FINANCIAL INCOME AND EXPENSE	(39,825)	(42,756)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	1,302	15,897
c) other	2	1
Total income	1,304	15,898
21.- Expense		
b) prior-year taxes	(14,149)	-
Total expense	(14,149)	-
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(12,845)	15,898
Result before taxes (A-B+/-C+/-D+/-E)	1,596,307	334,521
22.- Current income taxes for the year, and deferred tax assets and liabilities	(431,832)	(316,354)
23.- Profit (loss) for the year	1,164,475	18,167

Rai Corporation - Italian Radio TV System

Name:	Rai Corporation – Italian Radio TV System
Date of incorporation:	20 January 1960
Objects:	The company operates in North America in the production, distribution and sale of radio and TV programmes. It is engaged in the development of international co-productions and provides support to Group companies.
Share capital:	US\$ 500,000 50,000 shares of par value US\$ 10 each Rai 100%
Ownership:	Rai Corporation Canada 100%
Employees:	47 on permanent contracts
Board of Directors	
Chairman:	Massimo Magliaro
Directors:	Filippo Bertolino Rubens Esposito
Board Secretary:	Guido Corso
General Manager	Guido Corso

The following financial statements have been drawn up in compliance with the Italian accounting standards.

Rai Corporation		Balance Sheet - Assets (in US dollars)	
		31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID		-	-
B) NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
7.- Other		3,730,961	4,111,182
TOTAL INTANGIBLE ASSETS		3,730,961	4,111,182
II. TANGIBLE ASSETS			
2. Plant and machinery		122,500	510,847
4.- Other assets		120,978	220,878
5.- Intangible assets under development and payments on account		-	29,813
TOTAL TANGIBLE ASSETS		243,478	761,538
III. FINANCIAL ASSETS			
1.- Equity investments in:			
a) subsidiaries		1,000	1,000
Total equity investments		1,000	1,000
2.- Receivables			
d) from others			
. amounts due within one year		284,735	286,018
. amounts due after one year		65,154	67,701
Total receivables		349,889	353,719
TOTAL NON-CURRENT FINANCIAL ASSETS		350,889	354,719
TOTAL NON-CURRENT ASSETS		4,325,328	5,227,439
C) CURRENT ASSETS			
I. INVENTORIES		-	-
II. RECEIVABLES			
1.- From customers		113,658	99,004
4.- From parent companies		8,982,441	8,888,645
4.bis- Tax receivables		171,129	-
5.- Others		102,986	279,796
TOTAL RECEIVABLES		9,370,214	9,267,445
III. CURRENT FINANCIAL ASSETS		-	-
IV. CASH AND CASH EQUIVALENTS			
1.- Bank and post office deposits		666,838	531,577
3.- Cash and cash equivalents on hand		469	3,000
TOTAL CASH AND CASH EQUIVALENTS		667,307	534,577
TOTAL CURRENT ASSETS		10,037,521	9,802,022
D) ACCRUED INCOME AND PREPAID EXPENSES		-	-
TOTAL ASSETS		14,362,849	15,029,461

Rai Corporation**Balance Sheet - Liabilities** (in US dollars)

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	500,000	500,000
VII. OTHER RESERVES	10,000,000	10,000,000
VIII. PROFITS (LOSSES) BROUGHT FORWARD	(886,369)	(599,417)
VIII. PROFIT (LOSS) FOR THE YEAR	(699,527)	(286,952)
TOTAL SHAREHOLDERS' EQUITY	8,914,104	9,613,631
B) PROVISIONS FOR RISKS AND CHARGES		
3.- Other	138,823	25,823
TOTAL PROVISIONS FOR RISKS AND CHARGES	138,823	25,823
C) PROVISION FOR STAFF SEVERANCE PAY	1,757,721	1,728,656
D) PAYABLES		
6.- Advances		
. amounts due within one year	160,141	159,466
. amounts due after one year	1,983,945	2,144,086
7.- To suppliers	589,709	645,858
9.- To subsidiaries	1,000	1,000
11.- To parent companies	247,230	250,919
12.- Taxes payable	42,353	200,363
14.- Others	507,023	256,159
TOTAL PAYABLES	3,531,401	3,657,851
E) ACCRUED EXPENSES AND DEFERRED INCOME	20,800	3,500
TOTAL LIABILITIES	14,362,849	15,029,461

Rai Corporation**Memorandum Accounts** (in US dollars)

	31.12.2010	31.12.2009
3.- Purchase and sale commitments	10,977,348	12,158,672
4.- Others	2,785,024	3,861,211
TOTAL MEMORANDUM ACCOUNTS	13,762,372	16,019,883

Rai Corporation

Income Statement (in US dollars)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	17,795,921	19,123,317
5.- Other production-related income		
c) other	102,523	110,910
Total other production-related income	102,523	110,910
TOTAL PRODUCTION VALUE	17,898,444	19,234,227
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(117,471)	(151,065)
7.- Services	(5,762,035)	(6,328,898)
8.- Use of third-party assets	(4,921,135)	(5,091,964)
9.- Personnel		
a) wages and salaries	(4,959,873)	(4,784,967)
b) social security contributions	(1,382,133)	(1,296,824)
c) staff severance pay provision	(29,065)	(8,707)
e) other costs	(50,000)	-
Total personnel costs	(6,421,071)	(6,090,498)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(380,221)	(379,701)
b) depreciation of tangible assets	(523,524)	(941,429)
Total amortisation, depreciation and writedowns	(903,745)	(1,321,130)
12.- Provisions for risks	(63,000)	-
14.- Other operating costs		
c) other	(310,516)	(280,665)
Total miscellaneous operating costs	(310,516)	(280,665)
TOTAL PRODUCTION COSTS	(18,498,973)	(19,264,220)
Difference between production values and costs (A-B)	(600,529)	(29,993)
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	1,581	5,918
. interest and commissions from others and miscellaneous income	3,020	3,691
Total financial income other than the above	4,601	9,609
Total other financial income	4,601	9,609
17.- Interest and other financial expense		
d) interest and commissions payable to others and miscellaneous charges	(11,470)	(14,060)
Total interest and other financial expense	(11,470)	(14,060)
17bis.- Foreign exchange gains and losses	243	(407)
TOTAL FINANCIAL INCOME AND EXPENSE	(6,626)	(4,858)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	-	3,703
Total income	-	3,703
21.- Expense		
b) prior-year taxes	(5,853)	-
Total expense	(5,853)	-
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(5,853)	3,703
Result before taxes (A-B+/-C+/-D+/-E)	(613,008)	(31,148)
22.- Current income taxes for the year, and deferred tax assets and liabilities	(86,519)	(255,804)
23.- Profit (loss) for the year	(699,527)	(286,952)

Rai Corporation Canada - Italian Radio TV System

Name:	Rai Corporation Canada – Italian Radio TV System
Date of incorporation:	18 February 1987
Objects:	The company is wholly owned by Rai Corporation and its objects are the distribution in Canada of programmes produced by Rai for foreign viewing; it performs representation functions for Rai Corporation and assists this company in the production of radio and TV programmes in Canada.
Share capital:	Can\$ 1,394 1,000 shares of par value Can\$ 1.394 each Rai Corporation 100%
Employees:	none
Board of Directors	
Chairman:	Massimo Magliaro
Directors:	Guido Corso Rita Carbone-Fleury
General Manager	Guido Corso

The following financial statements have been drawn up in compliance with the Italian accounting standards.

Rai Corporation Canada**Balance Sheet - Assets** (in Canadian dollars)

	31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID	1,394	1,394
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS	-	-
II. TANGIBLE ASSETS	-	-
III. FINANCIAL ASSETS	-	-
C) CURRENT ASSETS		
I. INVENTORIES	-	-
II. RECEIVABLES	-	-
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
D) ACCRUED INCOME AND PREPAID EXPENSES	-	-
TOTAL ASSETS	1,394	1,394

Rai Corporation Canada**Balance Sheet - Liabilities** (in Canadian dollars)

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	1,394	1,394
TOTAL SHAREHOLDERS' EQUITY	1,394	1,394
B) PROVISIONS FOR RISKS AND CHARGES	-	-
C) PROVISION FOR STAFF SEVERANCE PAY	-	-
D) PAYABLES	-	-
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES	1,394	1,394

Rai Corporation Canada**Income Statement** (in Canadian dollars)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE	-	-
B) PRODUCTION COSTS	-	-
C) FINANCIAL INCOME AND EXPENSE	-	-
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE	-	-
22.- Current income taxes for the year, and deferred tax assets and liabilities	-	-
23.- Profit (loss) for the year	-	-

Rai World SpA (formerly NewCo Rai International SpA)

Name:	Rai World SpA	
Date of incorporation:	28 February 2003	
Objects:	The company's objects are the production, co-production, total or partial purchase in any form or manner of radio and TV programmes, and the broadcasting and distribution abroad of these programmes, with any means, standard mode and system permitted by present-day or future technology, directly or through other Italian or foreign enterprises, for this purpose preparing and signing all necessary and appropriate deeds, negotiations, contracts and agreements with Italian and foreign legal and natural persons, public and private entities, in particular with Rai – Radiotelevisione Italiana SpA which is the concession-holder of the public service TV broadcasting, or its subsidiaries.	
Share capital:	1,300,000 euros 1,300,000 shares of par value 1.00 euros each Rai 99.954%, Rai Trade 0.046%.	
Employees:	2 on permanent contracts	
Board of Directors	(in office until 27 July 2010)	(in office from 27 July 2010)
Chairman:	Pierluigi Malesani	Giuliano Urbani (resigning on 16 December 2010)
Managing Director:	(in office until 30 March 2010) Carlo Sartori	(in office from 27 July 2010) Claudio Cappon
Directors:	(in office until 27 July 2010) Carlo Sartori Alessio Gorla Luca Balestrieri Pietro Badaloni	(in office from 27 July 2010) Antonio Bettanini Giovanni Galoppi Manuela Maffioli
General Manager	-----	(in office from 29 July 2010) Mario Benotti
Board of Statutory Auditors	(in office until 27 July 2010)	(in office from 27 July 2010)
Chairman:	Tiziano Onesti	Marco Buttarelli
Standing Statutory Auditors:	Giuseppe De Rosa Mario Amicone	Giuseppe Ferrazza Luca Anselmi
Alternate Statutory Auditors:	Antonio Falsetti Eugenio Quaglia	Antonio Falsetti Eugenio Quaglia

Rai World SpA (formerly NewCo Rai International SpA)		Balance Sheet - Assets (in euros)	
		31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID		-	-
B) NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
Values gross of amortisation and writedowns	2,901,651	2,901,651	
Amortisation and writedowns	(2,843,452)	(581,423)	
TOTAL INTANGIBLE ASSETS	58,199	2,320,228	
II. TANGIBLE ASSETS			
Values gross of amortisation and writedowns	48,471	34,120	
Amortisation and writedowns	(12,228)	(3,610)	
TOTAL TANGIBLE ASSETS	36,243	30,510	
III. FINANCIAL ASSETS	-	-	
TOTAL NON-CURRENT ASSETS	94,442	2,350,738	
C) CURRENT ASSETS			
I. INVENTORIES	-	-	
II. RECEIVABLES	5,670,598	3,312,689	
TOTAL RECEIVABLES	5,670,598	3,312,689	
III. CURRENT FINANCIAL ASSETS	-	-	
IV. CASH AND CASH EQUIVALENTS	-	-	
TOTAL CURRENT ASSETS	5,670,598	3,312,689	
D) ACCRUED INCOME AND PREPAID EXPENSES	568	14,912	
TOTAL ASSETS	5,765,608	5,678,339	

Rai World SpA (formerly NewCo Rai International SpA)		Balance Sheet - Liabilities (in euros)	
		31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY			
I. SHARE CAPITAL		1,300,000	1,300,000
VII. OTHER RESERVES		4,000,000	-
VIII. PROFIT (LOSS) FOR THE YEAR		(3,014,088)	(1,700,721)
partial coverage of loss for the year		750,274	539,154
TOTAL SHAREHOLDERS' EQUITY		3,036,186	138,433
B) PROVISIONS FOR RISKS AND CHARGES		975,100	32,117
C) PROVISION FOR STAFF SEVERANCE PAY		9,487	2,253
D) PAYABLES		1,744,835	5,505,536
TOTAL PAYABLES		1,744,835	5,505,536
E) ACCRUED EXPENSES AND DEFERRED INCOME		-	-
TOTAL LIABILITIES		5,765,608	5,678,339

Rai World SpA (formerly NewCo Rai International SpA)		Memorandum Accounts (in euros)	
		31.12.2010	31.12.2009
4.- Others		297,268	230,768
TOTAL MEMORANDUM ACCOUNTS		297,268	230,768

Rai World SpA (formerly NewCo Rai International SpA)**Income Statement** (in euros)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	5,230,000	5,231,387
5.- Other production-related income		
c) other	60,418	95,088
Total other production-related income	60,418	95,088
TOTAL PRODUCTION VALUE	5,290,418	5,326,475
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(12,646)	(34,541)
7.- Services	(4,640,370)	(4,510,346)
8.- Use of third-party assets	(27,282)	(121,132)
9.- Personnel		
a) wages and salaries	(114,247)	(57,193)
b) social security contributions	(45,820)	(37,441)
c) d) e) staff severance pay provision pension and similar costs, other costs	(9,042)	(3,208)
Total personnel costs	(169,109)	(97,842)
10.- Amortisation, depreciation and writedowns		
a) b) c) amortisation of intangible assets, tangible assets, and other non-current asset writedowns	(2,270,647)	(536,838)
d) writedowns of current receivables, cash and cash equivalents	(105,000)	(1,529,600)
Total amortisation, depreciation and writedowns	(2,375,647)	(2,066,438)
12.- Provisions for risks	(975,100)	(32,117)
13.- Other provisions	-	-
14.- Others operating costs	(90,636)	(83,352)
TOTAL PRODUCTION COSTS	(8,290,790)	(6,945,768)
Difference between production values and costs (A-B)	(3,000,372)	(1,619,293)
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	219	-
Total financial income other than the above	219	-
Total other financial income	219	-
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(46,536)	(49,687)
d) interest and commissions payable to others and miscellaneous charges	(30)	(122)
Total interest and other financial expense	(46,566)	(49,809)
17bis.- Foreign exchange gains and losses	(324)	1,278
TOTAL FINANCIAL INCOME AND EXPENSE	(46,671)	(48,531)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE	-	-
Result before taxes (A-B+/-C+/-D+/-E)	(3,047,043)	(1,667,824)
22.- Current income taxes for the year, and deferred tax assets and liabilities	32,955	(32,897)
23.- Profit (loss) for the year	(3,014,088)	(1,700,721)

RaiNet SpA

Name:	RaiNet SpA
Date of incorporation:	23 June 1999
Objects:	The company's objects are the production, distribution and sale of interactive and multimedia products and services for any media platform, making no distinction as to the distribution means, directed to private customers, business customers, the public administration and other authorities; the organisation and sale of third parties' products and services of the kind stated above; the organisation, production and distribution of any kind of product and service that is economically relevant to the development of the Internet and of other interactive services.
Share capital:	5,160,000 euros 1,000,000 shares of par value 5.16 euros each Rai 100%
Employees:	46 on permanent contracts 15 on fixed-term contracts
Board of Directors	
Chairman:	Giampaolo Rossi
Managing Director:	Pietro Gaffuri
Directors:	Alessio Gorla Fabio Belli Silvia Calandrelli
Board Secretary:	Felice Ventura
Board of Statutory Auditors	
Chairman:	Guido Tronconi
Standing Statutory Auditors:	Antonio Falsetti Enrico Laghi
Alternate Statutory Auditors:	Francesco Mariani Maria Eugenia Palombo

RaiNet SpA		Balance Sheet - Assets (in euros)	
		31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID		-	-
B) NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
3.- Industrial patents and intellectual property rights		88,080	147,481
6.- Intangible assets under development and payments on account		40,000	-
7.- Other		113,835	-
TOTAL INTANGIBLE ASSETS		241,915	147,481
II. TANGIBLE ASSETS			
2. Plant and machinery		121,883	92,028
3.- Industrial and sales equipment		-	843
4.- Other assets		1,186,937	1,005,980
TOTAL TANGIBLE ASSETS		1,308,820	1,098,851
III. FINANCIAL ASSETS		-	-
TOTAL NON-CURRENT ASSETS		1,550,735	1,246,332
C) CURRENT ASSETS			
I. INVENTORIES		-	-
II. RECEIVABLES			
1.- From customers		1,441,965	1,609,598
4.- From parent companies		10,752,907	11,388,529
4.bis- Tax receivables		26,699	744
5.- Others		86,539	43,033
TOTAL RECEIVABLES		12,308,110	13,041,904
III. CURRENT FINANCIAL ASSETS		-	-
IV. CASH AND CASH EQUIVALENTS		-	-
TOTAL CURRENT ASSETS		12,308,110	13,041,904
D) ACCRUED INCOME AND PREPAID EXPENSES		177,229	243,560
TOTAL ASSETS		14,036,074	14,531,796

RaiNet SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. Share Capital	5,160,000	5,160,000
IV. Legal Reserve	293,407	212,333
VII. Other Reserves	9	9
VIII. Profits (losses) brought forward	1,613,295	1,072,889
VIII. Profit (loss) for the year	1,464,456	1,621,480
TOTAL SHAREHOLDERS' EQUITY	8,531,167	8,066,711
B) PROVISIONS FOR RISKS AND CHARGES		
3.- Other	682,293	1,011,095
TOTAL PROVISIONS FOR RISKS AND CHARGES	682,293	1,011,095
C) PROVISION FOR STAFF SEVERANCE PAY	517,634	526,576
D) PAYABLES		
7.- To suppliers	2,694,176	3,306,383
11.- To parent companies	1,221,591	1,042,530
12.- Taxes payable	128,737	111,583
13.- To welfare and social security institutions	142,356	175,418
14.- Others	118,120	291,500
TOTAL PAYABLES	4,304,980	4,927,414
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES	14,036,074	14,531,796

RaiNet SpA**Memorandum Accounts (in euros)**

	31.12.2010	31.12.2009
4.- Others	371,089	382,812
TOTAL MEMORANDUM ACCOUNTS	371,089	382,812

RaiNet SpA**Income Statement (in euros)**

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	14,308,616	15,508,552
5.- Other production-related income		
c) other	999,495	348,414
Total other production-related income	999,495	348,414
TOTAL PRODUCTION VALUE	15,308,111	15,856,966
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(79,088)	(120,988)
7.- Services	(8,536,057)	(9,059,584)
8.- Use of third-party assets	(346,132)	(313,329)
9.- Personnel		
a) wages and salaries	(2,620,726)	(2,595,286)
b) social security contributions	(758,126)	(748,826)
c) staff severance pay provision	(192,063)	(183,386)
d) pension and similar costs	(56,471)	(50,589)
e) other costs	(17,793)	(29,406)
Total personnel costs	(3,645,179)	(3,607,493)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(183,505)	(120,171)
b) depreciation of tangible assets	(447,534)	(424,633)
d) writedowns of current receivables, cash and cash equivalents	-	(129,883)
Total amortisation, depreciation and writedowns	(631,039)	(674,687)
12.- Provisions for risks	(84,956)	(92,742)
14.- Others operating costs		
a) capital losses on disposals	(14,154)	(6,545)
c) other	(293,792)	(161,114)
Total miscellaneous operating costs	(307,946)	(167,659)
TOTAL PRODUCTION COSTS	(13,630,397)	(14,036,482)
Difference between production values and costs (A-B)	1,677,714	1,820,484
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	12,331	53,079
Total financial income other than the above	12,331	53,079
Total other financial income	12,331	53,079
17.- Interest and other financial expense		
d) interest and commissions payable to others and miscellaneous charges	(623)	(380)
Total interest and other financial expense	(623)	(380)
17bis.- Foreign exchange gains and losses	(5,803)	(2,354)
TOTAL FINANCIAL INCOME AND EXPENSE	5,905	50,345
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	3,837	14,256
Total income	3,837	14,256
21.- Expense		
e) other	-	(17,605)
Total expense	-	(17,605)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	3,837	(3,349)
Result before taxes (A-B+/-C+/-D+/-E)	1,687,456	1,867,480
22.- Current income taxes for the year, and deferred tax assets and liabilities	(223,000)	(246,000)
23.- Profit (loss) for the year	1,464,456	1,621,480

Rai Trade SpA

Name:	Rai Trade SpA
Date of incorporation:	27 June 1997 formerly NUOVA ERI - Edizioni Rai-Radiotelevisione Italiana SpA incorporated on 23 July 1987
Objects:	The company's objects are the production and exchange, in Italy and abroad, of goods and services in connection with radio and TV programmes and their recording on any support material, audiovisual products with any content (e.g.: sports, movies, TV series, etc) and relevant usage rights; setting up and operation, in Italy and abroad, of publishing, printing, journalist industries (with the exception of newspapers in compliance with the provisions of Articles 18 and 19 of Law 416 of 6 August 1981 as subsequently amended), book, music, audiovisual, record industries and industries producing goods and services with any other technology as the media development may bring; the sale (wholesale, retail sale and by mail) of the relative products and the relative resultant and merchandising rights; the control and supervision of advertising on Rai networks.
Share capital:	8,000,000 euros 100,000 shares of par value 80 euros each Rai 100%
Ownership:	Immobiliare Editori Giornali Srl 1.75% Rai Cinema SpA 0.002322% Rai Way SpA 0.00074% Rai World SpA (formerly NewCo Rai International SpA) 0.046%
Employees:	85 on permanent contracts 12 on fixed-term contracts
Board of Directors	
Chairman:	Renato Parascandolo
Deputy Chairman:	Alba Calia
Managing Director:	Carlo Nardello
Directors:	Adriano Coni Barbara La Porta Scaramucci Giuseppe Pasciucco Michele Lo Foco
Board Secretary:	Marco Fioretti
Board of Statutory Auditors	
Chairman:	Carlo Cesare Gatto
Standing Statutory Auditors:	Antonio Falsetti Nicola Cecconato
Alternate Statutory Auditors:	Mauro Liberatori Pier Luca Tabellini

Rai Trade SpA**Balance Sheet - Assets (in euros)**

	31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	192,781	202,999
4.- Concessions, licences, trademarks and similar rights	84,489	91,809
6.- Intangible assets under development and payments on account	815,554	791,773
7.- Other	144,941	239,120
TOTAL INTANGIBLE ASSETS	1,237,765	1,325,701
II. TANGIBLE ASSETS		
2. Plant and machinery	510,175	685,945
4.- Other assets	308,324	277,845
TOTAL TANGIBLE ASSETS	818,499	963,790
III. FINANCIAL ASSETS		
1.- Equity investments in:		
d) other companies	25,531	31,438
Total equity investments	25,531	31,438
2.- Receivables		
d) from others		
. amounts due within one year	283,410	247,922
. amounts due after one year	69,239	39,520
Total receivables	352,649	287,442
TOTAL NON-CURRENT FINANCIAL ASSETS	378,180	318,880
TOTAL NON-CURRENT ASSETS	2,434,444	2,608,371
C) CURRENT ASSETS		
I. INVENTORIES		
3.- Contract work in progress	8,849	8,654
4.- Finished goods and merchandise	443,964	289,284
TOTAL INVENTORIES	452,813	297,938
II. RECEIVABLES		
1.- From customers	50,713,069	47,249,784
4.- From parent companies	9,625,057	16,657,972
4.bis- Tax receivables	80,875	80,875
4.ter- Deferred tax assets		
. amounts due within one year	2,075	1,087,240
. amounts due after one year	-	136,111
5.- Others		
. amounts due within one year	1,173,016	4,196,145
. amounts due after one year	125,000	775,000
TOTAL RECEIVABLES	61,719,092	70,183,127
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	111	193
3.- Cash and cash equivalents on hand	1,249	6,999
TOTAL CASH AND CASH EQUIVALENTS	1,360	7,192
TOTAL CURRENT ASSETS	62,173,265	70,488,257
D) ACCRUED INCOME AND PREPAID EXPENSES	923,317	855,526
TOTAL ASSETS	65,531,026	73,952,154

Rai Trade SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. Share Capital	5,160,000	5,160,000
IV. Legal Reserve	293,407	212,333
VII. Other Reserves	9	9
VIII. Profits (loss) for the year	1,613,295	1,072,889
TOTAL SHAREHOLDERS' EQUITY	18,571,543	18,164,511
B) PROVISIONS FOR RISKS AND CHARGES		
3.- Other	5,792,000	5,678,687
TOTAL PROVISIONS FOR RISKS AND CHARGES	5,792,000	5,678,687
C) PROVISION FOR STAFF SEVERANCE PAY	1,465,518	1,843,413
D) PAYABLES		
6.- Advances	2,642,876	4,943,579
7.- To suppliers	22,315,577	28,888,861
11.- To parent companies	12,521,857	11,503,198
12.- Taxes payable	289,475	406,703
13.- To welfare and social security institutions	351,261	384,118
14.- Others	1,580,919	2,139,084
TOTAL PAYABLES	39,701,965	48,265,543
TOTAL LIABILITIES	65,531,026	73,952,154

Rai Trade SpA**Memorandum Accounts (in euros)**

	31.12.2010	31.12.2009
3.- Purchase and sale commitments	8,950,608	14,887,929
4.- Others	7,480,790	7,487,741
TOTAL MEMORANDUM ACCOUNTS	16,431,398	22,375,670

Rai Trade SpA

Income Statement (in euros)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	69,280,230	76,022,074
2.- Changes in inventories of work in progress, semifinished and finished goods	154,680	(57,807)
3.- Changes in work contracts in progress	195	(14,657)
5.- Other production-related income		
b) gains on disposal of assets	-	35
c) other	3,261,999	2,757,925
Total other production-related income	3,261,999	2,757,960
TOTAL PRODUCTION VALUE	72,697,104	78,707,570
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(883,428)	(579,243)
7.- Services	(36,712,519)	(39,824,893)
8.- Use of third-party assets	(9,157,484)	(12,707,641)
9.- Personnel		
a) wages and salaries	(4,572,880)	(4,529,843)
b) social security contributions	(1,451,964)	(1,428,642)
c) staff severance pay provision	(362,150)	(325,816)
d) pension and similar costs	(105,165)	(108,418)
e) other costs	(509,444)	(40,936)
Total personnel costs	(7,001,603)	(6,433,655)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(9,360,252)	(10,361,604)
b) depreciation of tangible assets	(316,938)	(350,476)
c) other non-current asset writedowns	(12,203)	(67,949)
d) writedowns of current receivables, cash and cash equivalents	(1,188,698)	(1,313,219)
Total amortisation, depreciation and writedowns	(10,878,091)	(12,093,248)
12.- Provisions for risks	(439,036)	(671,635)
14.- Others operating costs		
a) capital losses on disposals	(17,691)	-
c) other	(1,980,881)	(1,331,226)
Total miscellaneous operating costs	(1,998,572)	(1,331,226)
TOTAL PRODUCTION COSTS	(67,070,733)	(73,641,541)
Difference between production values and costs (A-B)	5,626,371	5,066,029
C) FINANCIAL INCOME AND EXPENSE		
15.- Income from equity investments		
c) dividends from other companies	66,424	9,638
Total income for equity investments	66,424	9,638
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	9,455	55,920
. interest and commissions from others and miscellaneous income	552,465	16
Total financial income other than the above	561,920	55,936
Total other financial income	561,920	55,936
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(126)	-
d) interest and commissions payable to others and miscellaneous charges	(17,054)	(18,944)
Total interest and other financial expense	(17,180)	(18,944)
17bis.- Foreign exchange gains and losses	268,803	(54,512)
TOTAL FINANCIAL INCOME AND EXPENSE	879,967	(7,882)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
b) of financial non-current assets other than equity investments	6,361	2,296
Total revaluations	6,361	2,296
19.- Writedowns		
a) of equity investments	(879)	(1,553)
b) of financial non-current assets other than equity investments	(87,708)	(295,410)
Total writedowns	(88,587)	(296,963)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	(82,226)	(294,667)
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	14,975	124,975
c) other	1	2
Total income	14,976	124,977
21.- Expense		
b) prior-year taxes	-	(434)
Total expense	-	(434)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	14,976	124,543
Result before taxes (A-B+/-C+/-D+/-E)	6,439,088	4,888,023
22.- Current income taxes for the year, and deferred tax assets and liabilities	(3,732,058)	(2,512,802)
23.- Profit (loss) for the year	2,707,030	2,375,221

Rai Way SpA

Name:	Rai Way SpA
Date of incorporation:	29 July 1999
Objects:	<p>The company's objects are the design, development and maintenance of software and telecommunications networks, and the installation, implementation and management of these networks; the development and management of a commercial, distribution and assistance network aiming at the transmission, distribution and broadcasting of any kind of telecommunications services in the territory of the Republic of Italy, San Marino and the Vatican City of signals, sound and video programmes of Rai and its subsidiaries.</p> <p>The company's purpose also includes the provision of wireless infrastructure and relevant services to wireless operators, including the leasing of sites/antennas and co-leases, built-to-suit services, network programming and design, site research and purchase, site design and construction, network optimisation, infrastructure maintenance, network management and maintenance and relevant microwave or fibre transmission services.</p>
Share capital:	<p>70,176,000 euros 13,600,000 shares of par value 5.16 euros each Rai 99.99926%; Rai Trade 0.00074%</p>
Employees:	<p>644 on permanent contracts 51 on fixed-term contracts</p>
Board of Directors	
Chairman:	Francesco De Domenico
Deputy Chairman:	Franco Modugno
Managing Director:	Stefano Ciccotti
Directors:	<p>Cesare Tullio Bossetti Giovanni Galoppi Luca Balestrieri Marco Zuppi</p>
Board Secretary:	Corrado Bontempi
General Manager	Aldo Mancino
Board of Statutory Auditors	
Chairman:	Giulio Andreani
Standing Statutory Auditors:	<p>Maurizio Mancianti Pietro Pilello</p>
Alternate Statutory Auditors:	<p>Marcello Ronconi Roberto Munno</p>

Rai Way SpA**Balance Sheet - Assets (in euros)**

	31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	3,340,364	1,035,281
6.- Intangible assets under development and payments on account	213,081	4,228,267
7.- Other	280,646	169,927
TOTAL INTANGIBLE ASSETS	3,834,091	5,433,475
II. TANGIBLE ASSETS		
1.- Land and buildings	44,732,431	40,449,169
2. Plant and machinery	150,086,877	104,254,015
3.- Industrial and sales equipment	5,828,083	5,475,133
4.- Other assets	330,299	382,655
5.- Intangible assets under development and payments on account	72,468,521	78,719,957
TOTAL TANGIBLE ASSETS	273,446,211	229,280,929
III. FINANCIAL ASSETS		
2.- Receivables		
d) from others	172,094	174,080
Total receivables	172,094	174,080
TOTAL NON-CURRENT FINANCIAL ASSETS	172,094	174,080
TOTAL NON-CURRENT ASSETS	277,452,396	234,888,484
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	1,523,716	1,638,789
3.- Contract work in progress	112,043	672,225
TOTAL INVENTORIES	1,635,759	2,311,014
II. RECEIVABLES		
1.- From customers	9,148,593	11,707,136
4.- From parent companies	73,314,592	66,544,553
4.bis- Tax receivables	319,824	321,758
4.ter- Deferred tax assets		
. amounts due within one year	1,283,752	990,349
. amounts due after one year	1,106,159	530,523
5.- Others	790,300	705,100
TOTAL RECEIVABLES	85,963,220	80,799,419
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
TOTAL CURRENT ASSETS	87,598,979	83,110,433
D) ACCRUED INCOME AND PREPAID EXPENSES	904,363	907,417
TOTAL ASSETS	365,955,738	318,906,334

Rai Way SpA**Balance Sheet - Liabilities** (in euros)

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. Share Capital	70,176,000	70,176,000
IV. Legal Reserve	4,173,612	3,418,612
VII. Other Reserves	29,164,518	29,031,012
VIII. Profits (loss) for the year	22,119,197	15,032,506
TOTAL SHAREHOLDERS' EQUITY	125,633,327	117,658,130
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	768,299	796,608
2.- Current and deferred taxes	1,103,757	1,013,705
3.- Other	14,288,464	16,269,484
TOTAL PROVISIONS FOR RISKS AND CHARGES	16,160,520	18,079,797
C) PROVISION FOR STAFF SEVERANCE PAY	22,140,770	22,566,869
D) PAYABLES		
4.- To banks		
. amounts due within one year	57,934	-
. amounts due after one year	817,066	-
5.- To other financers		
. amounts due within one year	74,108	-
. amounts due after one year	800,892	-
7.- To suppliers	70,421,270	77,321,186
11.- To parent companies	119,906,620	69,017,772
12.- Taxes payable	2,401,195	4,926,024
13.- To welfare and social security institutions	2,100,316	2,493,846
14.- Others	4,627,706	6,072,749
TOTAL PAYABLES	201,207,107	159,831,577
E) ACCRUED EXPENSES AND DEFERRED INCOME	814,014	769,961
TOTAL LIABILITIES	365,955,738	318,906,334

Rai Way SpA**Memorandum Accounts** (in euros)

	31.12.2010	31.12.2009
4.- Others	52,601,958	41,944,201
TOTAL MEMORANDUM ACCOUNTS	52,601,958	41,944,201

Rai Way SpA

Income Statement (in euros)

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	223,853,597	204,679,988
3.- Changes in work contracts in progress	(560,182)	2,865
4.- Internal cost capitalisations	2,485,892	2,047,840
5.- Other production-related income		
a) operating grants	295,370	205,413
b) gains on disposal of assets	-	15,451
c) other	5,779,459	3,246,270
Total other production-related income	6,074,829	3,467,134
TOTAL PRODUCTION VALUE	231,854,136	210,197,827
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(2,352,945)	(2,329,133)
7.- Services	(45,128,703)	(46,156,829)
8.- Use of third-party assets	(44,211,808)	(42,111,756)
9.- Personnel		
a) wages and salaries	(36,171,647)	(35,082,892)
b) social security contributions	(9,955,384)	(9,604,725)
c) staff severance pay provision	(2,791,737)	(2,524,427)
d) pension and similar costs	(939,201)	(913,940)
e) other costs	(216,303)	(193,857)
Total personnel costs	(50,074,272)	(48,319,841)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(2,189,693)	(675,146)
b) depreciation of tangible assets	(45,279,405)	(38,430,773)
d) writedowns of current receivables, cash and cash equivalents	(158,000)	(164,000)
Total amortisation, depreciation and writedowns	(47,627,098)	(39,269,919)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(115,073)	(226,705)
12.- Provisions for risks	(793,000)	(300,000)
13.- Other provisions	(1,510,000)	(2,020,000)
14.- Others operating costs		
a) capital losses on disposals	(343,786)	(160,403)
c) other	(4,312,137)	(3,726,474)
Total miscellaneous operating costs	(4,655,923)	(3,886,877)
TOTAL PRODUCTION COSTS	(196,468,822)	(184,621,060)
Difference between production values and costs (A-B)	35,385,314	25,576,767
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
a) from non-current receivables		
. other	241	2,789
Total income from non-current receivables	241	2,789
d) financial income other than the above		
. interest and commissions from others and miscellaneous income	5,649	6,872
Total financial income other than the above	5,649	6,872
Total other financial income	5,890	9,661
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(1,290,744)	(522,246)
d) interest and commissions payable to others and miscellaneous charges	(38,684)	(90,920)
Total interest and other financial expense	(1,329,428)	(613,166)
17bis.- Foreign exchange gains and losses	303,070	(21,674)
TOTAL FINANCIAL INCOME AND EXPENSE	(1,020,468)	(625,179)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	46,835	409,812
Total income	46,835	409,812
21.- Expense		
b) prior-year taxes	(52,112)	-
c) prior-year charges and reversal of non-existent assets	(177,779)	-
e) other	(429,826)	-
Total expense	(659,717)	-
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(612,882)	409,812
Result before taxes (A-B+/-C+/-D+/-E)	33,751,964	25,361,400
22.- Current income taxes for the year, and deferred tax assets and liabilities	(11,632,767)	(10,328,894)
23.- Profit (loss) for the year	22,119,197	15,032,506

Sipra SpA - Società Italiana Pubblicità per Azioni

Name:	Sipra – Società Italiana Pubblicità per Azioni	
Date of incorporation:	09 April 1926	
Objects:	<p>The company's objects are the acquisition and exploitation of any kind of advertising, specifically advertising through radio broadcasting stations; the acquisition of control or a share, both directly or indirectly, in the exploitation of any radio-electric application.</p> <p>The company may also acquire, grant and sell equity investments in similar companies, in accordance with Article 2361 of the Italian Civil Code and the limitations imposed by Law 103 of 14 April 1975, in any company provided that the Board of Directors believes it is in the interest of the Company. It may perform any commercial, industrial, financial, securities or real estate transactions, in order to pursue the company's objects.</p>	
Share capital:	10,000,000 euros 100,000 shares of par value 100 euros each Rai 100%	
Employees:	435 on permanent contracts 8 on fixed-term contracts	
Board of Directors	(in office until 22 July 2010)	(in office from 22 July 2010)
Chairman:	Roberto Sergio	Roberto Sergio
Managing Director:		Aldo Reali
Directors:	Andrea Lorusso Caputi Fabio Belli Giuliana Del Bufalo	Mauro Miccio Giuseppe Pasciucco Ugo Ottaviano Zanello
Board Secretary:	Laura Paschetto	Laura Paschetto
General Manager	Aldo Reali	Nicola Sinisi
Board of Statutory Auditors		
Chairman:	Salvatore Randazzo	Carlo Maccallini
Standing Statutory Auditors:	Marco Tani Pier Giorgio Tomassetti	Marco Tani Antonino Parisi
Alternate Statutory Auditors:	Enrico Laghi Eugenio Quaglia	Enrico Laghi Eugenio Quaglia

Sipra SpA**Balance Sheet - Assets (in euros)**

	31.12.2010	31.12.2009
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
6.- Intangible assets under development and payments on account	-	635,301
7.- Other	1,680,213	2,165,495
TOTAL INTANGIBLE ASSETS	1,680,213	2,800,796
II. TANGIBLE ASSETS		
1.- Land and buildings	25,356,595	26,592,456
2. Plant and machinery	3,032,606	-
4.- Other assets	1,864,815	2,083,692
5.- Intangible assets under development and payments on account	486,574	2,801,138
TOTAL TANGIBLE ASSETS	30,740,590	31,477,286
III. FINANCIAL ASSETS		
2.- Receivables		
d) from others	90,975	51,931
Total receivables	90,975	51,931
TOTAL NON-CURRENT FINANCIAL ASSETS	90,975	51,931
TOTAL NON-CURRENT ASSETS	32,511,778	34,330,013
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished goods and merchandise	508,593	780,805
TOTAL INVENTORIES	508,593	780,805
II. RECEIVABLES		
1.- From customers	296,424,806	309,684,724
4.- From parent companies	51,784,053	34,446,847
4.bis- Tax receivables	164,726	188,571
4.ter- Deferred tax assets		
. amounts due within one year	27,819	1,332,396
. amounts due after one year	1,840,567	-
5.- Others	4,146,202	5,194,566
TOTAL RECEIVABLES	354,388,173	350,847,104
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	34,606	38,832
3.- Cash and cash equivalents on hand	38,640	59,497
TOTAL CASH AND CASH EQUIVALENTS	73,246	98,329
TOTAL CURRENT ASSETS	354,970,012	351,726,238
D) ACCRUED INCOME AND PREPAID EXPENSES	588,755	969,435
TOTAL ASSETS	388,070,545	387,025,686

Sipra SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2010	31.12.2009
A) SHAREHOLDERS' EQUITY		
I. Share Capital	10,000,000	10,000,000
II. Share Premium Reserve	1,113,870	1,113,870
IV. Legal Reserve	IV. Legal Reserve	
VII. Other Reserves	12,369,457	12,252,818
VIII. Profits (loss) for the year	4,247,016	1,516,639
TOTAL SHAREHOLDERS' EQUITY	29,730,343	26,883,327
B) PROVISIONS FOR RISKS AND CHARGES		
2.- Current and deferred taxes	345,181	358,768
3.- Other	9,344,227	8,484,191
TOTAL PROVISIONS FOR RISKS AND CHARGES	9,689,408	8,842,959
C) PROVISION FOR STAFF SEVERANCE PAY	7,174,842	7,356,382
D) PAYABLES		
6.- Advances	713,730	846,014
7.- To suppliers	14,302,147	12,409,002
11.- To parent companies	318,432,498	324,578,110
12.- Taxes payable	1,368,840	949,813
13.- To welfare and social security institutions	2,343,031	2,041,176
14.- Others	3,825,502	2,644,288
TOTAL PAYABLES	340,985,748	343,468,403
E) ACCRUED EXPENSES AND DEFERRED INCOME	490,204	474,615
TOTAL LIABILITIES	388,070,545	387,025,686

Sipra SpA**Memorandum Accounts (in euros)**

	31.12.2010	31.12.2009
3.- Purchase and sale commitments	3,317,063	5,132,581
4.- Others	72,200,859	77,006,635
TOTAL MEMORANDUM ACCOUNTS	75,517,922	82,139,216

Sipra SpA**Income Statement (in euros)**

	31.12.2010	31.12.2009
A) PRODUCTION VALUE		
1.- Revenues from sales and services	1,033,437,029	992,500,433
5.- Other production-related income		
b) gains on disposal of assets	110	10,982
c) other	6,310,726	7,356,372
Total other production-related income	6,310,836	7,367,354
TOTAL PRODUCTION VALUE	1,039,747,865	999,867,787
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(3,164,298)	(3,064,369)
7.- Services	(982,961,891)	(954,331,879)
8.- Use of third-party assets	(3,803,575)	(3,579,214)
9.- Personnel		
a) wages and salaries	(20,863,413)	(19,346,199)
b) social security contributions	(6,793,251)	(6,370,347)
c) staff severance pay provision	(1,584,354)	(1,484,586)
e) other costs	(1,378,468)	(1,097,337)
Total personnel costs	(30,619,486)	(28,298,469)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(1,965,322)	(1,939,713)
b) depreciation of tangible assets	(3,412,082)	(2,048,194)
c) other non-current asset writedowns	(175,738)	-
d) writedowns of current receivables, cash and cash equivalents	(3,000,000)	(1,500,000)
Total amortisation, depreciation and writedowns	(8,553,142)	(5,487,907)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(272,212)	240,543
12.- Provisions for risks	(839,500)	(317,000)
13.- Other provisions	(128,345)	(78,098)
14.- Others operating costs		
a) capital losses on disposals	(2,003)	(317)
c) other	(1,854,668)	(2,101,698)
Total miscellaneous operating costs	(1,856,671)	(2,102,015)
TOTAL PRODUCTION COSTS	(1,032,199,120)	(997,018,408)
Difference between production values and costs (A-B)	7,548,745	2,849,379
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
a) from non-current receivables		
. other	158	384
Total income from non-current receivables	158	384
d) financial income other than the above		
. interest and commissions from parent companies	112,568	219,350
. interest and commissions from others and miscellaneous income	721,636	644,526
Total financial income other than the above	834,204	863,876
Total other financial income	834,362	864,260
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(12,078)	(47,800)
d) interest and commissions payable to others and miscellaneous charges	(31,233)	(28,366)
Total interest and other financial expense	(43,311)	(76,166)
17bis.- Foreign exchange gains and losses	(43)	59
TOTAL FINANCIAL INCOME AND EXPENSE	791,008	788,153
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	112,601	307,289
c) other	-	3,846
Total income	112,601	311,135
21.- Expense		
b) prior-year taxes	(663)	-
c) prior-year charges and reversal of non-existent assets	-	(1,088)
Total expense	(663)	(1,088)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	111,938	310,047
Result before taxes (A-B+/-C+/-D+/-E)	8,451,691	3,947,579
22.- Current income taxes for the year, and deferred tax assets and liabilities	(4,204,675)	(2,430,940)
23.- Profit (loss) for the year	4,247,016	1,516,639



**Financial Statements
of Associated Companies**
(summary schedules)

Audiradio Srl

Date of incorporation:	22 March 1996
Objects:	The company engages in the objective and impartial measurement with appropriate, modern methodologies and systematic dissemination of Italian radio audience data for the national, regional and local levels for advertising purposes.
Capital:	258,000 euros
Held by:	Rai 30.23%; minorities 69.77%

Auditel Srl

Date of incorporation:	03 July 1984
Objects:	The company engages in the objective and impartial measurement with appropriate, modern methodologies and systematic dissemination of Italian television audience data for the national, regional and local levels for advertising purposes.
Capital:	300,000 euros
Held by:	Rai 33%; minorities 67%

Euronews - Société Anonyme

Date of incorporation:	30 June 1992
Objects:	The company engages in multilanguage satellite news broadcasting.
Capital:	3,630,585 euros 242,039 shares of par value 15.00 euros each
Held by:	Rai 22.84%; minorities 77.16%

San Marino RTV SpA

Date of incorporation:	08 August 1991
Objects:	The company operates the concession for radio and television broadcasting in the Republic of San Marino. More specifically, it engages in: the installation and operation of radio and television broadcasting equipment; the exclusive operation of radio broadcasting in the Republic of San Marino, which is a public interest service; the production and sale of radio and television programmes, the organisation of shows, sports events and cultural events, including in cooperation with the government, other agencies and companies operating in these sectors; any other activity considered useful to ensuring the cost efficiency of the radio and television broadcaster, provided that such activity is connected or instrumental to the business.
Capital:	516,460 euros 1,000 shares of par value 516.46 euros each
Held by:	Rai 50%; ERAS 50%

Tivù Srl

Date of incorporation:	24 September 2008
Objects:	The company engages in the following activities: promotion of the "Tivù" digital terrestrial platform and the "Tivù Sat" free digital satellite platform; the offer of services connected and/or instrumental to the digital terrestrial and satellite platforms; the development of every other activity necessary to allow the dissemination of digital terrestrial platform and the complementary satellite platform.
Capital:	1,001,886 euros
Held by:	Rai 48.16%; R.T.I. 48.16%; TI Media 3.5%; Others 0.18%

Summary statement of the 2010 financial statements of associated companies

Balance Sheet - Assets at 31.12.2010

	AUDIRADIO 2009(*)	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
SUBSCRIBED CAPITAL UNPAID	-	-	-	-	-
NON-CURRENT ASSETS					
Intangible assets	7,469	143,727	100,058	2,517,015	275,520
Tangible assets	16,906	92,004	217,544	5,151,880	139,909
Financial assets	850	31,284	8,149	112,017	-
CURRENT ASSETS					
Inventories	-	-	-	355,457	105,949
Receivables	248,036	1,757,048	3,360,712	23,099,679	3,680,530
Current financial assets	-	-	965,014	25,275,885	-
Cash and cash equivalents	4,134,849	886,029	2,117,422	5,446,693	2,144,170
ACCRUED INCOME AND PREPAID EXPENSES	5,282	36,716	51,774	1,542,674	51,571
TOTAL ASSETS	4,413,392	2,946,808	6,820,673	63,501,300	6,397,649

(*) last figure available for 2009.

Balance Sheet - Liabilities at 31.12.2010

	AUDIRADIO 2009(*)	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
SHAREHOLDERS' EQUITY					
Share capital, reserves and shareholders' contributions to capital	1,034,944	1,256,331	5,806,402	16,215,433	1,164,294
Profit (loss) for the year	90,730	7,134	(51,436)	1,388,598	1,032,565
PROVISIONS FOR RISKS AND CHARGES	-	-	82,500	5,017,756	4,229
PROVISION FOR STAFF SEVERANCE PAY	61,464	566,847	157,008	-	5,994
PAYABLES	3,225,514	1,114,737	826,199	39,293,813	4,187,591
ACCRUED EXPENSES AND DEFERRED INCOME	740	1,759	-	1,585,700	2,976
TOTAL LIABILITIES	4,413,392	2,946,808	6,820,673	63,501,300	6,397,649
MEMORANDUM ACCOUNTS	-	40,321,670	1,345,807	-	46,495

(*) last figure available for 2009.

Income Statement at 31.12.2010

	AUDIRADIO 2009 ^(*)	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
PRODUCTION VALUE	6,867,337	17,332,254	5,014,010	62,880,257	12,559,269
PRODUCTION COSTS	(6,734,594)	(17,310,948)	(5,119,322)	(61,063,671)	(10,965,712)
FINANCIAL INCOME AND EXPENSE	25,680	57,591	15,620	415,463	17,859
VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-	-	-	-
EXCEPTIONAL INCOME AND EXPENSE	-	(1)	38,256	(77,098)	-
Income taxes for the year	(67,693)	(71,762)	-	(766,353)	(578,851)
PROFIT (LOSS) FOR THE YEAR	90,730	7,134	(51,436)	1,388,598	1,032,565

^(*) last figure available for 2009.





Corporate Directory

Corporate Directory

Management headquarters

Viale Mazzini, 14
00195 Rome

Via Cernaia, 33
10121 Turin

Research

Corso Giambone, 68
10135 Torino

Radio production

Via Asiago, 10
00195 Rome

TV production

Largo Willy De Luca, 4
00188 Rome

Production

Corso Sempione, 27
20145 Milan

Production

Via Verdi, 16
10124 Turin

Production

Via Marconi, 9
80125 Naples

Valle d'Aosta

Loc. Grande Charriere, 70
11020 Saint Christophe (AO)

Liguria

Corso Europa, 125
16132 Genova

Veneto

Palazzo Labia
Campo San Geremia, 275
30131 Venice

Trento

Via Flli Perini, 141
38100 Trento

Bolzano

Piazza Mazzini, 23
39100 Bolzano

Friuli Venezia Giulia

Via Fabio Severo, 7
34133 Trieste

Emilia Romagna

Viale della Fiera, 13
40127 Bologna

Toscana

Largo Alcide De Gasperi, 1
50136 Florence

Marche

Piazza della Repubblica, 1
60131 Ancona

Umbria

Via Masi, 2
06121 Perugia

Abruzzo

Via de Amicis, 29
65123 Pescara

Molise

Contrada Colle delle Api
86100 Campobasso

Calabria

Via G. Marconi
87100 Cosenza

Basilicata

Via dell'Edilizia, 2
85100 Potenza

Puglia

Via Dalmazia, 104
70121 Bari

Sicilia

Viale Strasburgo, 19
90146 Palermo

Sardegna

Viale Bonaria, 124
09100 Cagliari

Rai SpA	Viale Mazzini, 14 00195 Rome Tel. 06.38781
Rai Cinema SpA	Piazza Adriana, 12 00193 - Rome Tel. 06.684701 info@raicinema.it
01 Distribution Srl	Piazza Adriana, 12 00193 - Rome Tel. 06.684701
Rai Corporation	32 Avenue of the Americas 25 th Floor New York - NY 10013 USA Tel. 001.212.468.2500
Rai World SpA <small>(formerly NewCo Rai International SpA)</small>	Viale Mazzini, 14 00195 - Rome Tel. 06.36869583
RaiNet SpA	Via Teulada, 66 00195 - Rome Tel. 06.38781 rai-net@rai.it
Rai Trade SpA	Via Umberto Novaro, 18 00195 - Rome Tel. 06.374981 info@raitrade.it
Rai Way SpA	Via Teulada, 66 00195 - Rome Tel. 800.111.555 raiway@rai.it
Sipra SpA	Corso Bernardino Telesio, 25 10146 - Turin Tel. 011.7441111

RAI - Radiotelevisione italiana SpA

Parent Company

Company name:	RAI - Radiotelevisione italiana SpA
Share capital:	242,518,100.00 euros fully paid in
Registered office:	Viale Giuseppe Mazzini, 14 - 00195 Rome

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