



RAI GROUP
Reports
and financial statements **2011**



**Report and financial statements
at 31.12.2011**





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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

Statutory Auditors

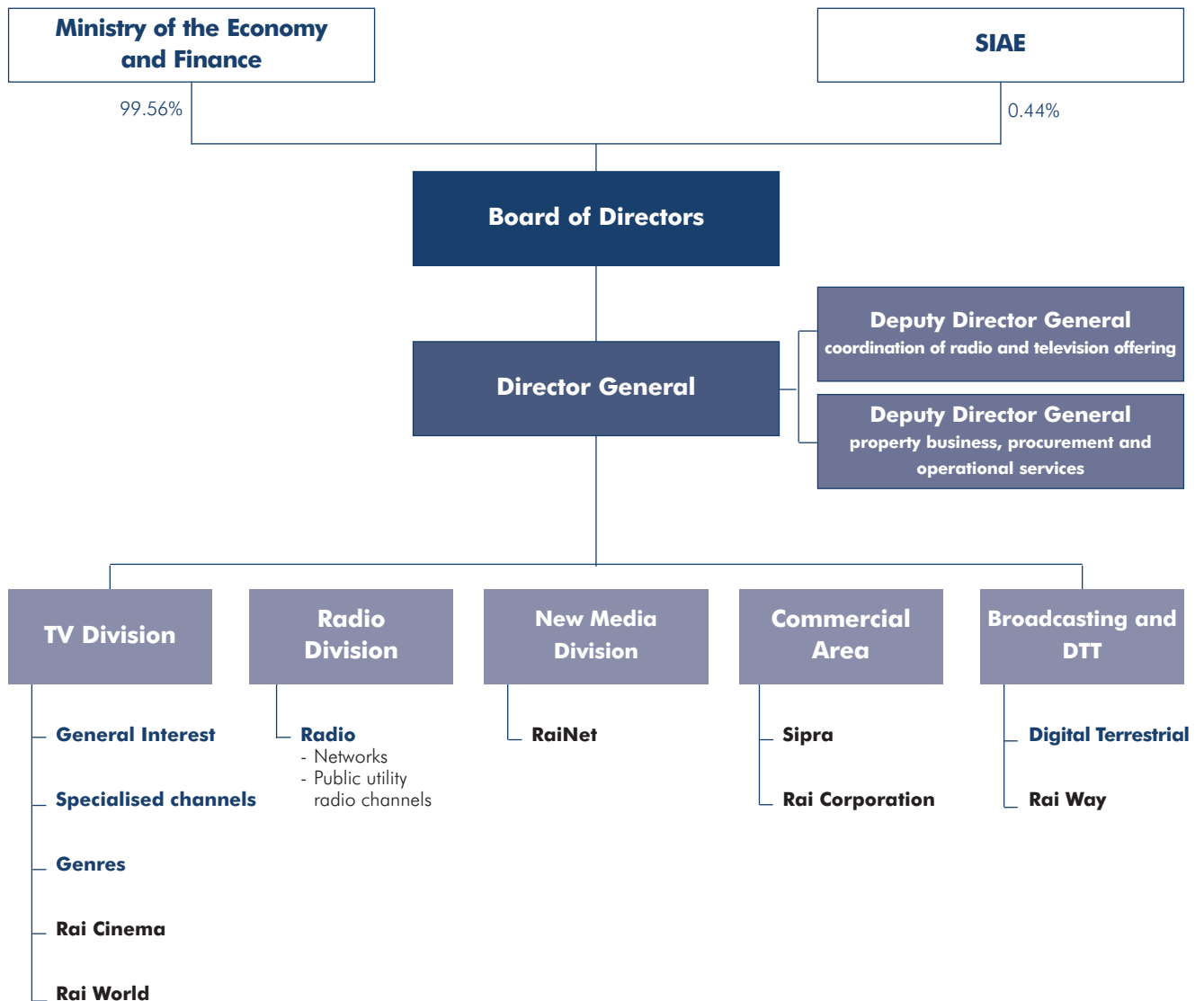
Chairman	Carlo Cesare Gatto
Regular auditors	Antonio Iorio Maria Giovanna Basile
Alternate auditors	Liana Meucci Pietro Floriddia

Director General	(from 4 May 2011)	(until 4 May 2011)
	Lorenza Lei	Mauro Masi

Independent auditors	PricewaterhouseCoopers
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(*) Resigning as from 31 January 2012.

Organizational Structure







Report on operations

To the Shareholders,

In 2011, Rai posted a profit of **39.3 million euros** (4.1 million euros at Group level), with a **positive net financial position for Rai** (0.8 million euros) and a **negative net financial position for the Group** (272.4 million euros), sustaining investments for the development of DDT in terms of the offering (14 free channels) and also at technological level for the progress of the digital network which is now almost complete.

The result for 2011 has improved considerably compared to the previous year, which closed with a loss of 128.1 million euros (98.2 million euros at Group level).

After five years and considering the continuing structural contraction of resources, in 2011 Rai finally inverted the negative trend in results, achieving a substantial breakeven.

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 23 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, despite the drop compared with 2010: paying users have now exceeded the 16 million family mark.

Following the significant drop in revenues from advertising endured in 2008-2009 – amounting to about 230 million euros – followed by an increase of just over 30 million euros in 2010, 2011 suffered a decline of almost 60 million euros, corresponding to just over 6 percentage points. The constant deterioration of economic prospects, coupled with an inability to predict the

expenditure of advertisers, led to repeated markdowns of the initial estimates, with a decline of almost 90 million euros.

Other revenues, those of a typically commercial nature and agreements with the Public Administration, present – despite the general situation of economic weakness – a slight recovery of around 3 million euros compared with the previous year.

In terms of operating costs, despite the absence – as in every other odd year – of expenses for big sports events, 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 and the reductions in expenditure in all areas of the company, including product and related investments, had an immediate positive effect, creating the conditions to permanently consolidate the benefits, maintaining the leadership of viewing figures on the television market conquering it on the specialist TV market.

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, which remained below the rate of inflation.

The managerial operations entered into, including early retirement incentives and the substantial blockage of retribution

policies, made it possible to reinstate the retribution component linked to the achievement of specific targets/aims which did not take place during the previous year due to a lack of the necessary requirements.

In greater detail, as regards revenues, the cost of the licence fee for 2011 was raised by 1.4% (from 109.0 to 110.5 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 2012, with a rise of 1.5 euros (to 112.0 euros).

The licence fee – which should probably be called the compulsory licence fee to highlight the fact that it is not optional – 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 27%, almost 19% higher than the European average.

A gradual alignment with the European standard, with a consequent recovery of significant resources, estimated at around 500 million euros a year, 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. The European experience in terms of payment collection is based on three models.

In the United Kingdom, the licence fee is due by anyone owning an appliance used to receive TV broadcasts (TV, PC, mobile phone). Business users pay the licence fee on the basis of the number of appliances owned.

In Germany, from 2013 the fee will be payable by every home (no longer linked to the possession of the

appliance); business users pay on the basis of the number of employees with a series of exemptions and restrictions. In France, the licence fee is due for possession of a TV, which is presumed for all holders of an electricity contract, unless proof to the contrary is supplied. The licence fee is collected together with residential tax.

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 2010 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 481 million euros.

This imbalance falls to 364 million euros after the allocation of the specific share of the advertising revenue from the programming.

The imbalance, calculated on the basis of the deficits emerging from the annual accounts as of the 2005 financial year amounts to over 1.7 billion euros, substantially corresponding to the annual value of income from licence fees.

The economic situation of the Euro zone was rather weak, with further difficulties occurring towards the end of the year,

implicating a reduction in growth prospects for 2012. Product dynamics were influenced by the rise in financial costs due to the deterioration of the sovereign debt and the slowing down of global trade, which nevertheless continues to support economic activity. Manoeuvres to correct public finance are not only indispensable to avoid worse consequences on economic activity and financial stability, but also reduced domestic demand.

In this context, the advertising market, following the general decline of over 13% in 2009 and recovery of almost 4% in 2010, showed a decline close to 4% in 2011, with television advertising posted a reduction of just over 3%.

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, which is now almost complete: between free channels and pay-tv channels; between the operators active within the two market segments.

The main activators of the change in the competitive context are the switchover to digital television and the consolidation of the Internet.

The switchover to digital television has determined, first and foremost, extensive development of pay-tv and, subsequently, the creation of interesting market spaces for the affirmation of new

free specialized offerings, determining a considerable acceleration in the audience breakdown process to the detriment of the traditional general-interest offerings.

The consolidation of the Internet, in terms of volumes and frequency of use, and the related capacity to attract advertising investments has made this media vital to individuals and to advertisers. Moreover, thanks to innovations in content/services and the performance of broadcasting infrastructures and devices for fruition, the foundations have been laid for the final affirmation of a new market characterized by the powerful entry of global players, often with a non-editorial origin.

The Internet is, in fact, gaining ground as a platform in direct competition with traditional communication media.

As regards free-TV, the progressive affirmation of digital terrestrial TV has brought about immense changes in the service offered. General interest channels have been joined by a broad and varied offering of over 60 channels and this number is destined to increase even further. After enduring the competition of pay-tv channels, the general-interest channels are now enduring the rapid proliferation of new free channels, mainly of semi-general interest and dedicated to children.

The framework outlined is represented by the evolution of the resources of the television system, characterized by the extensive growth of revenues from direct expenditure by viewers for access to pay tv and pay per view services – which now account for over 35% of the total – and 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.

Rai is Radio, Rai is Television. Thanks to constant commitment towards the development of the presidia of new lp distribution channels, Rai is becoming increasingly active on the Internet.

In such a complex and increasingly open market, once again in 2011 Rai has confirmed its undisputed lead of the television market: with a 40.2% share over the 24 hours and 41.3% during prime time, Rai takes precedence over the Mediaset Group with an advantage of about 4 percentage points.

Rai is also leader in the specialized offering. With an offering of 11 semi general-interest and themed channels, Rai records a total 4.8% share, overtaking Mediaset (4.4%) and Sky (4.0%).

This is a record in terms of viewing figures but also a success in terms of Rai's Corporate reputation. The overall opinion of Rai's work as the public service provider has improved for the second semester running, reaching a value of 7.1 points on an assessment scale of 1/10 (in June 2011 it was 6.9). The increase is linked particularly to the growth of the specific contribution of Rai's activity to the various platforms and to the attention devoted to programming for the disabled.

In the presence of a structural weakness of resources and the need to strengthen the products on offer, Rai has developed its offering in order to continue to occupy a leading role within the television system of traditional media and network media services, drawing up the 2012-2014 Industrial Plan which will contain the initiatives necessary to continue the successful activities launched in 2011, with a view to maintaining a sustainable and lasting economic outlook which represents the basis for the Company's development and its cultural and technological relaunch.

The most intensive effort in terms of investment has been dedicated in recent years to the development of the digital terrestrial platform, to respect the scheduled switch-off by technical areas decreed by the pertinent Ministry. This is a project which has required a consistent financial effort – beginning with that for the construction of the network infrastructure which, by the time it is completed, will have absorbed resources worth about 500 million euros – as well as considerable commitments and investments in the area of contents to expand the offering.

Rai is facing this considerable investment programme, which is also characterized by deferred profitability and is in a market phase which continues to be difficult, with its own resources and without any support in the form of public funding taking into account the specific role of the concession holder and its particular network configuration.

The evident insufficiency of resources from the licence fee in relation to the costs sustained for the public service activities assigned to the concession holder is joined by continuing uncertainties relating to the dynamics of advertising revenues. The weakness of the economic cycle and the deterioration of growth prospects, along with the on-going recession falls within a phase which is already extremely critical for Rai's advertising sales, posing a risk of amplifying the negative effects.

The outlook for 2012 – which relies on the restoration (partly underway) of normal conditions on financial and credit markets which would limit the decline in manufacturing activities and also on the positive impact of structural measures to relaunch the economy, with

consequent benefits in relation to household expenditure decisions – is showing a positive trend.

Possible tensions in terms of advertising revenues will be offset by the benefits expected from income related to so-called 'special licence fees' and, above all, from the improvements deriving from the increasingly extensive and effective actions scheduled to rationalize expenditure. The recent important organizational discontinuities, including those represented by the formation of the Entertainment Management, within the scope of the review by Genres/Channels, and by the reconfiguration of responsibilities connected to the Fiction genre will also have an influence with regard to increasing efficiency and specialization. A contribution to safeguard levels of employment will also come from an evolution in labour costs that are increasingly consistent with market trends.

An important contribution to income is expected to come from special licence fees, in relation to which tax evasion is extremely high. A special section was introduced in Law no. 214 of 22 December 2011, requiring companies to indicate their licence number on their tax returns to check payment of the special tv licence fee.

Due to the orientation expressed in certain legal provisions, Rai is classified as a public legal entity, 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 an increasingly competitive market, having to contend for important advertising resources – is required, in

order to satisfy its requirements, and being the only one of the operators in the sector to have to do so, 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.

A particularity that also characterizes the technological investments linked to the switch-off process, strictly regulated by the schedule imposed by the ministerial calendar and the final assignments of the relative frequencies which are often delayed with respect to the planning requirements.

Rai, the public service concession holder, is an integral part of the country's institutions – to some extent – because the government has assigned it fundamental tasks which would otherwise have to be carried out directly.

Rai – as the public broadcasting service and a company – senses this responsibility, which simultaneously means proximity and independence: interpretation of the hopes and needs of citizens/users, translated into a rich and varied high-quality proposal of information, entertainment, divulgation and plural and pluralistic culture and vision.

Rai has to and intends to be synonymous with an integral offering as a public service broadcaster, not only with regard to the type of subjects handled but also with a constant effort to achieve quality, innovation and individuality, the method and language used to represent the editorial, radio, television and multiplatform product.

Undeniably, the challenges – also in terms of cultural approach and social

responsibility – awaiting Rai are very demanding from the technological viewpoint and in relation to the offering. We are all personally learning how our consumer habits and the way we use the various communication media are radically changing.

The desire to remain in line with the country and keep up with the transformations taking place on the market requires a financial, regulatory and institutional framework that is as clear and stable as possible.





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 become 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 entered into with the Ministry of Economic Development.

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

On 6 April 2011, at the Ministry of Economic Development, the Service Contract with Rai, issued for the 2010-2012 term, was signed. The Contract was approved by Ministerial Decree on 27 April 2011.

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”*.

Specifically, 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 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 of 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 Service Contract has made 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

The context in which Rai operates is undergoing considerable evolution, propelled by two main drivers:

- the maturing of digital tv which, following an initial affirmation of pay tv, has witnessed the development of interesting market spaces for new and attractive free theme-based offerings, to the detriment of traditional general-interest offerings;
- the consolidation of the Internet in terms of volumes and frequency of use, also due to the multiplication and growing presence of devices that allow easier and quicker access to the web and enable an increasingly gratifying fruition experience. These factors make the web a vital medium for users and advertisers.

Despite the growing competition of digital media, thanks to the development of the multichannel and multiplatform aspects, television confirms its central role in the information and entertainment system. 2011 was yet another record year for television viewing figures: per the first time over the full day, the 10-million figure was exceeded, with daily

consumption per capita of over four hours and ten minutes.

In terms of advertising revenues, 2011 was not so positive. After a slight recovery in 2010, total investments fell generally on all media (-4% according to the estimates of Nielsen), apart from the Internet, which is the only media to grow (+12%).

Television in particular recorded a drop of -3% with Rai which, despite having suffered a consistent decline, succeeded in pursuing its public service mission, maintaining a high quali-quantitative level of its general-interest and theme-based offering which, with fifteen television channels, is the broadest and most attractive free-view bouquet on the Italian and European market.

The analogue terrestrial broadcast switch-off process continued in 2011 in accordance with the schedule, involving all the regions of Northern and Central Italy by the end of the year, as well as Sardinia and Campania.

The overall broadcast of the digital television platform (digital terrestrial,

satellite, IPTV) now reaches almost every Italian family (95%).

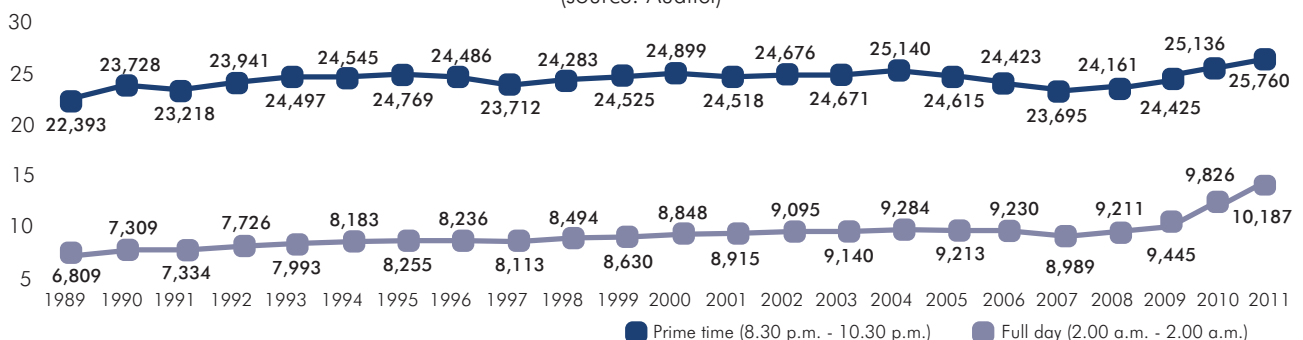
According to the Auditel figures, the dissemination of DDT exceeded 86% of the entire population at the end of 2011 (with an absolute value of 21.5 million households equipped with decoders or tv sets with built-in DTT) and in December 2011, fruition through this platform reached almost 70%, consolidating it as the system used most by Italian viewers to watch television.

The offering of pay-tv by Mediaset Premium was also consolidated, thanks to an aggressive commercial policy, based largely on the premium football and film/fiction contents, gaining a further increase in terms of dissemination with households, (about 2.9 million smart cards active, about 2.0 million of which belonging to licence-holding households) and in overall revenues (income from direct customer expenditure and advertising revenues).

The satellite platform is also growing, both in terms of free-view and pay tv. At the end of the year, about 7.4 million

Changes in television audience

(source: Auditel)



households owned a receiver system (30% of the population; +5% compared to 2010).

The increase in satellite tv is led also by the growth in the number of households with access to the free platform, Tivù Sat, launched in 2009 with the aim of guaranteeing full access to the 'free to air' offering by those people without coverage by the digital terrestrial broadcasting infrastructure.

Managed as a joint venture by Rai, Mediaset and Telecom Italia Media, at the end of 2011 Tivù Sat had activated almost 1.3 million smart cards and over 1 million customers, about double the number compared to 2010.

With regard to pay satellite tv, Sky closed the year with over 4.8 million customers (about 19% of the population and +8%) thanks partly to the commercial policies applied to make the bouquet more competitive in terms of breadth, diversification of choice and the quality of the services offered (over 30 high definition channels, the first 3-D channel in Italy and the possibility to use decoders with a built-in digital video recorder: My Sky).

The IPTV platforms managed by the telephone operators Fastweb, Telecom Italia and Infostrada, continue to remain at substantially marginal and possibly declining values (estimated use by about 500,000 households), with a strategic repositioning from largely closed models, in which broadband operators also played a role in the preparation of the editorial offering, to more open models in which they function merely as a distributive platform.

2011 also witnessed the consolidation of important trends and factors with regard to the world linked to the internet. Besides the increase in consumption of on-line video (both 'on

demand' and 'live streaming') and the spread of mobile devices (smartphones, tablets), we continue to see growth in the number of actual television devices (tv sets, set-top-boxes, Blu-ray players, videogame consoles) equipped with internet connections and therefore capable of allowing users access to interactive services and audiovisual content.

The spread of these devices is closely linked to the spread of broadband. It is currently estimated that less than 10 million devices are installed and those actually connected represent 20% of the total.

In prospective, thanks to the boost of innovations in the offering of devices and relative services, the penetration and use of this kind of appliance looks set to grow exponentially.

While migration to digital television has, in recent years, represented the main factor of discontinuity, now, thanks to innovations in content and services, in broadcasting infrastructures and devices for fruition, the foundations have been laid so that a new market characterized by the redefinition of business models, the expansion of the offering and the introduction of new global players (often from a non-editorial background) can be consolidated in the medium-long term.

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 (+1.4%), 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, 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%.

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, or suffering, 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

2011 was characterized by legislative intervention concerning the regulation of the broadcasting industry, as detailed below.

Switchover to DTT

Art. 4 of Law Decree no. 34 of 31 March 2011, as amended by art. 25, paragraph 2, Law Decree no. 98 of 6 July 2011, converted with amendments by Law no. 111 of 15 July 2011, established that the term for outlining the schedule for the switchover to DTT has been extended to 30 September 2011. The law states that the Ministry of Economic Development will assign the rights to use the broadcasting frequencies by 30 June 2012.

The same Ministry, with Decree of 11 May 2011, amended, due to further technical considerations, the national schedule for the switchover to DTT, rearranging the second half of 2011 (switchover in Liguria, Tuscany and Umbria, Marche, Abruzzo and Molise) and the first half of 2012 (switchover in Basilicata and Apulia, Sicily and Calabria).

Subsequently, with Ministerial Decree 15 September 2011, the switchover in Abruzzo and Molise was postponed to the first half of 2012.

With further decrees, the Minister established the switchover to DTT in Liguria from 10 October 2011 and by the final deadline of 2 November 2011 (Ministerial Decree 24 June 2011), in Tuscany, Umbria and in the provinces of La Spezia and Viterbo from 3 November 2011 and by the final deadline of 2 December 2011 (Ministerial Decree 24 June 2011), in Marche from 5

December 2011 and by the final deadline of 21 December 2011 (Ministerial Decree 24 June 2011), in Abruzzo and Molise, including the province of Foggia, from 7 May 2012 and by the final deadline of 23 May 2012 (Ministerial Decree 14 December 2011), in Apulia and Basilicata, including the provinces of Cosenza and Crotona, from 24 May 2012 and by the final deadline of 8 June 2012 (Ministerial Decree 14 December 2011) and in Sicily and Calabria from 11 June 2012 and by the final deadline of 30 June 2012 (Ministerial Decree 14 December 2011).

Assignment of frequencies – Beauty Contest

In April 2009, the Authority implemented resolution no. 181/09/CONS containing the criteria for the complete digitalization of the terrestrial television networks, which indicated that a bid procedure would be held for the assignment of frequencies for the exercise of five DTT networks, as well as a possible network for terrestrial television broadcasts to mobile terminals using Dvb-H technology.

Following the issue of AGCOM resolution no. 497/10/CONS of 23 September 2010 and publication of the bid procedure and pertinent regulations by the Ministry of Economic Development (8 July 2011), on 6 September 2011, Rai presented the application to participate in the procedure.

With directorial decree of 20 January 2012, the Ministry of Economic Development suspended the bid procedure for the assignment of the rights to use television frequencies for DTT broadcasting (so-called Beauty Contest) for 90 days.

Broadcasting content to the end users

In resolution no. 24/11/CONS of 20 January 2011, the Authority established the extension until 31 December 2012 (or until the completion of the switch-off) of the obligations of Rai and RTI envisaged in the previous resolution no. 159/08/CONS, on the matter of: access, use of determined network resources, transparency, non-discrimination and separate accounting, in order to simplify the creation of the DTT networks by new operators and to make the development of these networks effective in reasonable times, regulating the offering of broadcasting services at prices oriented towards costs by existing operators that already have networks with extensive national coverage.

Special licence fee

Monitoring of licence fee payment

Art. 17 of Law Decree no. 201 of 6 December 2011, containing urgent instructions for the growth, equity and consolidation of the public accounts, published in Official Gazette no. 284 dated 6 December 2011, S.O. and converted into law with amendments by art. 1, paragraph 1, Law no. 214 of 22 December 2011, envisaged that companies indicate their special licence number and category on their tax returns for the application of the special licence rate, as well as the other elements that might be indicated in the provision for approval of the tax return form, to check payment of the licence fee.

Television voting

With resolution no. 38/11/CONS of 3 February 2011, the Authority that guarantees communications approved the regulation of the transparency and

effectiveness of the television voting system. The main aim of the new regulations is to assure users more transparency in the overall operation of the service and, more importantly, its reliability. The new rules particularly include: the possibility for users to know the essential characteristics of the television voting system at least seven days before the start of the broadcast, including addresses for reports or complaints; the exclusion of votes from call centre switchboards by repetition systems which alter the recording of the preferences expressed; the new daily and weekly voting limits; the regulation of service costs; the splitting of responsibility between the telephone operator, the manager of the technological platform and the television network.

Independent producers

European works

With resolution no. 66/09/CONS of 13 February 2009, the AGCOM approved the Regulation of the matter of programming and investment obligations in favour of European works and works by independent producers, establishing that, on all networks and distribution platforms, and regardless of the coding of the broadcasts, Rai reserve for European works made in the last five years a minimum share of 20% of broadcasting time, including films of original Italian expression, wherever they might be produced. The public service general broadcasting concession holder is also required to devote at least 15% of overall annual revenues from licence fees relating to the broadcasting offering and of the pertinent advertising revenues, net of income relating to agreements with the Public Administration and from the sale of goods and services, to European works.

Secondary rights

With resolution no. 30/11/CSP of 3 February 2011, the AGCOM regulated the criteria for the limitation in time of use of secondary rights acquired by the suppliers of audiovisual media services, establishing that Rai, like the other suppliers of media services, is required to adopt a self-regulation procedure for the regulation of relations with television producers, guaranteeing that these relations are pursued according to principles of equity and non-discrimination and that the negotiation of the single rights takes place autonomously, in order to allow enhancement of the value of each right.





Rai's offering

- 22 **Map of Rai's offering**
- 24 **Rai's offering**
- 26 **TV product performance**

Map of Rai's offering

Analogue terrestrial

32	
34	
36	
52	

Digital terrestrial

32	
34	
36	
38	
40	(a)
41	(a)
41	(a)
42	
42	(a)
46	(a)
53	
54	
54	
45	
24	(a)
52	

Satellite

32	
34	
36	
38	(b)
40	(b)
41	(b)
41	(b)
42	
42	(b)
46	
53	
54	
54	
45	
24	(b)
52	

(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.

Web (www.rai.tv)

32	
34	
36	
38	
40	
41	
41	
53	
54	
54	
45	
46	
42	
42	
24	

Information (c)

47	
48	
49	
50	
51	

Radio (d)

68	
70	
72	
69	
73	
73	
73	
66	

International offering

56	
24	
Internet	
76	
76	

Cinema

58	
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Publishing

82	
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(c) Television information is available on all the broadcasting platforms.

(d) RaiRadio1, RaiRadio2, RaiRadio3, Rai Isoradio, RaiRadio fd4, RaiRadio fd5 and Notturmo Italiano are also available on digital terrestrial tv (Rai Isoradio, RaiRadio fd5, Notturmo Italiano in all digital areas only). RaiRadio1, RaiRadio2, RaiRadio3, Rai Isoradio, RaiRadio fd4, RaiRadio fd5, Rai GR Parlamento, Notturmo Italiano and Rai Radio International are also available on digital satellite tv (Rai Radio International only on the Tivù Sat platform).

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 and Satellite 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.

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. In this sense, the strategic choice made by Rai, together with Mediaset and Telecom Italia Media, was to create the first Italian free satellite platform (Tivù Sat), launched in July 2009, which offers viewers the chance to access free digital terrestrial channels via satellite.

As regards the television offering, Rai has a publishing plan which envisages a bouquet of fourteen free channels, one of which in HD. All this configures the broadest free offering available in Italy and among the main European countries.

At the end of 2011, Rai's offering on DTT available at national level consisted of nine free channels:

- three general-interest channels – Rai 1, Rai 2 and Rai 3;
- 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 six more free channels which, at the end of the digitalisation process, will be

available nationwide:

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

In addition and in support of the linear television offering, Rai proposes interactive applications and will soon be launching video services via the Internet for use through decoders and televisions certified with a DGTVI gold sticker.

At the end of 2011 Rai's international offering was also broadcast through the satellite platform and consisted of two networks:

- **Rai Italia**;
- **Euronews** (pan-European news and information channel created by a consortium of which Rai is one of the founder partners).

The broadcasts of the international channels **Yes Italia** and **Rai Med** ended at the end of the year.

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.

2011 was characterised by Rai's increasingly consistent presence on the multimedia platform with an on-line offering that boasts over 1,500 websites and witnessed the enhancement of the number of television channels available on Replay Tv and of the applications dedicated to the world of tablets and smartphones.

Rai.it is the portal that aggregates and increases the accessibility to the vast web offering of the public service broadcaster. It particularly promotes and offers access to all the programming broadcast and to the relative contents of all the general-interest and specialised tv networks available on the web, all the radio channels and all the contents of all the news.

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, and with other fans who share this passion.

A strong and constant oversight of Rai's contents (multimedia and otherwise) on the main social networks (Facebook, Twitter, You Tube) was also activated, with the creation of official pages dedicated to the television and radio channels and to some of the most important programmes and tv fiction series.

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 further expanded and renewed in terms of video quality and the variety of contents and services offered to users in 2011, confirming it as one of the leaders in relation to quantity and quality at Italian and international level.

Rai's website offers:

- the live streaming of 16 TV channels (Yes Italia stopped broadcasting on 31 December) and 11 radio channels;
- in on-demand mode: 13 theme-based areas, almost all the tv offering of the general-interest channels and news programmes, as well as extensive content from the Rai Teche and extra productions created exclusively for the web.

The offering of channels available in Replay TV mode was expanded, with the possibility of access, in video streaming on demand mode, not only the programming of Rai 1, Rai 2 and Rai 3, but also that of Rai Five broadcast over the previous seven days.

Rai.tv's oversight on the main social networks was consolidated, along with the integration with Facebook for the management of comments during live broadcasts of certain programmes and specialised channels.

In particular, over 1,000 programmes are available on-demand with about 120 programmes available in podcast mode. Furthermore, over 600 new videos are published on a monthly basis.

The collaboration with You Tube continued, with a selection of Rai

content also available from the theme-based channels (Celebrity, Junior, Comici, Cultura ecc.).

With about 5,000 contents on line and 500 new videos every month, Rai.tv on You Tube is one of the most successful channels in Italy.

Smartphone and tablet

Rai's presence on mobile devices boasts 16 applications, which have generated about 916 thousand downloads since the launch date.

These applications include RadioRai, Tg1, Tg3, Rai Sport, Rai News, *La prova del cuoco*, *Televideo*, *Un medico in famiglia*, Rai 5, Rai Storia, Italia 150 and Community.

Rai on Connected TV

In line with the evolution outlined by the analysis of the new media market, an experimental project has been launched for the presidia of the offering on television screens that can be connected to the Internet (Connected TV) with entry into a first partnership with Sony for the offering of on-demand content on Sony Bravia tv.

Digital Internet protocol television (IPTV)

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 was present for the whole of 2011 on the platform managed by Fastweb, with a Video On Demand service called Rai On, offering several theme-based channels and fed with Rai's current and past programming.

TV product performance

This collaboration was interrupted at the end of the year due to the termination of this offer by Fastweb which repositioned from a closed model, in which the broadband operator also played a role in the preparation of the editorial offering, to a more open model in which its functions merely as a distributive platform.

2011 was characterised by further growth of the dissemination of DTT. At the end of the year, the all-digital regions had become fourteen, accounting for 78% of the Italian population.

The most significant effects of the expansion and diversification of the television offering include the increase in the television audience, which continues the growth trend that, since 2009, has witnessed the media rise to increasingly higher levels compared to previous years.

2011 was yet another record year for viewing figures: for the first time since the Auditel measuring system was introduced, more than 10 million viewers were reached over the whole day (10.1 million compared to 9.8 million in 2010) while the prime time audience was of 25.5 million viewers (25.8 million average viewers, clearly higher than the previous peaks reached in 2004 and 2010 in which the audience reached 25.1 million).

These results are excellent, particularly because they were achieved in a year with no big sports events (World and European Football Cups, Winter and Summer Olympics) which usually make a considerable contribution to the growth of television consumption.

In a competitive and quickly transforming setting, the Rai Group continues to confirm its leading role.

On an **average day**, Rai consolidates its share with 40.2% di share (-1.1% compared to 2010) compared to Mediaset's 36.3% (-1.3%).

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 11.1% (+1.6 share points on 2009), while 'Other terrestrial TV broadcasters' reach 8.8% (+0.2%).

The result of the Rai Group is largely due to the performance of the specialized channels ('Rai Specializzate'), which obtain a total all-day share of 4.8% (with an increase of +1.8 points compared to 2010), influenced mainly by Rai 4, Rai Premium, Rai Yoyo, Rai Movie and Rai News (which more than doubled its share).

This makes Rai Italy's first digital broadcaster, followed by Mediaset (4.4%), Sky (4.0%), Fox (1.7%) and all the other Italian and international competitors such as Discovery, Switchover Media, Disney, Viacom, and Turner.

Rai's general-interest channels, like those of the competition (apart from La7), endured a physiological decline, with the three Rai channels maintaining their leadership:

- Rai 1 with a share of 18.7% is confirmed as the most watched channel and retains its advantage over the leading Mediaset channel (-2 points compared to 2010 for both channels);
- Rai 2 is at 8.2% (-0.9 points) and is the fourth Italian channel, bypassed only by Canale 5 and the other two Rai channels;
- Rai 3 is stable at 8.5% and becomes the third Italian channel.

In **Prime Time** the Rai Group confirms its leadership with a share of 41.3% (-2.4% compared to 2010) against Mediaset's 36.8% (-0.7% points).

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 a 9.9% share (+1.4 percentage points on 2010) and 'Other terrestrial TV' climb to 7.5% (+0.2).

Rai 1 is confirmed as the leading channel with a 18.9% share and bypasses Canale 5 by almost two percent despite the absence in 2011 of important football events, which conditioned performance (-3.4 points compared to 2010, which was characterised by the World Cup and during which an Italian team won the Champions League).

Rai 2 and Rai 3 continue to be the most watched channels after the leading channels, with 9.5% (-0.4 points compared to 2010) and 9.0% (-0.1 points) respectively.

The combined offering of the 'Rai Specializzate' channels reaches a share of 3.9%, up +1.5 percentage points compared to 2010.

By the end of the first half of 2012 the switchover to DTT is expected to be completed across the whole of Italy. Between May and June, the analogue signal will also be switched off in the Southern Italian regions which have still to become involved: Abruzzo, Molise, Apulia, Basilicata, Calabria and Sicily.

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 2010, had already completed the switchover to DTT (Piedmont, Valle d'Aosta, Lombardy, Trentino Alto Adige, Veneto, Friuli Venezia Giulia, Emilia Romagna, Lazio, Campania and Sardinia). These areas, which comprise about 65% of the Italian population,

had a broader television offering than the rest of the country for the whole of 2011.

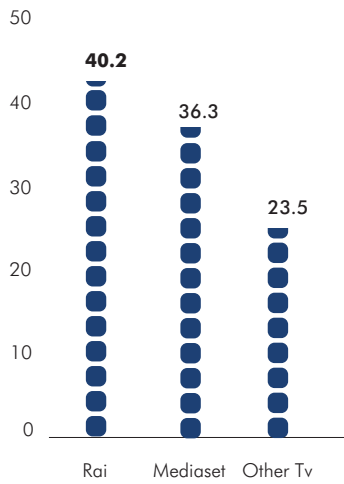
The results coming from the 'all digital' regions are very positive and prove the validity of the choices made by Rai.

On the average day, Rai prevails over Mediaset even more than in the other areas of Italy: Rai group reaches 40% against Mediaset's 35%.

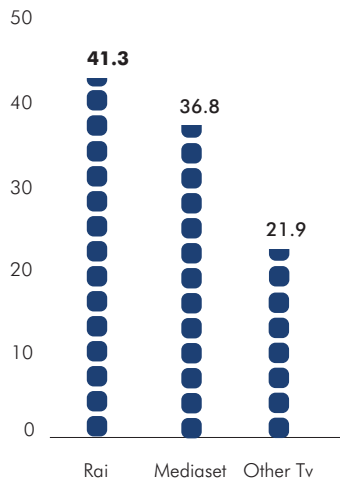
Over the 24 hours, Rai's three general-interest channels have overtaken those of the direct competition (33.5% against 29.6%).

The 'Rai Specializzate' networks, with an offering on DTT divided over eleven channels, obtain a total share of 6.6% and place five channels in the ranking of the 15 most popular digital broadcasters (free and pay). Particularly evident are Rai 4 (1.2%), Rai Premium (1.1% share) and Rai YoYo (1.0%).

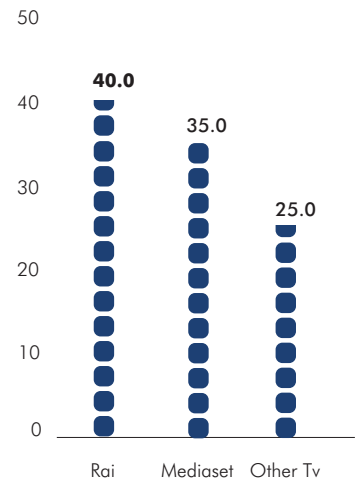
Average daily share
(source: Auditel)



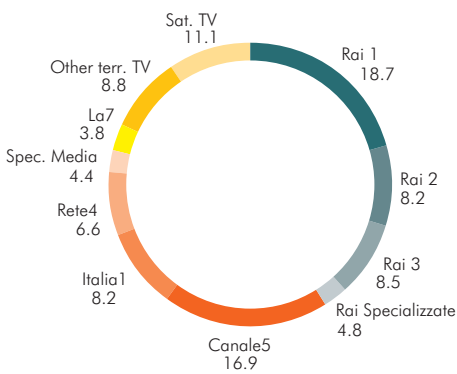
Prime time share
(source: Auditel)



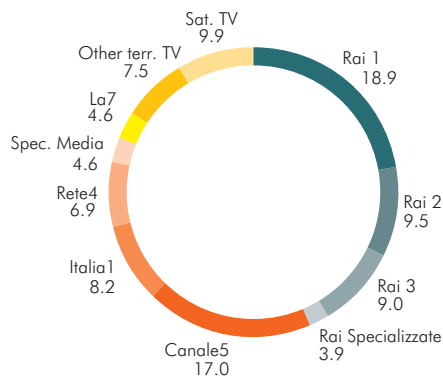
Average daily share – 'all digital' regions
(source: Auditel)



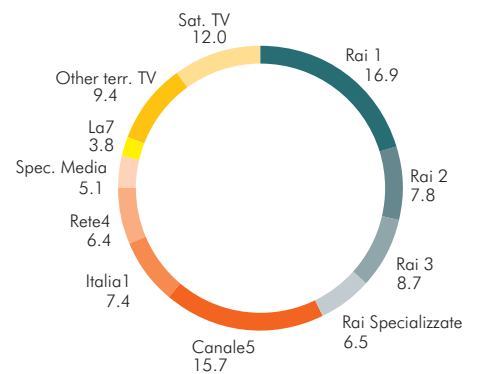
Average daily share per channel
(source: Auditel)



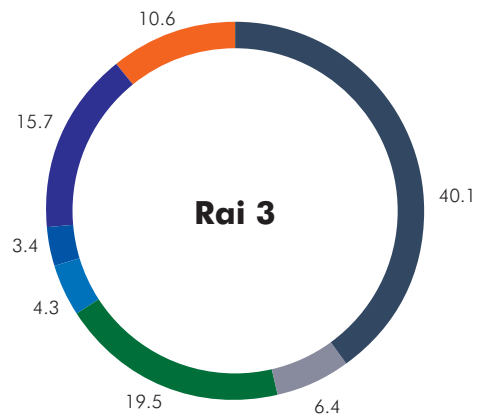
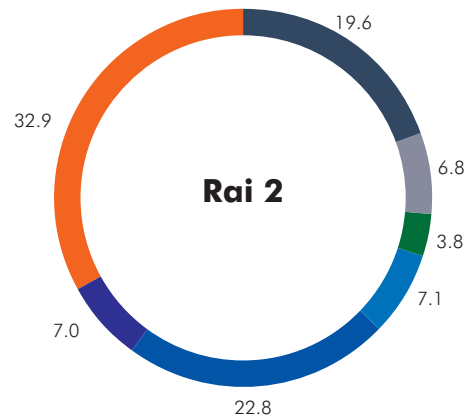
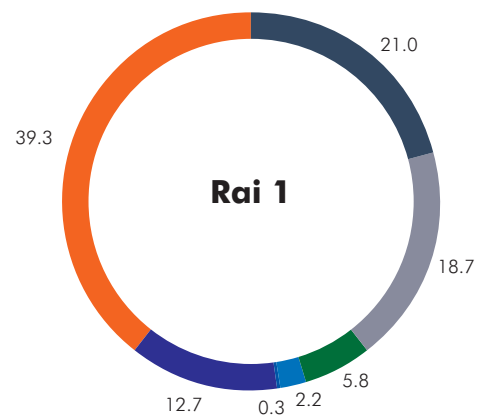
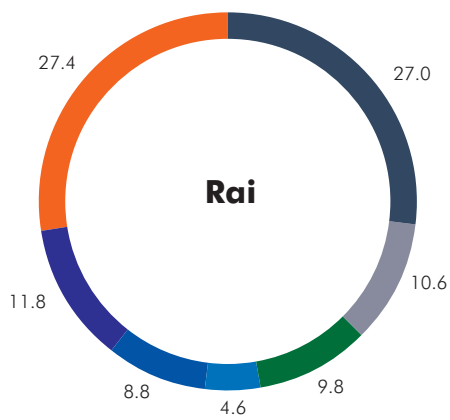
Prime time share per channel
(source: Auditel)



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 9.5% of audience (7.00 a.m. to 10.30 p.m. time slot)



- News & Information and analysis
- Service programmes and slots
- Cultural prootion programmes and slots
- Sports news and programmes
- Children's programmes
- Italian and European audio-visual productions
- Entertainment and other genres

	Public Service Genres	Other Genres
Rai Networks	72.6	27.4
Rai 1	60.7	39.3
Rai 2	67.1	32.9
Rai 3	89.4	10.6





TV Division

32 General-interest

- 32 Rai 1
- 34 Rai 2
- 36 Rai 3

38 Specialized channels

- 38 Rai 4
- 40 Rai 5
- 41 Rai Premium
- 41 Rai Movie
- 42 Rai YoYo
- 42 Rai Gulp
- 43 Rai 150
- 45 Rai Educational

47 News & Information

- 47 Tg1
- 48 Tg2
- 49 Tg3
- 50 TGR
- 51 Rai Parlamento
- 52 Televideo
- 53 RaiNews
- 54 Rai Sport
- 55 Diritti Sportivi
- 56 Raitalia

58 Genres

- 58 Rai Cinema
- 61 Rai Fiction

62 Tv Support

- 62 Rai Teche
- 63 TV production



1. Gianni Morandi

and the success of the Sanremo Music Festival

2. Antonella Clerici

with *Ti lascio una canzone*

3. Carlo Conti

in the traditional appointment with *L'Eredità*

4. Massimo Ranieri

in *Napoli Milionaria*



In 2011 **Rai 1** confirmed its position as the most watched channel in the entire Italian broadcasting system, with an average share of 18.9% during prime time (8:30 - 10:30 p.m.) and 18.7% over the full day.

Consequently, also in the new television setting, characterised by the strengthening of the DTT platform and of the competitive framework, Rai's 'flagship' channel retains its leadership and confirms its clear supremacy over the direct competitor Canale 5 (+1.9% share in prime time, +1.8% over the full day, winning 45 weeks out of 52).

Rai 1 has consolidated its relationship with the public thanks to a popular, high-quality offering which attracted huge audiences with big events, from the *Sanremo Music Festival* to Formula 1 motor racing, and with highly innovative proposals, such as the success of Rosario Fiorello, or of particular cultural commitment, like the comedies of Eduardo (*Napoli Milionaria* and *Questi Fantasmi*) performed by Massimo Ranieri.

The 61st edition of the *Sanremo Music Festival* represents the exceptionality of television in a classic format. Gianni Morandi made a return in the role of guarantor of Italian music in competitive form, with special guests that included Roberto Benigni, who gave a spectacular performance dedicated to the Unity of Italy. It was the festival with the highest audience figures since 2005, with an average 48.2% share and an average of 11.5 million viewers over the 5 evenings.

The tv fiction series genre was also successful; from series with a huge audience of loyal viewers, such as *Don Matteo 8* (27.1% share and over 7 million viewers) and the 4 new episodes of *Il Commissario Montalbano* (32% share and 9 million viewers), and new projects like *A un Passo dal Cielo* (23% share and 6 million viewers) and *Fuori Classe* (23.1% share and 6.3 million viewers). The representation in fiction of Italian geniality and the sentiments rooted deeply in our culture is also apparent in the proposals of mini-series and tv movies, like *Atelier Fontana* (share 28%, 8 million viewers), *Sarò sempre tuo padre* (26.5% share 7.4 million viewers), *Cenerentola* (27.1% share, 6.7 million viewers), *Edda Ciano* (24.7% share, 6.4 million viewers).

In entertainment too, Rai 1 has characterised its offering with tried and tested products, constantly renewing the language, with an aim of combining the features that characterise the channel's image, i.e.: sobriety, elegance and a capacity to arouse emotions, with products like *Ballando con le Stelle*, *Ti lascio una canzone*, *I migliori anni*. Also worth mentioning is the experimentation of new formats, such as *Attenti a quei*

due along with the proposal of an exceptional and unrepeatable event, *Il più grande Spettacolo dopo il Week End*, with Rosario Fiorello, a showman with a remarkable ability to entertain and generate interest (44% share, 11.8 million average viewers) thanks to his genuine style and creativity.

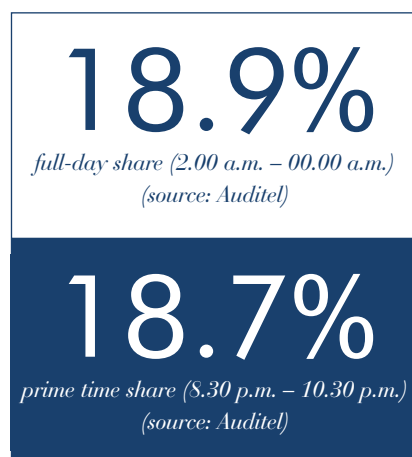
The strong vocation of the channel to the mission of Public Service Broadcaster was also expressed in the choice of cinema programming, with the Christmas offering of the Disney classics: *The Little Mermaid* and *Beauty and the Beast* repeated the great success of Christmas 2010, reaching 7.7 million viewers, testifying the aggregative strength that Rai holds in a context like that of children's television, which is increasingly fragmented.

During the traditional day time, Rai 1 rearranged its morning and afternoon programming.

In the morning, at 6:00 a.m., *Uno Mattina Caffè*, presented by Guido Barlozzetti, the cultural news programme with studio guests and various slots dedicated to books, theatre and wellbeing, which gathers a large audience and hands it over to *Uno Mattina*, renewed with the presentation of Franco Di Mare and Elisa Isoardi, with further analysis of topics of general interest, from politic to economy and medicine.

This is followed, in the 10:00 - 11:00 a.m. time slot, by *Uno Mattina Storie Vere* which replaces *Verdetto Finale* and which, with low production costs and the new tv faces of Savino Zaba and Georgia Luzi, has exceeded a 20% share, telling stories and featuring the celebrities that characterise our everyday lives.

On Saturday and Sunday, Michele Guardì's *Uno Mattina in Famiglia*, with Tiberio Timperi and Miriam Leone





3



4

continues to be successful (27% share, 1.4 million viewers).

From 11:00 a.m. to 12:00 noon *Occhio alla Spesa*, with Alessandro Di Pietro, is confirmed as the morning programme with one of the highest Rai qualitel ratings (sixty nine on a scale of zero to one hundred): information and analysis within easy reach of everyone and advice for consumers.

La Prova del Cuoco, presented by Antonella Clerici, has renewed its image, retouching the set and incorporating entertainment and fun in the form of quizzes. In 2011, the programme successfully experimented the space dedicated to 'Lotteria Italia', historically positioned in the Saturday evening or Prime Time shows.

Another successful experimentation was the new afternoon airing of *Verdetto Finale* presented by Veronica Maya, which managed to involve the more dynamic early afternoon audience. It was followed by the afternoon talk show on news and current affairs, *La vita in diretta* presented by Mara Venier and Marco Liorni, followed by the evergreen pre-evening *L'Eredità* of Carlo Conti, a quiz which, despite the new formats of the competition, has maintained its leadership, accompanying the public towards the important appointment of the TG1 at 8:00 p.m..

This view towards renewal also extended to Sunday afternoon where Massimo Giletti's *Arena* is followed by the new arrangement assigned completely to Lorella Cuccarini, who looks at stories of lives that concern our social problems.

Rai 1 consolidates the loyalty of its public with spaces and service slots like *Linea Blu*, *Linea Verde*, *Linea Verde Orizzonti*, and *Rubriche Religiose*.

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 Rai 1

Emotion: Don Matteo 8, Il Commissario Montalbano, Un passo dal cielo, Rossella, La donna che ritorna, Il commissario Manara, Caccia al re, Atelier Fontana - Le sorelle della Moda, Sarò sempre tuo Padre, Cenerentola, La ragazza americana, Dove la trovi una come me

Events: Le Commedie di Eduardo, Festival di Sanremo, Centocinquanta, Il più Grande Spettacolo dopo il Week End, Miss Italia, Premio Regia televisiva, Il Galà da Verona, La Sirenetta

Entertainment: Il più Grande Spettacolo dopo il Week End, Ballando con le Stelle, Attenti a quei Due, Soliti Ignoti, Affari Tuoi, L'Eredità, Lasciami cantare, Tutti pazzi per amore, Fuori Classe, Un medico in famiglia, Il signore della truffa

Music: Ti lascio Una canzone, I migliori anni, Mettiamoci all'Opera

Commitment: Edda Ciano, Il Generale della Rovere, Violetta

Culture and science: Superquark, Quark atlante, Passaggio a Nord-Ovest, L'Appuntamento, Cinematografo, Applausi

Travel: Dreams Road, Overland

News & Information: Porta a porta

In a television scene subject to transformation, Rai 1 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. Victoria Cabello

and the entertainment of *Quelli che il calcio*

2. NCIS

on air on Rai 2

3. Lorena Bianchetti

presents *Italia sul 2*

4. Roberto Giacobbo

at the helm of *Voyager*



Rai 2 has to be a trend-setting channel, attentive to emerging cultural movement, current events and recent history. A channel associated with semantic connotations, such as modernity, dynamicity, curiosity, originality and creativity.

2011 was a particular year for Rai 2.

Not only due to the change in direction at the end of July, but more for a series of losses which were relevant not only in terms of viewers but also of identity. These changes made it hard for the channel to achieve the goals imposed by corporate instructions and by the new organisation of the television market.

Michele Santoro and Simona Ventura both ended their professional relations with the channel, and a historical programme, *X Factor*, was – unfortunately – purchased by the competition.

Consequently, Rai 2 operated in a sort of open worksite, in which the need for change and the consequent planning activity flanked the ordinary daily management of programming and the need to guarantee the Company and advertisers viewing figures and targets in line with aims assigned.

At the same time, we witnessed the explosion of the digital offering, the fragmentation of viewers and the advancing of new competitors.

A modern and dynamic universe in which the audience of Rai 2 recognises

some of the languages it is used to and which it naturally tends to explore with curiosity.

In this context, the channel worked towards a redefinition process which would not be detrimental to certain consolidated appointments, such as those with the best buying consistency, proposing new elements in the fields of music and comedy, the appeal of which allows the best definition of the strategic lines for future programming.

In a sort of moving worksite the channel had to schedule the existing and plan the future programming.

Such as that of the reality genre for example, which has had such a considerable effect on younger members of the female audience: *l'Isola dei famosi*.

A narration now in its ninth year needed a review of the language and also a sort of conclusion.

Thanks to the presentation of Nicola Savino and Vladimir Luxuria and to the presence of previous winners in the game, a new irony and much less drama, befitting something which, at the end of the day, is only a game, characterised the programme.

As mentioned above, music and comedy have to characterise the future of an increasingly contemporary channel.

Two universes in which programme planning requires particular care. On one hand, insofar as the demanding and competent music audience has taken as standard that of the specialised multiplatform offering – obviously aimed at a niche target – and for general-interest television, the balance between the quality of the offering and the quantity of views is particularly difficult.

As regards comedy, it seems obvious that a team of talents, both performers and writers, has to be built up over time, patiently scouting new faces and also attracting consolidated professionals around a credible project. The experiment, for example, involving the broadcasting of so-called 'stand-up comedians', popular in America but less so in Italy, during prime time, brought unexpected results, especially in terms of quality of the target, and it is one of the directions in which the channel can continue along a path consistent with the objectives assigned to it.

Among the consolidated programmes, the first to mention is Roberto Giacobbo's *Voyager*, due to its increasing appeal and, above all, for the editorial direction taken, which has enabled the programme to grow constantly in terms of authority.

During day time, Victoria Cabello, flanked by the Trio Medusa, Massimo Caputi and many emerging comedians, is the new presenter of a renewed *Quelli che il calcio* which is ironic and bang up to date, making it the preference of a young and curious audience.

For news & information and analysis, an area in which the programmes of Giovanni Minoli are a valuable heritage, we ought to mention the collection of documentaries entitled *Tracce*, as well as the original story of the noir rock of Ezio Guaitamacchi, *Delitti rock*, presented by Massimo Ghini.

On weekday afternoons, Lorena Bianchetti and Milo Infante are the new couple of the news and social analysis programme *Italia sul 2*, while Giancarlo Magalli is still presenting *I fatti vostri* every day at 11.00 a.m.



3



4

Lastly, Osvaldo Bevilacqua continues his narration of the exoticism of Italian tradition.

Rai 2 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 Rai 2 and particularly its products.

A map of Rai 2

News & Information: L'ultima parola, Tracce, La storia siamo noi

Sport: Domenica sportiva, 90° minuto

Entertainment: L'isola dei famosi, Mezzogiorno in famiglia, I fatti vostri, Quelli che il calcio

Music: Top of the pops, Ritratti musicali

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, Ragazzi c'è Voyager

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

Divulgation: Voyager, Sereno Variabile, A come avventura, Delitti Rock

8.2%

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

9.5%

prime time share (5.30 p.m. – 10.30 p.m.)
(source: Auditel)



In 2011 **Rai 3**, confirmed its highly innovative style of Public Service broadcasting, with an extensive offering of informative and analytical programmes, current affairs and cultural talk shows, while maintaining its characteristic tendency to create programmes based on stories and memories.

As regards viewing figures, Rai 3 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 and despite being unable to include programmes like *Vieni via con me* in prime time (average viewing figure above 29% share, equating to 8,700,000 viewers in the four evenings in 2010) and *Parla con me* in the evening slot, for the entire autumn season.

Nevertheless, according to the Qualitel report for 2011, viewers' opinions of Rai 3 remained stable throughout the whole of 2011, with assessments for autumn higher than the channel's average for culture, science, environment, television news and analysis.

The programmes that characterized Rai 3's programming in 2011 were, as always in prime time, those with a strong service connotation, attentive to information and social matters, 'taking the side of the people', like *Ballarò* and *Chi l'ha visto?*, which, apart from gaining more viewers, also obtained a good judgment of quality, recording values which were always above the average for the genre. Furthermore, in the Qualitel in general, informative analysis was

confirmed among the genres most requested by television audiences (38.5%) and among the informative analysis programmes that recorded a significant increase in terms of public value there are other prime time offerings by Rai 3, such as *Report* and *Preso Diretta*, or weekly afternoon programmes like *In 1/2 ora*. This confirms a distinctive sign that characterised last year, particularly the autumn season, marked by a growing demand for analysis and enquiry into economic and social themes or important news events, to which Rai 3 tried to respond by making very quick changes to its programming. Good examples of this are the *Ballarò* special broadcast on Saturday the 12th of November, on the political crisis of the Berlusconi government, and the *Agorà* special on the death of Steve Jobs, and the *Preso Diretta* special on the floods in Genoa. The evening slot dedicated time to remembering deceased public figures, such as Giorgio Bocca, or analysing social phenomena like that of the indignant Americans.

Another considerable increase is audience recorded in the Qualitel for 2011 regards comedy programmes and satire. In particular, compared to the spring season, satire rose from 23.4% to 31.8% among the preferred genres and in terms of the programmes in greatest public demand, recording a general increase in the evening slot from 23.8% to 32.0%.

This indication was fully covered by the channel's programming thanks to the aforementioned mechanism of the late evening slot, with Serena Dandini's *Parla con me*, during the first half of 2011, which marked a growth in viewers compared to the second half of 2010; but also thanks to programmes like *Che tempo che fa* (with the greatly appreciated performances of Luciana Littizzetto), *Ballarò* (with the covers of

Maurizio Crozza), and *l'Almanacco del Gene Gnocco*.

In the tv fiction series sector, appreciation of the soap opera *Un posto al sole* continues to remain high and stable in the early evening slot, while innovation has been tested thanks to the first series of *Boris* broadcast in the evening slot on Wednesdays during the autumn season.

The culture, science and environment genre, which characterizes important portions of Rai 3's programming, secured its place with the audience in terms of perceived quality, with programmes such as *Alle falde del Kilimangiaro*, *Superquark* and *Geo&Geo* (which now covers the whole afternoon, lasting more than three hours every day). Good results were also achieved by *Cose dell'altro Geo*, *E se domani*, *Passepartout* and *Storie di Animalì*.

As regards current affairs programmes, there was a clear improvement by *Apprescindere* and appreciable values were also achieved by *Le Storie*, *Blu Notte*, *Un giorno in Pretura*, *Paesereale* and *Correva l'anno*.

Returning to the profile of viewing figures, some of the channel's programmes recorded strong improvements compared to the previous year and seasons: *Chi l'ha visto?* recorded outstanding viewing performances, closing the 2010/2011 season with an average share of 13.21% with about 3,600,000 viewers and, as at 31 December 2011, the average figure was 12.32% with about 3,300,000 viewers. *Ballarò* increased its already high share results in autumn 2011, climbing from 17.12% with about 4,600,000 viewers, the average value with which it ended the 2010/2011 season, to 18.82% with an average 5 million viewers as at 31 December 2011.

Excellent results were also achieved by the weekend early-evening slot, assigned to the talents of Fabio Fazio and his team, who keep *Che tempo che fa* at the top of the viewing figures and of audience appreciation, with the ability to speak to a very wide audience on cultural issues which are usually considered difficult in television terms. This success is also achieved by Corrado Augias with his *Storie* in day time.

In this sense, we ought to remember the successful experiment of *Sostiene Bollani*, a programme which brought an internationally famous jazz musician to popularity among television audiences, gaining him extensive appreciation by television critics.

New programmes broadcast in 2011 which obtained significant viewing figures and are worthy of mention include the early evening experiment *In ½ ora - La crisi*, the bringing forward to 8:00 a.m. of *Agorà* and the transfer from Sunday to Saturday of *Paesereale*, a reviewed formula of *Racconti di vita*.

In the summer, particular importance was placed on the documentary genre (another mainstay of Rai 3's programming), with the channel's historical programmes like *Sfide* and *Doc3* and new experiments such as *Radici* and *Six Billion Others*.

Increasing space was given to repeat use programmes during 2011, films and telefilms for all targets, proposed on Saturday and Sunday mornings, but more importantly with the prime time films on Monday and Friday.

Rai 3 confirmed its role in 2011 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.

Despite the reduction of resources, the channel's investment in the policy of authoritative and credible people continues to be strong, as testified by the presence of some of the most famous and appreciated names in Italian television.

The changes made to programming did nothing to change Rai 3'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 Rai 3

News & Information: *Ballarò*, *In 1/2 ora*, *Agorà*, *Cominciamo bene*, *Hotel Patria*, *Potere*

Inquiries: *Report*, *Presa diretta*, *Lucarelli racconta*, *C'era una volta*

Irony: *Che tempo che fa*, *Blob*, *Parla con me*, *Glob spread*, *L'almanacco del Gene Gnocco*, *Lilit*

Memory: *La grande storia*, *Correva l'anno*, *Sfide*, *Ritratti*

Social, commitment and service: *Chi l'ha visto*, *Mi manda Rai 3*, *Paesereale*, *Doc3*

Culture: *Le storie di Augias*, *Passepartout*, *Per un pugno di libri*, *Sostiene Bollani*, *Prima della prima*, *La musica di Rai 3*

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

Fiction and emotions: *Un posto al sole*, *Boris*, *Julia*, *La nuova squadra*, *Medium*

Nature e science: *Ulisse*, *Superquark*, *Geo&Geo*, *E se domani*, *Cosmo*, *Elisir*, *Pronto Elisir*, *Nati liberi*

Travel and entertainment: *Alle falde del Kilimangiaro*, *Il circo*, *Concerto del primo maggio*

Rai 3 is a Public Service channel offering a view of reality in Italy, analysing issues, discussing different opinions and placing them in an international context. A place for cultural and scientific information, for cultured entertainment, satire and irony. It has a recognised identity, consolidated over the years with excellent results among audiences, which continues to experiment, with an innovative offering in the interests of viewers.

8.5%

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

9.0%

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



1. *Doctor Who*

the BBC's science-fiction series

2. *Boardwalk Empire*

the empire of crime

3. *Wonderland*

the fantastic film review

4. *Box-office hits in prime time*

Cycle *Missione: Estremo Oriente*



During the channel's first two years of life, the average number of viewers of **Rai 4** has gradually absorbed the expansion of the digital audience, and the growing trend was confirmed once again in 2011, in relation to a smaller increase in the digitalised population.

If the initial aim of Rai 4 was to accompany the technological innovation of DTT with new content, the last year was characterised by the launch of a new phase of growth in broadcasting: the decisive strengthening of the points that already qualify the channel's offering and identity (which continues to revolve around the fantasy, crime/thriller and action macro genres) accompanies the fortunate experimentation of new products and renewed attention to European and Asian genre production.

Looking at the trend in average monthly viewing figures during 2011, the first thing that we notice is the clear increase in out-of-guarantee periods of the general-interest calendar – June and December – in a complementary dynamic already noticed during the previous year.

As in 2010, the physiological drop in viewers in the summer – accompanied by high levels of share, considering the considerable season reduction of the audience – was followed by a constant recovery in autumn, reaching viewing figures and shares in January 2012 that were higher than those of the same month of the previous year.

Specifically, the share over the full day was 1.17%, while that on the 8:30 p.m.-10:29 p.m. Auditel slot was 1.20%.

Moving on from the aggregate figures to the results of the single broadcasts, the best performances in terms of viewers were recorded on products with the strongest editorial content.

With reference to the most watched films in prime time during 2011, the major title (*The Forbidden Kingdom*, 751,624 viewers and 2.71% share on 27 December 2011) was broadcast within the scope of cycle *Missione: Estremo Oriente*, a weekly appointment with East Asian genre films.

Supplied only partly – as in this case – by films from the Rai Cinema catalogue, most of the titles proposed by the cycle were brand new and purchased specifically for the occasion, such as – looking once again at the record-breaking audiences – *Ip Man* and *Ip Man 2*, film rewarded with outstanding public success again when they were repeated, just three months after being broadcast for the first time.

The other top results include French action and crime films (*Largo Winch*, *Sky Fighters* and the diptych *Banlieue 13*), in the programming line of the new cycle *All'ultimo respiro*, dedicated to the most appealing and exciting new productions on the transalpine film scene.

More action films, with Jean-Claude Van Damme (*Kickboxer*, *Timecop*, *Derailed*, *Replicant* and *Wake of Death*), the heist – or so-called 'robbery films' genre, often included in the channel's programming – fantasy, crime/thriller and adventure films, as well as the Wednesday films, always strongly appealing due to the actors featured and their high production values.

Looking at the viewing figures for television series, two programming strategies were most rewarded: the repeat 'in sequence' – in most cases during the access slot to prime time – of series already aired during the evening programming of the general-interest channels (*Supernatural*, *Lost*, *Desperate Housewives*, *Flashpoint*); or the choice of new products – from the recovery of the adventure series *The Lost World*, broadcast for the first time ever ten years after production, to the series based on the work of Stephen King *Haven*, and the two new series from the BBC, *Doctor Who* and *Torchwood*, a spin-off of the longest running science fiction production of the UK's national television network, both recently promoted to prime time after a successful run-in period in the early evening slot.

The in-house production effort launched in 2011 is also addressed to the imaginary genre visited by the channel's film and serial programming: the experience of the 'paging' formats of the offering was launched, and received successfully by both audiences and critics, by the review on fantastic film *Wonderland* (record viewing figures of 241,343 with a 1.10% share, on 10 February 2012 in the evening slot).

Launched on-line on 1 December 2010, the Rai 4 web portal currently offers a showcase of programming, with descriptive/critical datasheets on all the film and tv series in the programming (about 500 new pages in just over a year), always accompanied by pictures and, where possible, the link to the relative promo.

The website's largely informative structure has been developed towards a constant interaction with the public, using different but complementary tools, such as the channel's e-mail, social



3

networks, mini-websites for analysis and publication, like video on demand on the Rai.tv website of the programmes *Wonderland* and *Il Male Cabaret*. In the last thirteen months, the total number of pages viewed has exceeded 24 million, of which 13,452,493 in live streaming and 10,535,331 with regard to the Rai 4 portal text pages. In the priority aim of implementing multiplatform broadcasting of the programmes, the launch of a mobile and iPad application is currently being examined.



4

Five definitions of Rai 4

Auteur tv: the most award-winning tv series from American cable tv, *Mad Men*, *Breaking Bad*, *Roma* and *Boardwalk Empire*.

Cult Tv: the most popular genre series, from the evergreen *Star Trek* and *Streghe* to the new phenomena fed by the fandom via web, like the BBC's science-fiction series *Doctor Who* and *Torchwood* or the latest cyberpunk cartoon innovations.

Expanded tv: a tv that continues on the web with programmes on-demand, datasheets and analytical texts and on-going communication with the public, also through new channels, like mobile applications.

Global imagination tv: the new frontiers of film and tv genre production, from oriental action (*Cycle Missione: Estremo Oriente*), to French crime (*All'ultimo respiro cycle*) and Spanish-American fantasy.

Brand tv: analytical productions dedicated to the main genres offered by the channel (*Wonderland*); in the multimedia age, the strongest identity wins.

752 thousand

viewers on 27 December 2011 for the film

The Forbidden Kingdom



1



2

1. *David Letterman Show*

hosts US President, Barak Obama

2. *Teatro alla Scala*

the inauguration of the New Florence Opera Theatre



With the broadcasting programme of **Rai 5**, the Company has set itself an ambitious aim: to bring back to television a demanding audience with lots of entertainment resources available and numerous ways of enjoying the specific products in which it is interested.

Rai 5's mission is to be a 'place' where viewers can come, with reasonable certainty and confidence in finding an interesting, modern, varied product capable of arousing their various curiosities.

Rai 5 is just over a year old and the initial success it achieved when it was launched hasn't waned, as confirmed by the audience trend: during 2011 the full day share climbed from 0.17% to 0.29%, while that for prime time went from 0.22% to 0.40%.

The project's originality is obtained thanks to a mix of unusual subjects for the national free DTT scene: art, design, fashion, food, travels, music, auteur film, theatre, opera, dance and documentaries. In just one year 1,500 hours of first broadcast, 49% of which purchased or produced, and consequently brand new.

Another particular feature of Rai 5 is its nature as a Social TV, capable of approaching viewers with different languages.

A new television channel concept, no longer a linear narration but an experience dedicated to a multitasking, enterprising and active viewer.

Facebook, Twitter and the web portal (in 2011 the traffic data positioned it as 4th most-watched Rai channel on the web) took Rai 5 into a territory where more active audiences can express their opinions and discuss things, engaged, to date, over 45 thousand people.

Rai 5 launched numerous initiatives during its first year of life:

- it drew attention to the most important cultural events in Italy, taking them live to viewers' homes (the opening of La Scala, the inauguration of the New Florence Opera Theatre);
- it broadcast, for the first time, an important work by Lelio Luttazzi, *L'Illazione*, immediately after the restoration that followed its rediscovery;
- it is the first Rai channel to offer the public a live Facebook meeting in which they can take part;
- less than 24 hours from the American airing, it broadcasts the *David Letterman Show* in English, with Italian subtitles, every day;
- it was among the first 10 broadcasters in the world to subscribe to the TED Open TV project, and the only one to produce a version with a voice over;
- it is the only Rai non general-interest channel to offer the Replay TV service;
- together with RaiNet, it has created an application for iPhone and for tablet and is soon to release another for smartphones using Android.

428 thousand

viewers for *Don Giovanni*

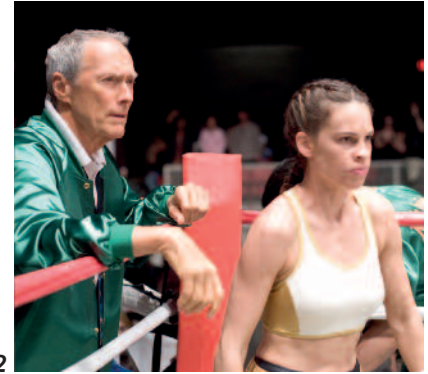
at the opening evening of the *La Scala Theatre*



1

1. Terence Hill in Don Matteo
the great Italian fiction of Rai Premium

2. Million Dollar Baby
the excellent selection of films
on Rai Movie.



2

Rai Premium

Rai Premium has reinforced its already strong identity as a channel specialised in Italian fiction, and particular that produced by Rai, over the past year.

'The fiction channel' was the slogan in the days of RaiSat – when there were just a few channels dedicated entirely to the genre – and then it became 'the fiction-addicts' channel' in the recent advertising campaign (Autumn 2011). This slogan ironically translates a passion into a kind of addiction seeing fiction viewers as assenting victims of a pleasant contagion.

The channel's identity has been built up over the years, selecting the most effective titles and the best-loved protagonists, reducing the contribution of older titles, giving up film and entertainment, which has made the offering more homogenous and modern, the narration more dense, and the involvement stronger and longer lasting.

The idea that Rai Premium is the 'Italian story' par excellence has taken root, because it tells Italians about Italy, using a popular language, with a variety of themes, places, people and times that make its programming and endless repertory of stories, memories and emotions with which they can identify.

The variety of genres, the articulate repeats system, the diversification of the appointments and the update of proposals with the latest innovations have created an unquestionably loyal following of viewers. The figures available clearly show a constant growth in the audience throughout the country,

without halting or reversing, as new geographic areas join the basin served by DTT.

Definitely the improvement in the offering can be traced back to better coordination of the channel since the birth of the Rai Gold Management which, since the second part of the year, has coordinated both Rai Premium and Rai Movie.

All this evolution in the positioning of the channel has led to a big increase in viewers over the full day (+75% compared to the previous year) and a clamorous +113% for prime time.

Undoubtedly, with the continuation of the switch-off and the arrival in areas that have still to receive DTT in Southern Italy, which are historically associated with easier viewing, the channel will expand even further and this, according to numerous analysts of the setting, will make it, in 2012/2013, the Rai's most watched non general-interest channel.

Lastly, we would like to point out that the launch of productions like *Autoritratti* and the *Fiction Magazine* confirmed that, in addition to fiction, in-house productions with important, qualified presenters also work well on the channel.

In short, Rai Premium is now a highly reliable and successful channel for Rai, at very low cost.

Rai Movie

Rai Movie is currently the only digital terrestrial channel that offers free programming 24 hours a day dedicated entirely to films, with a 'general-interest' offering designed to satisfy the tastes of all fans of the big screen.

In addition to the excellent selection of films, with the products selected being those contained in the Rai/RaiCinema library, with a consistent addition of purchases aimed at observing the indications of the Service Agreement to achieve the required shares of Italian and European production, in 2011 the channel followed the main film festivals, such as Venice, Cannes, Rome, Berlin, Los Angeles, Turin and Locarno, analysing the events in slots and features.

The channel's programming is a constant mixture of classic and contemporary, which finds its balance in quality, the authority of its proposals and the involvement of wider and wider audiences.

Considerable results were achieved during the year in terms of the Rai brand image thanks to the channel and the audience share rose by 89% over the full day and by 119% on prime time compared to 2010. This is an excellent result considering that the channel's national coverage is just 70% of the total.

The outlook for 2012 is positive and will be further consolidated by the final switch-over to DTT, which will begin on 7 May and be completed in June 2012.



1

1. *Casa Lallo* on YoYo

2. *The Tv series most loved by teenagers* on Rai Gulp



2



Rai YoYo: to learn and grow with games and stories.

Rai YoYo is the channel of the Rai Ragazzi unit dedicated to preschool children (aged 3-5, with a secondary target extended to children aged 6-7) and their families.

The channel boasts a rich, articulate range of quality programmes, made to measure for younger viewers in a fun yet intelligent key (based on the principle of 'learning through play') using the most diverse languages; cartoons, studio-based programmes, fairy tales and sitcoms with puppets. The selection of programmes responds first and foremost to the need to propose contents based on a solid and carefully created narrative foundation, focusing on high quality and an extensive 'edutainment' content, with the aim of stimulating children and accompanying them on their daily discovery of themselves and the world around them.

In this way, Rai YoYo integrates with and enriches the activities of parents and educators, who can feel reassured even when they leave children alone in front of the television.

The value of the 'historical' appointments with Rai's children's programmes, such as *Melevisione*, *l'Albero Azzurro*, *Il Giornale del Fantabosco*, *Lo Zecchino d'Oro*, *È Domenica Papà* (now *Parapapà*) is enhanced and original new productions are also given space: *Ma Che Bel Castello* (with the long-term educational-pedagogical collaboration of FISM – Federazione Italiana Scuola

Materne – The Italian Nursery Schools Federation), *Casa Lallo* (a sitcom with puppets which originated from *Parapapà*), *Le Storie Di Gipo* (which, from 2012, will help to discover the greatest stories and fairy tales of Italy and its regions, handed down by grandparents to their grandchildren). All the productions capitalise experience, professionalism and productive models that have made Rai leader in the Italian market of children's television over the years, making the most of the production resources and capacities of the TV Production Centre in Turin.

In addition to in-house productions, the offering proposes the best of Italian, European and international animated productions: *Peppa Pig*, *Teletubbies*, *Postman Pat*, *Fireman Sam*, *Hurray for Huckle*, *Chuggington*, *Bob the Builder*, *Roary the Racing Car*, *Bo on the Go!* And many. Many more. There are also numerous RaiFiction co-productions: from *Pimpa* to *Ondino*, from *Cuccioli* to *L'arte Con Matì E Dadà*, from *Dixiland* to *Le Ricette della Cuocarina*.

The programming positions follow the rhythms and activities of children at different times of day and during the main seasonal appointments.

In 2012, the channel's offering intends to:

- develop the *Mondo di YoYo* in a cross-media key as an extra-television component of the offering, aimed at favouring agreement between families and the channel on the territory (Il Villaggio di YoYo) and on other platforms. With the new websites, theatre performances and workshops linked to the main programmes produced, the cross-media element is reinforced with the involvement of young viewers in 'doing things' and participating (increased interaction/interactivity). The claim "Let's play together in YoYo world"

expresses the channel's programming philosophy, incorporating its main development lines: play as a fundamental part of a child's life, fun in an edutainment key, sharing with young friends and relations, interactive participation within a universe of positive values;

- strengthen the relationship with the secondary target with the aim of being recognised as a useful and helpful support in the difficult task of parent and educator. *Parola di Mamma e Papà* opens a 'communication window' among young parents faced with the classic problems of early childhood – sleepless nights, feeding, separation, introduction to nursery school, etc. – and experts in the sector – psychologists, paediatricians, etc.;
- strengthen the direct link with the primary target (children) activating the column dedicated to *La Posta di YoYo* in tv and on the web.



Rai Gulp: fun, participation, excitement and... connection.

Rai Gulp is the channel of the Rai Ragazzi unit dedicated to school children (aged 8 to 12) and young teenagers, kids born in the digital age who make their own decisions as to what they watch on tv and tend to focus their interests and hopes on very specific topics, such as music, dance, action, videogames, sport, interactivity and direct participation.

To fully satisfy the needs of this target, Rai Gulp's programming offers plenty of space not only to cartoons, but also to

1. The celebratory logo of the 150th anniversary of the Unification of Italy

2. The programme *I nuovi Mille*

3. Live broadcasts from the studio

4. President Giorgio Napolitano's speech



fiction for kids and highly innovative entertainment programmes: from TV series inspired by the music world, bands and talent schools (*Victorious*, *eBand*, *The Naked Brothers Band*) to interactive game/talent shows in which young musical talents or web celebrities show off their skills (*Social King 2.0*); from internationally successful teen soaps (*Grachi*, *Rebelde Way*, *Karkù*) to cartoons – many of which owned by Rai – inspired by the fantastic universes to which preadolescent imaginations are still linked, with lots of titles relating to magic, adventure, superheroes and sport (*Winx*, *Code Lyoko*, *Huntik*, *Avatar-La Leggenda di Aang*, *Geronimo Stilton*, *Cacciatori di Draghi*, *Martin Mystere*, *La Compagnia dei Celestini*, *Spike Girls*, etc.). Not forgetting the weekend film appointment, which offers children and their parents a chance to spend time together.

All within a high-quality proposal based on Rai's experience and tradition for children's tv.

Rai Gulp is distinguished by a strong presence also on the web and on the social networks with different formats and applications, capable of activating on different media a community of users that share and comment the television contents on web and mobile phone.

Right from the beginning of 2012 Rai Gulp has begun to evolve towards a new television identity, both at graphic level and in terms of content. The aim is to become an alternative and intelligent proposal, devoted increasingly to youngsters becoming more and more off-limits to adults, inviting them to challenge themselves, speak out and give their opinions, participating actively in the channel's projects, keeping constantly up to date with the most interesting innovations; a revolutionary and 'ethically rebellious' tv which escapes the logics of

passive entertainment and homologation/emulation that characterise many contemporary formats (from reality shows to talent shows and talk shows). The proposal that inspires Rai Gulp aims to encourage a strong identification of kids with stories and profiles linked to everyday heroes, active and responsible people, protagonists of positive events. All of the above, while maintaining a healthy sense of challenge and competition based on games and positive values within the growth process.

In this setting, the Rai Gulp offering is going to be increasingly interested in narrating and portraying the main passions and interests of kids on TV, web and mobile, with a strong grip on the currently state of the areas they prefer (music, dance, games, sport, videogames, jokes and pranks, hilarity, friendship, sentiments etc.), maintaining an increasingly strong and direct link with the public, thanks also to opportunities for multimedia interactivity in real time, offered by live television.



The **Rai structure for the 150th anniversary of the Unification of Italy** was set up under the management of Giovanni Minoli, by resolution of the Board of Directors on 27 April 2010, in order to lend visibility to the celebrations for the 150th anniversary of the Unification of Italy.

The Structure's work is carried out on several fronts:

- the concept and creation of programmes such as *La Storia siamo noi*, *Dixit* and *Fratelli d'Italia*, for a total of about 1,100 hours of programming with broadcasts on Rai 2 and Rai 3 and on the Rai Storia channel;
- the concept and creation of event-appointments, such as the so-called 'marathon' broadcast live non-stop from Wednesday 16 at 11.45 p.m. until Sunday 20 March 2011 at 9.00 p.m. on the Rai Storia channel (and in simulcast with the general-interest channels), in keeping with the institutional commitments of the Public Service;
- the creation, management and constant update of dedicated websites (such as that for *La Storia siamo noi* and that for Rai 150);
- the coordination of all the Managements and the corporate structures relating to the celebrations for the 150th anniversary of the Unification of Italy.

In particular:

La storia siamo noi

Presented in the studio by Giovanni Minoli produced specific episodes on the Risorgimento:



2



3



4

- the great biographies: Giuseppe Mazzini, Giuseppe Garibaldi, Camillo Benso Count of Cavour, Ippolito Nievo, the Countess of Castiglione, Giuseppe Verdi, Giacomo Puccini and Arturo Toscanini;
- the inquiries: the day of March 17th 1861, told hour by hour, Anita and the others: the women of the Risorgimento, mysteries and the background of the Unification of Italy, the Roman Republic.

The programme *La Storia siamo noi* on the occasion of the 2012 edition of the History Makers Awards (New York, USA, 25-27 January 2012) was awarded the prestigious *Outstanding Achievement Award in History and Current Affairs programming*.

Dixit

On the first evening of the Rai Storia channel, it broadcast:

- 60 appointments with *In diretta dal Risorgimento*, a weekly magazine of historical information perusing the roots of a united country;
- 20 120-minute episodes of the history of Italy, from 1861 until "Tangentopoli" (so-called "Bribesville"), an analysis with documents, evidence and the collaboration of the leading Italian historians;
- *Lectio magistralis*: 45 appointments with a new format to divulge all the appointments with the conferences, round tables and exhibitions organised on the Unification of Italy, making them suitable for television;
- *Battaglie in cinque minuti*: 20 appointments to narrate – with the aid of computer graphics, historical iconography and original documents, using a live reportage language – the most significant battles which led to the unification of our country;

- *Cronache dalla Storia*: in 30 episodes, from the breach of Porta Pia to the Roman Republic, from the meeting of Teano to the first session of the Italian Parliament, 150 seconds of emotions, 3-D reconstructions, language contaminations, questions, photos, documents and cartoons become the emotions of a new-born country;
- a collaboration with the FAI (Fund for the Protection of Italian Heritage) to enhance, document, rediscover and return to love the places of the Risorgimento;
- *Testimoni*: 10 documents of History relived by young actors, in a scenography that evokes moments of atmospheres of the Unification of Italy;
- *Photosound*: 10 episodes to collect the first pictures (from historical archives all over Italy) of the birth of a united nation.

Dixit eventi:

- 196 hours for the Unification of Italy. From 17 to 20 March 2011, non-stop live coverage of all the events linked to the 150th anniversary, from Turin to Milan, the official visits of President Napolitano, links with the city streets, films and analyses.
- The concert of 2 June. A traditional appointment (2010 and 2011) with the concert for the Celebrations of the Republic from Piazza Castello in Turin.
- The celebration of the *Tricolore* – the Italian national flag. From Reggio Emilia, the celebrations and the concert for the birth of the *Tricolore* (7 January 1797), in the presence of the President of the Republic.
- 30 hours for Pope John Paul II. An appointment with history and faith, to celebrate the beatification of Karol Wojtyła: links with the Circo Massimo, analyses with leading experts on the Vatican, the simulcast of the ceremony on Rai 1.

- The Day of the Memory of the Victims of Terrorism. The simulcast of the live Tg1 coverage of the ceremony at the Quirinale in memory of the victims of terrorism and massacres, as well the analyses of *Dixit*, with the stories of the judges, journalists, police and carabinieri killed during the period of social turmoil known as the "Years of Lead".
- *I nuovi Mille*. 10 episodes made with the aid of user generated content, produced by a commUnification of video-makers, a journey to find the new face of an Italy that is growing and changing.
- *Fratelli d'Italia*. 10 appointments to compare famous Italians of yesterday and today in a sort of modern-day "Parallel Lives" (Vittorio Sgarbi and Gabriele D'Annunzio, Mariangela Melato and Eleonora Duse, Vittorio Feltri and Indro Montanelli etc.), in a virtual studio, with the participation of Aldo Cazzullo.

Rai Educational

Awareness of the importance that the action of the public broadcasting service can have on strengthening the cultural and educational policies of the country and the conviction that Rai's cultural and learning policy has to succeed fully and systematically exploiting the new possibilities offered by the digital platform and the social web. With this in mind, Rai Educational intends to be a workshop capable of producing ideas, testing new formats and communicative models and producing content that associates innovation, visibility and a strong capacity for television and cross media circulation with quality.

In 2011 **Rai Educational** began a renewal, in an evidently cross media sense, of the broadcasting proposal, the cultural and educational contents of which are channelled through four main broadcasting tools: the Rai Scuola channel, the Rai Storia channel, the presence within general-interest programming and the presence on the web and on the new web devices, from connected TV to tablet and other mobile devices.

During the year, 62 titles almost all belonging to Rai Educational programmes were presented at national and international festivals. It should be noted that the channel participated during the year in over 100 festivals and awards in the following 41 countries besides Italy: France, Switzerland, Germany, the United Kingdom, Greece, Spain, Denmark, Belgium, Norway, the Principality of Monaco, Austria, Finland, Scotland, Holland, Russia, Byelorussia, Czech Republic, Romania, Montenegro, Ukraine, Serbia, Croatia, Kosovo, Turkey, Canada, USA, Brazil, Cuba, Ecuador, Mexico, Uruguay, Japan, China, United Arab Emirates, Qatar, Iran, Nepal, South Africa, Ethiopia, Egypt and Australia. In 2011, 15 awards were assigned to our programmes: *In Italia*, *Crash*, the Rai Storia channel, *Lampi di genio in tv*, *Atto unico*, *La Storia siamo noi* 2009/10 and *Magazzini Einstein* (9 awards).

General-interest TV

Here are some of the highlights of the programming from 2011:

- *Crash – Contatto, Impatto*, *Convivenza* the only television programme dedicated entirely to the subject of immigration. During the year it analysed the strength of the impact of this phenomenon on our

country, to establish whether and where there is contact between immigrants and our society, how we see it and how it has affected and continues to affect everyday life.

- *TV Talk*, the tv analysis and discussion programme, with the participation of experts on communication, university students and professors and television celebrities themselves.
- *Art News*, the programme on current events in the world of art and culture which, in line with the Rai Educational broadcasting project, also creates products for the specialised channels Rai Scuola and Rai Storia.
- *G.A.P.*, meeting and confrontation between young adults aged 18 to 27 and personalities from the world of culture on the issues affecting society.

Rai Storia

In 2011, **Rai Storia** hosted numerous programmes dedicated to the celebrations for the 150th anniversary of the Unification of Italy, including: *Res: Italia '61* (five episodes, presented by the head of Rai Teche, Barbara Scaramucci), to evoke the one hundredth anniversary and Italy as it was fifty years ago; *Res Gestae Speciale 150*, which, thanks to newspaper articles from the time, narrated the expectations and the proclamation of the Kingdom of Italy; *Magazzini Einstein*, with a series of five specials entitled 'Archivi d'Italia' dedicated to the Italian archivist heritage, created jointly between Rai and the General Management for the Archives of the Ministry of Cultural Heritage; the 'Rewind' project re-proposed some of

the best fiction produced by Rai over the years, all based on the unification of Italy: these include, *Vita di Cavour* (by Piero Schivazappa, with Renzo Palmer), and *Lo scandalo della Banca Romana* (by Luigi Perelli, with Ivo Garrani).

But naturally programming tackled, as always, numerous moments of our past and recent history, with the cycle *Res – ritorno al presente* which, with the glorious sugar-paper coloured Fiat 1500 that followed the Giro d'Italia at the end of the 1960s, travelled around Italy to compare past and present; with the column *Res Mille papaveri rossi* which dedicated an hour every day to the wars of the 20th century, with documentaries on 'the wars of the post-war period', from Korea to the war of Coltan in the Congo; with *Res - Come Eravamo - La Donna* which proposed thirty years of Italian life, told through a selection of materials taken from the Rai Teche, with a special view of conditions for women.

The new series of *Scrittori per un anno* was also broadcast, and, in addition to the traditional portraits with the interview of a writer, it proposed theme-based episodes on different subjects, through the different voices of the numerous protagonists encountered, including Franca Valeri, the dramatist and director Emma Dante, the Chilean writer Luis Sepúlveda, Aldo Nove and Alessandro Piperno.

The theme-based episodes included the ideal library, a journey among the books that have marked a lifetime.



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.

In 2011, the channel broadcast two new programmes made in conjunction with the Ministero della Istruzione, Università e Ricerca (Italian Ministry for Education, University and Research), the revenues of which generate profits for the Company:

- *In Italia, l'Italia e l'Italiano per gli stranieri*, 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, not dominated by emergency and necessity, but by increasing awareness.
- *A ruota libera*, a project on education in road safety for upper and lower secondary school students and teachers. The main aim was to promote the rules of the new Highway Code.

The programme created in conjunction with the Ministry of the Interior was added:

- *Cantieri d'Italia*, a tool destined to contribute to the integration of foreign students who have only recently arrived in Italy.

Web Educational

During the year, Rai Educational began renewing and implementing the web to suit the creation of a multimedia platform to broadcast its products through the two digital channels Rai Storia and Rai Scuola, the relative Internet video portals and vertical theme-based portals on the contents.

As regards the vertical theme-based portals, in 2011 work began on the portals Rai Arte and Rai Letteratura.

Theme-based portals were also created specifically in relation to the themes tackled in the projects funded by the Agreement with the Italian Ministry for Education, University and Research.

1. The Tg1 studio



Tg1 continues to be 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. In this framework, Tg1 aims to continue being the leading Italian television news programme, both in terms of audience and with regard to the authority of the general view of news and information in Italy.

During the past year, Tg1 confirmed its status as the most watched television news programme in Italy. All the top 75 positions in the ranking of the most-watched news programmes are occupied by Tg1; in the top 100, 98 places are occupied by Tg1, and 2 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 1,226 hours, with 4,461 television events.

2011 was characterised by numerous events in Italy and the world. It was the 150th anniversary of the Unification of Italy, Pope John Paul II was blessed and the command of the government was handed over from Silvio Berlusconi to Mario Monti. The news was dominated by the dramatic events regarding the murder of Melania Rea. The world of sport lost motorcycling champion Marco Simoncelli, who died in an accident during the Malaysia Grand Prix.

Overseas – alongside happy events like the English royal wedding between Prince William and Kate Middleton – there was a terrorist attack which killed 21 people in the Church of Saints in Alexandria, Egypt, the Arab Spring and the fall of Mubarak, the uprising in Libya and the killing of Gheddafi, the terrible earthquake in Japan and the consequent explosion at the nuclear power station of Fukushima, the killing of Osama Bin Laden, the massacre in Oslo with 76 deaths and the death of the founder of Apple, Steve Jobs.

Tg1 continued the work of the internet department which consistently amplified the role of the programme's previous website.

In 2011 the Tg1 website totalled 50.4 million pages visited and a monthly average of 504 thousand single users. This represents an increase of 87% on the previous year in terms of pages visited and of 52% in terms of single users. Within Rai's news and information, the site's traffic represents 13% of the total pages visited and 16% of the total single users. In the ranking for single users of Rai's websites the Tg1 site climbs to 6th place, from 11th in 2010.

The 8.00 p.m. edition of the Tg1 is confirmed as the leading source of information and as one of the most watched TV programmes every day. In 2011, the 8.00 p.m. edition of the Tg1 obtained an average audience of 5,299,256 viewers with an average share of 23.66%.

The 1.30 p.m. edition of the Tg1 reached an average number of 4,261,356 viewers with a share of 24.03%. The *Tg1 Economy* supplement, which lasts 10 minutes and is broadcast at 2.00 p.m., attracts 2,076,226 viewers with a share of 12.11%.

1,226
total hours of broadcasting in 2011

The 5.00 p.m. edition of the Tg1 in 2011 obtained an average of 1,896,402 viewers with an 18.80% share. In 2011, Tg1 Notte recorded an average of 483,928 viewers and a 10.71% share. But the real innovation, and not only in broadcasting terms, is Tg1 60 secondi, which goes on air in the middle of the evening and totalled an average of 2,044,820 viewers and a share of 12.41%. *Tg1 60 secondi* was the most watched programme in the Top 100 television news programmes of the general-interest channels, gaining 1st and 2nd places on 19 February 2011, with 9,824,908 viewers and a 67.97% share, and on 15 February 2011, with 7,474,866 viewers and a 49.23% share during the Sanremo Music Festival.

As regards the morning editions, the 7.00 a.m. Tg1 obtained an average of 871,633 viewers with a share of 25.56%, the 8.00 a.m. Tg1 obtained an average of 1,465,697 viewers with a share of 25.57% and the 9.00 a.m. Tg1 obtained an average of 1,331,855 viewers with a share of 25.57%.

*Once again in 2011
Italians preferred the
Tg1 as their leading
source of information.*



1

1 and 2. The Tg2 studio



2



2011 has been characterised by numerous events of national and international importance: the explosion at the nuclear power station of Fukushima, the capture and killing of Osama Bin Laden in a bunker-hideaway near Islamabad, the war in Libya, the capture and death of Gheddafi, the popular uprisings in Cairo against the military junta with deaths in Tahrir Square and the resignation of Mubarak, the killing in Afghanistan of Italian soldiers Roberto Marchini and David Tobini, the beatification and canonisation of John Paul II, the royal weddings of William and Kate in London and of Albert of Monaco and Charlene Wittstock in the Principality of Monaco.

In Italy, the celebrations for the 150th anniversary of the Unification of Italy; in October, the fatal floods in the Spezzino and Lunigiana districts and those that took place in Sicily at the end of November, which particularly hit the Saponara, Milazzo and Barcellona Pozzo di Gotto areas. On the political front, 2011 witnessed the end of the Berlusconi Government and the arrival of the technical government led by Mario Monti.

The 8.30 p.m. edition of the Tg2 reached an average 2,451,991 viewers (average age 53) in 2011, with a 9.97% share.

The 1.00 p.m. edition of the Tg2 has recorded a further increase in viewers compared to the previous year from an average of 2,866,000 viewers to 3,062,282 with an 18.78% share); at the same time Tg2 Costume e Società, broadcast from Monday to Friday,

recorded an average of 2,188,118 viewers with a share of 12.43%; and *Medicina 33*, had 1,790,530 viewers and a share of 10.8%. Both were slightly higher than the previous year. During the same time slot on Friday, *Eat Parade* recorded 1,745,717 viewers with a share of 9.96%.

The early evening Tg2, broadcast at 6.15 p.m., broadcast from Monday to Friday, recorded an average of 741,345 viewers (6.20% share), while the edition in sign language for the hearing impaired, on air at 5.45 p.m., reached an average of 634,087 viewers with a 5.88% share.

The night time edition of the Tg2, in the 321 editions broadcast in 2011, had an average number of 712,159 viewers with a 5.50% share.

In the morning time slot, the journalistic 'container' *Tg2 Punto.it* is broadcast between 10.00 and 11.00 a.m. from Monday to Friday, reaching an average 228,285 viewers and a 5.04% share. During the hour-long programme, various columns were broadcast, such as *Nonsolosoldi*, with an average of 258,053 viewers and a 5.48% share, *Achab, libri in onda*, a feature specialised in new books which, during the 40 episodes broadcast, recorded an average of 281,817 viewers and a 5.75% share, while the feature *Cinematinée*, dedicated to new films had an average of 299,757 viewers and a 6.39% share.

On Tuesday evening, after the Tg2 della notte, the analysis *Punto di Vista* was watched by 1,046,911 viewers, with a share of 6.85%.

On Sunday, at 1.30 p.m., *Tg2 Motori*, Tg2's long-running feature on what's new in the world of cars and motorcycles recorded 2,324,772

average viewers with an average age of 51 and a 12.50% share for the 49 episodes broadcast in 2011.

Rai 2's late evening slot on Saturday is dedicated to other successful features: *Tg2 Dossier*, *Tg2 Storie*, *Mizar*, *Si Viaggiare*.

In 2011, besides 4 extraordinary editions (with an average of 1,267,250 viewers – 10.48% share), Tg2 also monitored events of national interest with numerous news reports.

In 2011, Tg2 totalled 1,265 hours of broadcasts with 3,902 editions.

Tg2 has accepted the challenge of digitalisation and, by the end of 2012, it will be the first television news programme to use the new technologies, confirming its vocation for the experimentation of new television languages.

1,265

hours of broadcasts produced in 2011



Tg3 is the news programme that is instantly recognisable by its originality, its live coverage and the way it tells stories. It 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 commitment is to help viewers to formulate their own opinion, providing all the useful elements, information, background and characterisers.

It tells 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 Tg3, which goes on air at 7.00 p.m., occupies a stable third place among the evening editions of all the Tg journals, constantly above 14%.

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, are very flattering, and this programme is highly innovative compared to the traditional night-time news programmes. Confirmation comes from the 8.5% share. A Tg which talks about society, with its changes, contradictions and conflicts, 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.

Fuori Tg, broadcast from Monday to Friday at 12.27, lasting twenty minutes, is 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. With a share constantly above 8%, the current format is proving to be highly successful compared to the old feature formula, which often has a share below 5%.

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. Twenty minutes of weekly feature produced by the Foreign Departments in conjunctions with correspondents operating from Rai's foreign bases at very low costs.

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).

Salute Informa offers snippets of medicine, with a view to achieving mental and bodily wellbeing.

Internet. Tg3 is present on the web with hundreds of 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. It is the first news programme to use the social networks and boasts about 70,000 links with Facebook users. Tg3 has always paid particular attention to the search for new languages in order to offer better information. This commitment is rewarded by the constant increase in the number of contacts received every day.

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.

14.7%

share in 2011 of the 7.00 p.m. broadcast



1



2

1. **Fabrizio Frizzi and Federico Monechi**
during the live broadcast of the Viareggio
Carnival

2. **Stefania Battistini**
presents *Buongiorno Italia*



In a setting in which the world of telecommunications has changed considerably, Rai's regional news, provided by the **TGR**, Testata Giornalistica Regionale, recorded a growing interest in 2011, especially in the morning.

Buongiorno Italia, with a rich and articulate coverage of the most important news stories throughout the country and *Buongiorno Regione*, taking a closer look at local stories, obtained significant increases in terms of viewers and appeal.

These are two appoints which have acknowledged the new needs that have arisen with regard to the use of news, characterised by an innovative style and the capacity to integrate with new technologies.

In this context, TGR tries to rethink its role in 2011, adapting to new demands and trying to take a lead in the changes underway.

In this sense the experience of *Italia Sera*, the daily news programme broadcast on the Rai News channel, was positive, aiming to offer a different audience a daily summary of the most important local news.

This was the first chance for the programme to test its capacity to work in partnership with other programmes within the company, in view of the imminent launch of a channel with extensive programming dedicated to territorial issues.

Also on Rai News during summer 2011, at the peak of the financial crisis that

has washed over Europe, a new appointment with news and information, *Piazza Affari*, dedicated to the stock exchange and the economy in general, was launched.

With its 913 members of staff, comprising journalists, cameramen and office staff, and with its 23 offices, TGR has guaranteed detailed coverage of information, with news and contributions also produced for Rai's national news programmes.

Overall, the Testata Giornalistica Regionale created over 8,500 hours of regional television news and information in 2011, 500 of which dedicated to linguistic minorities, with about 300 hours of features broadcast nationwide, and 6,200 hours of regional radio news and information, 2,000 of which dedicated to linguistic minorities.

The results of the new website, www.tgr.rai.it, where it is possible to see all the appointments with TGR in simulcast, are excellent too.

*Investing and
innovating, remaining
close to the people.
This is the new challenge
of the Testata
Giornalistica Regionale.*

17.1%

share in 2011 of the 2.00 p.m. broadcast

1. Settegiorni

2. Tribuna Politica



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 Rai 1 and Rai 2, 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 Rai 2 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 Rai 1: fifty minutes, dedicated to the country's major current political and social issues, with the aim of assessing the effects of politics on the life of the public, with services, inquiries and studio guests.

Quello che is a weekly programme which is on Rai 2, for 40 minutes, every Saturday, dedicated to Regions, Provinces and Municipalities. It offers local and regional politicians a chance to speak out on their activities, also touching on the economy, culture, identity and tradition. Particular attention is reserved for the Italian Associations and local government agencies (Conferenza delle Regioni, Anci and Upi) and their relations with Government and Parliament.

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.

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

These programmes are also broadcast on the radio.

10'... is the daily feature, broadcast from Monday to Friday, on Rai 3 and on the radio, 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.

Politics told in a rigorous, objective and complete way.

274

hours of parliamentary news and information broadcast in 2001

60/4,000

indices/simultaneous pages on Rai 1 and Rai 2

21/13,000

regional editions/simultaneous pages on Rai 3

With 28 years of history behind it, with its real-time news and its 60 indexes and over four thousand pages published simultaneously, **Televideo** is one of the most recognisable and timeless Rai brands. The teletext service is available on the three general-interest networks (Rai 1, Rai 2 and Rai 3), and the broadcast is presented on all of Rai's DTT channels and, in different original versions, also on the web, mobile telephone and the Mhp application of digital terrestrial television.

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 TV and radio programmes to the lotteries, healthcare to social security, from the stock exchange to the labour market, from weather to transportation, from environmental issues to consumer associations, from to the latest films, music and theatre to horoscopes.

From 2011, all the news of Televideo Nazionale is also broadcast on Rai 3, in addition to the existing regional offering. Indeed, Rai 3 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, tourism and sport (with over 500 championships in the various disciplines), 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 by Televideo withstands the challenge posed by the new media. 6.5 million people read Televideo Nazionale every day. 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 2011, the Televideo website recorded 197.3 million page views and a monthly average of 706 thousand single users, with growth of 3% on the previous year and 13% for the number of page views. The Televideo website alone represents about 50% of the overall traffic ('page views') of Rai's news and information, gaining second place after the Rai.tv website and 22% of the total users.

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 every day for the main editions of the three Tg from 8.00 a.m. until 8.00 p.m., for a total of over 1,200 hours a year. In addition to subtitles for news features such as *Speciale Tg1*, *Tg2 Dossier*, *Medicina 33*, *Costume e società* and *Tg3 Pixel*, Televideo guarantees subtitling for a wide range of programmes – with over 600 hours partly re-proposed on the web – live or recorded and differentiated by genre (films, TV series, entertainment, information, football matches, documentaries, cartoons, etc.)

and supplies subtitles in English for a total of over 13,000 hours of subtitling in 2011.

Along with subtitling, Televideo also plays a very delicate role in providing programming for the blind, with audio-books and musical works, not only for informative purposes but also for computerised learning.

The highlight of original production by Televideo is the offering of a variety of multimedia works, especially fairy stories dedicated to blind and vision-impaired children, also for educational purposes. In 2011, a programme in 12 monthly episodes broadcast on the Telesoftware website and enhanced by audio/visual contributions from Rai Teche was produced especially for the 150th anniversary of the Unification of Italy.

Televideo is on air and on the web and has a very loyal audience: about 6.5 million teletext readers a day. This is an absolute leadership – among Rai's news and information websites – in terms of 'page views' on the Internet and high figures for apps on tablets and the latest mobile phones.

Rai News

The numbers speak for themselves: 61,474 viewers on average for the year over the whole day, which is more than double that of the previous year (26,675 viewers), without counting the contribution from the free broadcasts on Rai 3.

This is even more interesting if we think in terms of the share: the 0.6% reached by the Rai news channel takes it, in the ranking of specialised channels, from the nineteenth place occupied in 2010 (with 0.2%) to eleventh, climbing eight places.

The overtaking of its direct competitor, Sky Tg24 consolidated in December 2010 almost doubled in 2011: 61,474 viewers against 34,983, for a share of 0.6 against 0.34 (Auditel figures for, 2.00 a.m. – 1.59 a.m. time slot, 4+ with guests). This is undoubtedly positive, but doesn't consider a new competitor, Mediaset's Tgcom 24, the viewing figures of which are not yet available, which is broadcast on DTT and on the satellite platform (unlike Sky 24 which is only available on satellite).

As well as creating a new studio, a project which is still in progress, the most important innovation was definitely the change of broadcasting from 4:3 to 16:9, accompanied by the renewal of the channel's graphics, which are more streamlined but also richer in terms of written information.

In this way, Rai News confirmed its avant-garde role within Rai's offering and moved into line with the standards of the world's leading all-news channels. The work on the graphics is

still underway and the next step is envisaged with the change of studio.

Interesting innovations also took place with regard to programming.

Faithful to its philosophy of not being just another journal, but more of a window onto world events, from the Arab Spring to the events leading to the birth of the Monti Government, with a watchful eye particularly on live events, Rai News has continued to offer situations that often receive little attention from general-interest television the right to visibility, to test non-traditional formulas, such as an overview of the day's newspapers, commented on by exponents from the foreign press, to feed a website, www.rainews24.rai.it, which has become a reference point for on-line information and for communication with the social networks.

over **61,400**
annual average viewers for the whole day



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Rai Sport

In 2011, despite it not being an Olympic or World Cup year, **Rai Sport** offered thousands of hours of programming, consolidating the offering of the two channels on the digital platform: Rai Sport 1 and Rai Sport 2.

Sports fans and those who enjoy the so-called minor sports, which aren't given much space in the programming of the general-interest channels but which make up the majority of the offering of the theme-based channels, are fully aware of this.

Reports live from the events were also successful, as were (considering the viewing figures) the features dedicated to sports champions of the past (*Memoria Rai Sport* or repeats of legendary football matches and other events).

Great sport on television, not forgetting the other forms of communication for the web. The Rai Sport website, the pages of which are visited by thousands of people every day and the live streaming of events, is confirmed as the most visited Rai website.

The most popular events included the World Athletics Championships in

29.0%

share for the friendly
Italy-Germany match

Daegu, Korea (26 August/4 September) and the World Swimming Championships in Shanghai, China (16/31 July).

Again in 2011, Rai Sport monopolised cycling coverage.

Viewing figures for the Giro d'Italia (7/29 May), produced by Rai with state-of-the-art dynamic and traditional filming, were also hugely successful. The Tour de France and great cycling classics that Rai Sport broadcast in full, with hours and hours of programming on the general-interest channels and on Rai Sport 2, the channel traditionally dedicated to cycling, attracted good audiences too.

Rai Sport also ensured the complete coverage of the World Alpine Skiing Championships in Garmisch and the Nordic Skiing Championships in Oslo (both from November to March) with constant live broadcasts.

One of Rai Sport's other highlighted sports, Formula 1 motor racing, was also very successful in 2011, with reporters and custom presentations at the circuits and historical features dedicated to the world of motor racing: *Pole Position*, *Pit Lane*, *Reparto Corse*, *Numero Uno*.

A separate chapter is reserved for basketball; 2011 marked the return of the Serie A championship and live broadcasting of the postponed match on Sunday evening.

In 2011 Rai was broadcaster for the European Diving Championships in Turin (8/13 March) and for the World Rugby Championships – Under 20 (6/26 June); events which Rai Sport monitored recording excellent audiences.

Audience levels were also maintained on the general-interest channels for all

1. Formula 1

the Ferraris in pole position

2. Cycling

big competitions on Rai Sport

3. 90° minuto

the appointments with the daily and weekly features and analyses: *Tg Sport*, broadcast at 5.50 p.m. on Rai 2, *Sabato Sprint*, *90° Minuto Serie B*, *Dribbling*, *Primo Stadio*, *Stadio Sprint*, *90° Minuto*, *la Domenica Sportiva*.

Further experimentation was carried out on the two theme-based channels which guarantee traditional news every day and tg flashes throughout the day, with the latest news updates.

But Rai Sport 1 and Rai Sport 2 made it possible to prepare, sometimes in a very short space of time, specials and analyses on news events that were hard to predict, such as cases of doping or illegal betting on football.

Considerable attention was also paid to social matters and disability, a perfect example being the feature *Sportabilia*.

4.6%

percentage of sport on Rai networks

836

hours of sport on Rai networks



3



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 activities are performed in observance of the Buying Plan drawn up on the basis of the broadcasting guidelines, taking into consideration the Public Service operations that Rai is required to perform and of the restrictions imposed by the budgets assigned and the economic and financial planning. On this matter, considerable savings were made with respect to the reference budget in 2011.

The negotiations carried out in 2011 were pursued taking care, when possible, to purchase the full rights to use the sporting events in order to make optimum use of the product on all the platforms on which Rai broadcasts, feeding not only the television programming of the general-interest and two theme-specific channels Rai Sport 1 and Rai Sport 2, but the radio, Rai Italia and internet programming too, with the possibility to generate further forms of return on investment.

Contractual activities were carried out taking into account the different types of counterpart (represented mainly by Italian Federations and Leagues, International Federations, EBU) and the specific nature of the single cases subject to negotiation.

During 2011 these activities made it possible to enter into a considerable number of agreements, which increased the Rai's portfolio of broadcasting rights, with international events linked to the most significant disciplines and with events at national level in numerous sporting disciplines, covering the minor sporting disciplines which play an important role in Rai's mission as a public service broadcaster.

In some cases, these were renewals of agreements for the purchase of rights already held by Rai, while others 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.

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 thanks to the constant observation, analysis and monitoring of the sports broadcasting rights market.

For example, some of the important agreements which enabled the broadcasting of important events during 2011 were:

- 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 agreement for broadcasting the Diamond League and World Athletics Championships;
- the long-term agreement for the downhill and cross-country World Cup Skiing;
- the agreements for the purchase of the men's and women's Serie A volleyball championship, as well as the European Championships;
- the agreement for the men's and women's Italian Serie A basketball championship, as well as the European Basketball Championships.

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 1,100. These broadcasts allowed four sporting events to be among the twelve most watched programmes of the year.

- the agreement with the FIGC for the broadcasting of the matches played by the Italian football team (friendlies and qualifiers);
- the contract with the UEFA relating to the 2011 European men's Under 21 football championships;
- 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;



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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. The programming of the Television Channels (Raitalia TV), the radio broadcaster (Raitalia Radio) and the Rai Internazionale websites observe the inspirational criteria indicated by Agreement between RAI – Radiotelevisione Italiana and the Presidency of the Council of Ministers, in force until 31 December 2012. Through a wide variety of programmes, especially in the case of the three television channels, 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.

In 2011, Rai Internazionale recorded a consolidation of the programming style implemented from spring 2010, which was consolidated with a partial alteration of television programming, notwithstanding the calibration of each Raitalia TV channel in the various time zones of the reference cities for each continent (New York and Toronto for Raitalia 1 Americhe, Sidney and Beijing for Raitalia 2 Australia/Asia, Johannesburg for Raitalia 3 Africa).

Raitalia is distributed in all the continents with three different channels (Americas, Australia and Asia and 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 is completed by the original productions of Raitalia.

Information takes on a fundamental role: *Italia Magazine*, the information magazine, told stories of Italians, from art to culture, from international cooperation to science, from the activity of our soldiers on peace missions to all things made in Italy, from folklore to sport and all levels of Italian excellence; *Costanzo Italia*, the Sunday appointment with Maurizio Costanzo, who comments on the week's most important events; *Italia Chiama Italia*, a twice-weekly service programme dedicated to the life of Italian associations abroad. The Thursday programme is dedicated to the political issues of the CGIE, Committees, and members of parliament abroad, while the Sunday programme offers visibility to Italian cultural all over the world; *Regioni d'Italia*, the weekly feature produced in conjunction with TGR, which selected the most significant services of the weekly programme created by the departments of the Testata Giornalistica

Regionale; the offering was completed by *Cristianità*, a religious feature broadcast on Sunday after the Pope's Angelus, with studio guests who examined the issues of the day linked to current religious and liturgical affairs.

A special space was dedicated to sport with *La Giostra dei Gol*, telling 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 livened up the studio.

Compared to the past edition there was the new addition of *Aspettando la Giostra*, a 15-minute space broadcast on Friday with guests and filmed contributions.

The information programmes are joined by those of the network.

Storie d'Italia, which ended its three-year cycle of programmes on 10 July, was dedicated to the 150th anniversary of the Unification of Italy, telling the story of our country, using the wealth of TV series, inquiries and documents from the Teche Rai. Studio guests analysed the historical period on which the episode focused; *Gran Sportello Italia*, the weekly service appointment for Italians living abroad. With experts and guests in the studio, it tackled issues relating to taxes, pensions, voting rights, citizenship, the health service and numerous other topics suggested by viewers who wrote in to the programme; *Italia è...*, daily appointment dedicated to the Italian language, music, entertainment, art and culture that have made Italy internationally great. New compared to the past edition was the weekly special, broadcast on Saturday, which as well as telling the story of a territory, a city, an event, also talked about the people that represent levels of excellent in a given place.



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

Once again in 2011, Rai Internazionale's **radio offering** for the Raitalia Radio channel featured the containers *Taccuino Italiano*, *Racconto Italiano* and *Notturmo Italiano*.

Taccuino Italiano is the programme which puts lots of pieces together to create a large mosaic of voices and sounds to represent Italy today, as well as the Italian presence in the world, without forgetting the numerous traces of the past. It takes two main directions: that of music and that of excellence (in the fields of culture, art, entertainment, science, film, etc.).

In the space devoted to *Taccuino Musica*, there were live guests, singers, singer-songwriters, bands and new talents in the various music sectors, often performing live.

Music was also the focus of *Cinque minuti con...*, one musical guest a week for five minutes a day, and *Taccuino Suite* on Saturday morning.

The space of *Taccuino Eccellenze* was dedicated, among other themes, to entrepreneurs, writers, creative talents, craftsmen and all those who contribute to achieving Italian excellence.

Racconto Italiano hosted a series of original radio plays, broadcast daily in two different time slots (one during the day and the other at night) to offer broader listening opportunities in the different continents.

Notturmo Italiano, on air every night from 20 past midnight to 6.00 a.m. (Italian time), which corresponds to afternoon-evening in North-South America and morning in Australia, has disseminated the tradition for Italian music of all times. A space dedicated to the presentation of the news and main events in light Italian music (from the

Sanremo Music Festival to the *Tenco Award*, from *Musicultura* to the independent producers' market). Two more thirty-minute spaces were dedicated respectively to the Australian and American (North, Central and South America) nights.

In terms of radio programming news and information pages were also featured in 2011: *Italia chiama Italia*, *Servizi giornalistici* and *Italia Magazine*, with information from and for Italians living outside Europe, and the weekly sports programme *Tutto di Prima*.

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, Italica (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.

The architecture of the Italica website has been completely reformulated to guarantee users better use of the contents.

Also, the passage from a screen resolution of 800x600 to 1024x768 also implicated a consistent graphic operation.

1. **Benedetta Rinaldi**

presents *Italia chiama Italia*

2. **Cristianità**

the religious feature broadcast every Sunday

3. **Italia è**

4. **the news feature Regioni d'Italia**

5. **Italia magazine**

the weekly feature in conjunction with TGR

In 2011 Rai Internazionale online and Italica totalled almost 20.1 million pages viewed by 3.9 million single users (Nielsen figures).

The total number of pages online is over 25,000, with about 21,000 pictures and over 6,000 audio and video files.

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

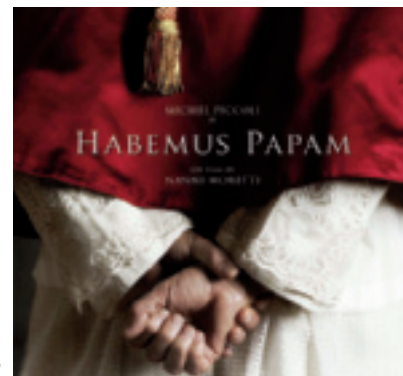
8,760 hours

of television broadcasts
produced in 2011
(700 of which produced in-house)

8,760 hours

of radio broadcasts
produced in 2011
(2,513 of which produced in-house)

1. *The Tree of Life*
2. *Habemus Papam*
3. *Nessuno mi può giudicare*
4. *The Ides of March*
5. *Qualunque mente*



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.

Generally speaking, despite 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.

Rai Cinema continues to pay increasing attention to the different types of rights available for purchase, against the consolidation of more and more new ways of exploitation and a strategy of the Rai Group based on the development of DTT and renewed business models.

In 2011, Rai Cinema's purchasing policy was aimed at strengthening relations with those suppliers that offer a particularly rich and varied production, known to be successful on the Rai networks. Such suppliers include the American CBS Corporation and Disney and the German Beta/Eos, Telepool and ZDF.

New entries include the first big contract with HBO entered into by Rai. HBO is one of the most important US cable broadcasters: a qualitatively excellent content provider, producer of outstanding television films and series,

among the most appreciated in the world, capable of transferring a high return on image to the channels that broadcast these productions.

Another element of correct profitable policy, albeit in an objectively difficult situation, is represented by the relationship entered into with Sony/Columbia, the big Hollywood Major, aimed at purchasing programmes to broadcast on the Rai networks.

We also reached an agreement with Warner Bros. featuring the continuation of essential series and traditional appointments for Rai 2's late evening slot.

With MGM an agreement has been drawn up allowing the entry of a quantity of product which, in terms of variety and quality, responds perfectly to the programming needs and requirements of the general-interest and specialised digital channels.

Also with NBC/Universal and BBC, profitable relationships were maintained for the procurement of series and miniseries.

As regards Italian distributors, agreements were entered into with several Italian producers for the procurement mainly of high-quality film titles but with a strong commercial potential.

In 2011, Rai Cinema continued the procurement policy launched in 2011 and now consolidated, aimed at purchasing the so-called full rights to exploitation in Italy of appropriately selected foreign products for a relevant period of time.

This purchasing method allows the identification of products and the

formation of a collection of important titles for a very long average licencing period (12 – 15 years) and has allowed Rai Cinema to create composite lists which can be used to carry Italian-produced films in cinemas (especially in the Multiplex segment), flanking them with different genres, most of which American and of considerable appeal to the general public.

This purchasing policy, in a context characterised by a lack of resources, has turned out to be particularly valid also in relation to the needs of the Rai networks, being capable of supplying a significant level of satisfaction of television broadcasting requirements, especially in the light of the multiplication of Rai's multiplatform offering.

Titles purchased in 2011 include *The Ides of March* by and with George Clooney, *Snow White* by Tarsem Singh with Julia Roberts and *Cosmopolis* by David Cronenberg with Robert Pattinson.

As far as results are concerned, from the Palme d'Or at Cannes for *The Tree of Life* by Terrence Malick, which – having been released just after presentation at the festival – obtained an excellent result at the box office, to the opening of the Venice Film Festival with *The Ides of March* by George Clooney, which had a brilliant theatrical performance during the Christmas period, to the Oscar Nominations, which witnessed the triumph of *Hugo Cabret* by Scorsese, with 11 nominations, for a total of 16 nominations for the films on our list (11 *Hugo Cabret*, 3 *Tree of Life*, 1 *The Ides of March*, 1 *Margin Call*), 2011 was a year of exceptional satisfaction for the purchase of Full Rights, the benefits of which are already evident in 2012: *Hugo Cabret*, released on 3 February 2012, was awarded five Oscars and is obtaining clamorous success among critics and the public.



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2011 was a year full of satisfaction for our film production, thanks to acknowledgements received by the films distributed and produced by Rai. Presented in Berlin in the Panorama section, Giulio Manfredonia's film with Antonio Albanese, *Qualunque sia*, took 16 million euros at the box office, occupying first place in the ranking of takings for the year by Rai Cinema.

The Cannes Film Festival witnessed participation of the new film by Nanni Moretti, *Habemus Papam*. The film received a very warm welcome during the official screening and took almost 6 million euros at the box office.

As regards the Venice Film Festival, the films that participated in the official competition were *Quando la notte* by Cristina Comencini with Filippo Timi and Claudia Pandolfi (in which an impossible love story provides the background for the awkward subject of post natal depression), and the film *L'ultimo terrestre* (a moving science-fiction film on grace and the sense of humanity; the leading actor Gabriele Spinelli made an excellent debut) which represents the anomalous directing debut of a great Italian comic strip writer, Gipi (Gianni Pacinotti).

At the Rome Festival, *L'industriale* by Giuliano Montaldo was presented on a non-competitive basis. The film talks about the economic and human crisis of the Italian business world, and obtained the unanimous consensus of public and critics alike.

Another box office success was released in the autumn, *Ex-amici come prima*, by the Vanzina brothers, with an impressive cast.

As regards films on which production work began or was completed in 2011, many are by great authors.

First of all, *The Big House*, the much-awaited film by Matteo Garrone, after the huge success of *Gomorra*. Ferzan Özpetek finished shooting his 'supernatural' comedy *La magnifica presenza*.

Marco Tullio Giordana completed *Romanzo di una strage*, the reconstruction and interpretation of the dramatic events of Piazza Fontana.

Particular in the Italian panorama is the experience of Roberto Faenza, who shot *Un giorno questo dolore ti sarà utile*, based on the book by Cameron, entirely in the USA with an American cast of great actors. The film, in pure American 'indie' style was presented at non-competitive level at the Rome Film Festival and goes on release in 2012.

The European co-productions of 2011 include: *Bel Ami* (based on Maupassant), an English co-production with an international cast of big names; *Le premiere homme*, a co-production with France for a great Italian director, Gianni Amelio, based on the posthumous novel by Camus and the sum of themes and poetic styles that have always been dear to the director; *Romeo and Juliet*, written by Oscar-winner Julian Fellows, directed by Carlo Carlei, with set and costume supervision by Milena Canonero. Almost all the leading actors are very young and are known by teenagers all over the work due to their participation in the best American and English TV series.

Lastly, we would like to remember *Cesare deve morire*, the film by the Taviani brothers, which represents the staging of Julius Caesar by a theatrical company of prisoners, invited to compete at the 2012 Berlin Film Festival where, as well as receiving a very warm welcome by international public and critics, it also won the Golden Bear.

2011 was characterised by the development of investment strategies and is the eleventh year of life of Rai Cinema, with the consolidation (in the Italian film system) of its role as a cultural and commercial leader of the Italian and foreign market.

This context is marked by the clear success of new directors, the confirmation of authors sustained by Rai and the programming and industrial launch of documentary products.

One of the objectives of Rai and Rai Cinema is to invest in new directors and 2011 was a year full of satisfactions in this sense.

Rai Cinema distributed the following films: *Nessuno mi può giudicare* directed by Massimiliano Bruno, which represents our best performance of 2011 in the category of new directors and the top in terms of box office takings in Italy, and *Scialla* directed by Francesco Bruni. After its triumphant success at the Venice Film Festival in the Controcampo section 2011 (third triumph by Rai Cinema in the Italian section of the Venice Film Festival), *Scialla* was presented at films all over the world, from Korea to the United States, from France to Spain, gathering awards and lots of consensus.

In 2011 Rai Cinema sustained the Italian film system also with specific reference to the co-production of important works initially distributed by other companies.

The new directors are then appointed by Rai to develop new projects for the future, as has happened with Massimiliano Bruno, Francesco Bruni, Valerio Mieli, Claudio Capellini and Michele Rho. The search for the screenwriters of tomorrow also and particular regards



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the subjects tackled: the Italian film industry has, in accordance with the Rai's strategic aims, to observe the current situation and also sustain creativity, telling our history while also telling thought-provoking stories or those with a literary inspiration.

At the Festivals of Berlin, Cannes, Taormina, Locarno, Venice, Toronto, Rome and Turin, Rai Cinema received confirmation of the extensive appreciation of the selectors and the directors of the programming style used; there's no festival in which the best production of Rai Cinema was not selected, so it was able to see the rewards earned by its selective and productive strategy.

At Venice 2011 Emanuele Crialesi's beautiful film *Terraferma*, won the Jury Award, and *La Bas* by Guido Lombardi won Best First Work, and the aforementioned *Scialla* by Francesco Bruni also triumphed.

Attention to Italian social matters convinced Rai Cinema to sustain the production of the film on the Parmalat case, *Il Gioiellino* by Andrea Molaioli, which garnered consensus and a dignified box office result.

In September 2012 Rai Cinema is going to launch the Low Budget project on the web, with the first five films produced in 2011. This is a further strategic development to identify genre talents at limited costs for exclusive distribution on line.

For the film market, 2011 ended with a drop in attendance of 8% compared to 2010: just over 100 million viewers with takings of about 660 million euros, 10% less than the previous year.

In this not particularly brilliant context, Rai Cinema, in a complete counter

trend, grew compared with the previous year and took 4th place among distributors, with 11.5 million tickets sold, takings of over 70 million euros and a market share of about 12%.

The Italian Home Video market in 2011 closed with a negative result: -18% compared to 2010.

The determining factors were essentially piracy, which is constantly on the increase due to a lack of regulations and also due to the current economic recession and the decidedly lower offering of product compared to the previous year, in which the market received proposals of products like *Avatar* and the *Twilight* saga. Rental also suffered a further contraction due to the closure of one of the major distributors.

A decidedly positive note was the increase to double figures in the sale of the BluRay formats.

The entity of this reduction is evidently contained compared to the overall negative result of the Italian home video market and this is determined by the significant influence of sales (sell-thru 80%) compared to rental (rental 20%).

Rai Cinema product on Rai networks

- 22% of network programming throughout the day (5,652 hours)
- 32% of prime time programming (699 hours)
- 723 'pieces' (films, TV movies and series) with 444 prime time placements (41% of the total)

Films

- 170 prime time placements, of which:
 - 28 on Rai 1 (15.0% audience share)
 - 40 on Rai 2 (7.8% audience share)
 - 102 on Rai 3 (6.0% audience share)

TV movies

- 19 prime time slots on Rai 1 with an average share of 14.8%
- 16 prime time slots on Rai 2 with an average share of 8.9%
- 1 prime time slot on Rai 3 with an average share of 4.9%

Series

- 238 evenings, mainly on Rai 2
- 8.9% average share for Rai 2
- 5.0% average share for Rai 3

170

evenings of film in 2011

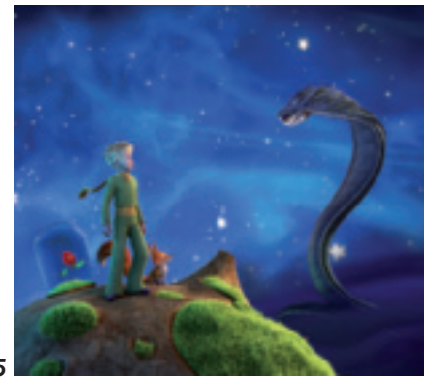
238

evenings of TV movies in 2011

1. *Il Commissario Montalbano*
2. *Atelier Fontana - Le sorelle della moda*
3. *Sarò sempre tuo padre*
4. *Cenerentola*
5. *The Little Prince cartoon*



4



5

Rai Fiction

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

Rai's production of TV fiction series is a strong point of programming and production for Rai and for the Italian audiovisual sector in general.

2011 was a particularly positive year for Rai's fiction series, with regard to the results of broadcasting and the launch of new productions to broadcast in subsequent seasons.

Firstly, Rai's tv fiction series have succeeded in strengthening its relationship with the public. Despite the increase in the number of channels now broadcasting and competition from new media, both the offering and the viewing figures for Rai's tv fiction series grew in absolute terms during 2011, by 14 prime time slots and 140,000 viewers compared to the previous year, which was positive too.

Fiction is the genre most programmed in prime time by Rai's 'flagship channel', is leader in terms of audience and supplied an essential contribution also to the prime time of Rai 3, with the soap opera *Un Posto al Sole*, the main European soap opera broadcast in prime time, which has been made for over 15 years by the Rai production centre in Naples.

With over 900 hours of in-house produced fiction series broadcast by Rai's general-interest channels during the year, Rai Fiction is an essential instrument of the company's

programming independence. Thanks to original production, Rai does not depend on the dynamics of the international product market, but can give space to the best Italian artistic and production resources, independently defining its programming style and offering its public, in Italy and abroad, a high-quality setting due to the stories, characters, places, culture and lifestyles of our country.

In this context, variety and a pluralism of stories, formats and languages characterise Rai's TV fiction series and were particularly evident in 2011.

The record level of nine million viewers, an increasingly rare event in Europe and internationally, was exceeded five times by Rai's TV fiction series in 2011.

As well as four new TV films in the *Il Commissario Montalbano* series (purchased and broadcast this year also by the BBC), stories of redemption and commitment like *Atelier Fontana*, high impact social issues such as *Sarò sempre tuo padre* on the subject of separated fathers, or *Storia di Laura* on the theme of drug addiction, pages of our history, like *Edda e il comunista*, the *Risorgimento* with *Violetta* and the fairy tale for the whole family, *Cinderella*, were among the year's events.

Even more important from an industrial point of view, the increase and the success of Rai's series, from confirmations such as *Don Matteo 8*, *Un medico in famiglia 7*, *Tutti Pazzi per Amore 3* and *Il commissario Manara 2*, to new serial productions, like *A un passo da cielo* in the unprecedented setting of Alto Adige, *Fuoriclasse* with Luciana Littizzetto as a teacher in Turin and *Che Dio ci aiuti* set in Modena, also testifying to the capacity of Rai's TV fiction series to represent the whole of Italy.

The products of Rai Fiction are distinguished by a high suitability for repetition, both on the general-interest and specialised channels (particularly Rai Premium), and to an ever increasing extent on the Internet.

Rai Fiction adds to the TV fiction series production activity that of the co-production of cartoons.

These are usually serial productions, for children and for the whole family, which feed the daily children's programming of Rai 2 and the specialised channels Rai YoYo and Rai Gulp, with an original production which flanks, with excellent results and appreciation, the best products purchased internationally. The titles for 2011 include the European co-production *The Little Prince*, based on the masterpiece by Saint-Exupéry, and the special *Il generale e i fratellini d'Italia*, to celebrate the 150th anniversary of Italian Unifications, with the patronage of the Italia 150 Committee.

900

hours of Rai-produced fiction on

Rai 1, Rai 2 e Rai 3

9,561

thousand

viewers for *Il Commissario Montalbano*
on 14 March 2011



1



2

1 and 2. FIAT IFTA convention

Turin, 28 September - 2 October 2011



“Let’s free the television archives”: this was the slogan that concluded the world congress of the International federation of Television Archives in Turin on 2 October 2011.

The congress was one of the most significant commitments for Teche Rai during the year and recorded considerable success in terms of participation and appreciation by public opinion.

The congress launched a project for the creation of a portal for exchanging archive material among the different broadcasters and the commitment for an innovative formulation at European level on the matter of rights to use television products.

During 2011, the relationship with the Rai Storia channel, with which the Teche cooperate also at concept level, was consolidated, as was that with certain programmes belonging to Rai 3, the format of which is based on materials from the archives.

The users of the **Teche’s Multimedia Catalogue (CMM)** exceeded a total of 11,000. The year’s main commitment was the creation, with the ICT unit, of the new version of the catalogue and of all the documentation applications, which will be in use during 2012. The catalogue is implemented every year with the digital documentation of everything broadcast by the television channels, by the radio channels and by gradually recovering past material: on 31 December 2011 a total of 2,272,000 hours were available for consultation in the catalogue.

Thanks to the CMM’s complex and advanced technologies, it is 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** is increasingly intense, particularly due to the new digital production, 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, since 2011 has also relaunched some theme-based channels, such as Rai 5.

The number of hours of material released to third parties for institutional reasons (schools, universities, local authorities, national institutions, non-profit associations, museums, etc.) remains constant, and these can now be requested by computer through the Teche website (www.teche.rai.it).

The Teche’s main collaborations regarded big exhibitions and festivals set up for the 150th anniversary of the Unification of Italy, and included ‘Fare gli italiani’ in Turin, the exhibitions of the Vittoriano and the Quirinale in Rome, and the evenings of the Touring Club in Milan.

To commemorate the event, the Teche published a file put together by the Bibliomediateca (Book and Media Library) on the Risorgimento and Rai,

and a collection of 100 radio documentaries in a multimedia product published by ERI. A boxed set of DVDs was also created summarising all the main events on the 150th anniversary broadcast by Rai.

Also for institutional purposes, several more documentaries were produced, including ‘L’arte italiana a Cuba’ (Silvana Palumbieri) screened during numerous festivals. The Teche collaborated on two documentaries screened at the Venice Film Festival and set up a retrospective exhibition on Walter Chiari during the Roma Fiction festival.

ERI also published the book by Emanuele Gagliardi, researcher for the Teche, entitled *La maschera*, which won the internal company competition ‘Narrerai’.

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



2



PRODUZIONE TV

During the year **TV Production** activity sustained – with the usual commitment by staff of their operating lines – the technical production support for filming, post production and broadcasting of the entire television product.

Events included the long television marathon for the celebrations of the 150th anniversary of the Unification of Italy, between 16 and 20 March, with links (to outdoor locations, studios and theatres) and live initiatives which required the special deployment of people and equipment in the cities involved in the celebrations (Rome, Milan, Turin, Florence and Naples).

During the local elections held on 15/16 May and the subsequent ballots, which involved over 1,300 municipalities including Milan, Naples, Cagliari, Trieste, Ragusa, Cosenza and other big cities, as well as 11 provinces throughout Italy, links were guaranteed with the prefectures involved in counting the votes and with the party headquarters, and technical support was given to the departments of the national and regional news programmes for the filming. Similar support was guaranteed by the Production on 12 and 13 June, during the popular consultation on four referendum issues.

The autumn season reserved the most important event of the year however, with Fiorello's 'one man show' entitled *Il Più Grande Spettacolo dopo il Week End* broadcast during prime time on Rai 1. Made in Studio 5 at Cinecittà, broadcast live and in HD, on Monday

from 14 November for four weeks, it required an outstanding commitment by Production.

As regards the studio, a set was created with high-tech lighting effects and it was able to hold an audience of 1,400 people, a 44-piece orchestra and 14 dancers.

With regard to sports events, these were the most important:

- 94th Giro d'Italia 7/21 May;
- XIV edition of the FINA World Swimming Championships, held in Shanghai, in China, from 16 to 31 July 2011;
- XIII World Athletics Championships 2011, held in Daegu, South Korea, from 27 August to 4 September;
- Beach Soccer September Ravenna.

Investments for 2011, as envisaged in the 2011-2013 three-year plan, were organised according to various instructions.

News Area Digitalisation

Work continued on the complete renewal of the Tg2, which has been underway for several years now and is based on the introduction of the 'Integrated production system', which enables a radical review of the work flow processes, creating the potential conditions for cost-saving operations and an ample preparation for presenting the offering on different platforms.

The Rai News production system has been upgraded with the creation of a test system and an emergency system.

In coordination with Rai Way the broadcasting of the Regional Offices involved in the switch-off during the year in progress were digitalised.

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

Lastly, in 2011 the plan for introduction of XDCAMs, with particular reference to the News area, was developed as scheduled.

Support for the multichannel and multiplatform offering

During 2011, work continued on the modernisation of the centralised systems located in the four Production Centres that can be undoubtedly be considered essential to the life of the company.

The renewal of Central Control in Rome and the renewal of the systems for broadcasting all the theme-based channels, mostly broadcast from Rome and partly from Turin continued, as did the renewal of the signal management and transport systems installed in Milan and Naples.

Digitalisation and computerisation of production processes

The creation of a completely new IT infrastructure (T-Cube project) which allows the creation, processing, transportation and storage of audiovisual content in the form of IT files was further implemented.

Lastly, various procedures were activated for the digitalisation of the production systems, with the massive introduction of flat screens and HD, as well as all the activities necessary for the maintenance and compliance with standards of the systems.





Radio Division

66 Radio

68 The stations

- 68 Radio1 - Giornale Radio
- 69 Gr Parlamento
- 70 Radio2
- 72 Radio3
- 73 Public Service station



People listen to the radio anyway and everywhere, using any kind of technology and every kind of instrument: transistor, stereo, car-radio, mp3 player, smartphone, satellite and digital television, tablet and, naturally, the Internet. A plentiful offering and it's free, broadcast 24 hours a day and perfectly symbiotic with the Network and with its style.

The Digital Terrestrial Radio process is marked by progress and stoppages but it continues to be the strategic horizon for the future of the medium, a technological, industrial and economic regeneration that will also influence its roots in society.

RadioRai is called upon to fulfil its digital destiny in a dynamic, pluralist market, which offers extensive growth potential, also at commercial level. This explains the considerable development of innovative services aimed at generating new consumer flows, new listening profiles and new revenue opportunities. The final figures for 2011, which are summarised here, are more than encouraging.

Portals:

- RadioRai – the Radio's portal touched a record of 160 million pages visited (885,693 single users);
- Radio1 recorded a monthly average of about 2 million pages visited (250 thousand single users);
- Radio2 easily exceeded 5 million pages visited (400 thousand single users);
- Radio3 settled at 4.5 million pages visited (250 thousand single users).

Podcasting. RadioRai's podcasting keeps on growing, proving that the integration between radio on air and on line is a phenomenon that goes beyond the interests of an elite audience and involves everyone. Indeed the total touches 37 million file downloads (+70% on 2010).

The performance of the single channels reflects the different broadcasting profiles and types of offering:

- Radio1 touches 4 million downloads, concentrated in the features of current affairs and culture;
- Radio2 touches 19 million downloads with a bouquet of shows and entertainment enriched by numerous exclusive products for the web;
- Radio3 exceeds 14 million downloads, thanks to an offering of cultural current affairs and archive documents largely for the web only.

Streaming. Live listening via the Internet, despite being conditioned by the connection methods and limitations imposed by broadcasting rights, settled at an average of 350 thousand connections, concentrated mainly on events (sport and music) and entertainment programmes with a high level of interactivity.

Lower but significant figures characterise Isoradio, Gr Parlamento, Filodiffusione IV and V Canale.

Tutta la Radio in tasca (The Radio in your pocket). The smartphone and tablet application is growing strongly too, totalling 400 thousand users just one year after being launched. It is Rai's most installed application.

Web Radio. The three on-line channels draw on the endless RadioRai audio deposits and enrich the offering with very characteristic product styles:

- WR6 The past present. Dedicated entirely to the rediscovery of the documents of the Digital Music Library in Via Asiago;

- WR7 Naples sings. Rare listening and performances for connoisseurs, selected from the endless repertory of the Historical Archive of Neapolitan music and song;
- 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 and to Rai-produced music (series of concerts Via Asiago Live).

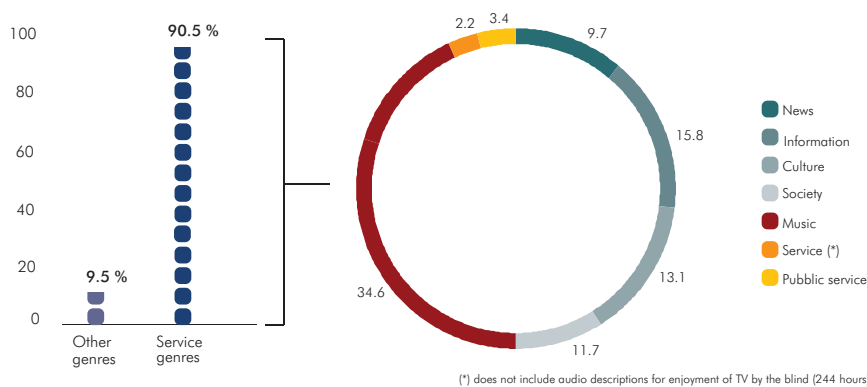
Radio is very good at adapting to changing technology and consumption, but digital forerunners continue to prefer Radio on air. The effort to make Radio productions is a necessity which is far from obsolete. It continues to be the main mission assigned to RadioRai.

Programming in 2011 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 is still suspended, following the dissolution of Audiradio. The negative trend in advertising revenues can be attributed, at least partly, to the absence of an innovative, authoritative and shared market research project, which Rai has been promoting for some time. The aim is to draw up a research project which is able to represent the physiognomy and value of Radio in the mature digital age.

Radio programming by genre

(source: Radio Division – Programmes and Scheduling Optimisation)



A map of RadioRai

Radio1

News: GR1 (25 editions a day)

Analysis: Radio anch'io, Tutto il calcio minuto per minuto, Italia - istruzioni per l'uso, Start, Zapping, Zona Cesarini, Prima di tutto

Culture: Con parole mie, Tornando a casa, Il trucco e l'anima

Society: Baobab, La radio ne parla, Ventura Football Club, Benfatto, Il comunicativo, Doppio femminile, Area di servizio, Il viaggiatore

Music: Festival di Sanremo, Invito personale

Service: Oggi duemila

Other: GianVarietà, Attenti a Pupo

Radio2

Information: 28 minuti, Circo Massimo

Culture: Italia 150.Baz, Decanter, Così parlò Zap Mangusta, Astrologica, Tellus

Society: Un giorno da pecora, Io Chiara e l'oscuro, Brave ragazze, Alcatraz - I pensieri di Jack Folla

Music: Radio2 Social Club, Hit Parade Eurosonic, RaiTunes, Babylon

Other: Il ruggito del coniglio, Caterpillar a.m., Caterpillar, Radio2 SuperMax, 610 - Sei uno zero, Black out, Ottovolante, Radio2 Days

Radio3

Information: Prima pagina, Radio3 Mondo, Tutta la città ne parla

Culture: Fahrenheit, Hollywood party, Radio3 Scienza, Ad alta voce, Chiodo fisso, Qui comincia..., Cuore di tenebra, Momus, A3 il formato dell'arte, Passioni, Zazà, WikiRadio

Society: Uomini e profeti, Tre soldi

Music: Radio3 Suite, I Concerti del Quirinale, Sei gradi, Alza il volume

Other: Il Dottor Djembè, La Barcaccia



1



2



The innovations introduced into programming in 2011 made it possible to reach most of the goals envisaged in the Reorganisation Plan drawn up in 2009.

Having bypassed a programming style crowded with pre-recorded features, often detached from current situations, a new open and flexible programming has been applied, making the public service information channel's mission – to update people in real time – fully achievable.

The slogan "The news can't wait", repeated in the station's jingles, reflects the everyday situation on all programmes, in all time slots, 24/4.

Radio 1 affirms its identity as an all-news channel through the extensive informative areas distributed throughout the day and with an important new addition in the early morning, the prime time of radio, which determines a broadcaster's weight and prestige.

The debut of *Primaditutto* has altered the profile of morning news on the radio: a completely live container on air from 5.00 a.m. to 8.00 a.m., with the main editions of Gr1 and the first edition of GR Regione, analyses, previews, live links with the world that is waking up and that which is going to sleep. There are also the summaries of the newspapers, guests (always live), listeners and, to end with, the feature *L'Economia in tasca*. In just a very short time, *Primaditutto* has scaled the ranking of downloads in Podcasting.

This is followed by the more familiar showcase of *Radio anch'io*, presented by Ruggero Po. The morning continues with *Start*, where the pace of information slows down and opens up to live music, with the voices of Giulia de Cataldo and Julian Borghesan.

The medical and social features lead up to the 1.00 p.m. edition of the Gr1.

The afternoon programming witnessed the confirmation of *Con parole mie* with Umberto Broccoli; Pupo and his infotainment slot (*Attenti a Pupo*); the irony of Gianluca Guidi with *Gianvarietà*; and later, the linguistic experimentation of *Comunicattivo* by Igor Righetti.

The afternoon is the second informative area that characterises Radio 1, with *Baobab*, the information, analysis and music container presented by Francesco Graziani and Tiziana Ribichesu, and the pre-evening drivetime magazine, *Tornando a casa* led by Enrica Bonaccorti, which takes programming up to the 7.00 p.m. edition of Gr1.

The evening begins with Aldo Forbice's historical programme *Zapping*, which hands over the microphone at 9.00 p.m. to a generally sporting type of programming (with the radio commentaries of weekday football, and more) and to the music of *Invito personale* and *Demo*.

The first look at the following day's newspapers, *Prima di domani*, with Giancarlo Loquenzi, leads up to the traditional appointment with *Giornale della Mezzanotte*.

2011 was also characterised by the strengthening of the night time information slot.

Radio1 never closes and doesn't broadcast long sequences of pre-recorded music.

1. **Enrica Bonaccorti**
presents *Tornando a Casa*

2. **Riccardo Cucchi**
in *Tutto il calcio minuto per minuto*

La notte di Radio 1, a programme by Sandro Capitani, is live and hosts news reports on the clock. At 4.00 a.m., the night merges into the dawn with *Check in*, presented by Paolo Notari and Benediccia Boccoli.

Sport is one of the mainstays of Radio 1: from *Tutto il calcio minuto per minuto* to the big weekend containers, from *Zona Cesarini* to live coverage of every discipline, from Italy and the rest of the world, the *Giornale Radio* sports department tells of successes, medals, records and also dreadful disappointments.

But Radio 1 is also entertainment and music, both in the role of indispensable support for information (the 'carpet' on which the news travels) and in prestigious opportunities to listen to live broadcasts by the most popular Italian and foreign performers.

As regards the theme-based features, also broadcast live; just think of *La terra* and the news programme *Doppio Femminile* presented by Maria Teresa Lamberti and Jo Squillo, and *Gr1 ragazzi*, a successful experiment which has become a classic, made entirely by school children in their classrooms.

In summer, Italy's 'flagship' radio station stays 'open for vacation' and proposes containers or quality infotainment programmes, like *Lido Laura*, with Laura Freddi, or *Un estate fa*, with Roberto Zampa and Arianna Ciampoli.

The website www.radio1.rai.it, a 'showcase website' which also guarantees greater interactivity between Radio 1's listeners and the channel's main programmes, was also extremely successful.

In 2011 the number of contacts and downloads grew, involving the channels' main news and information programmes.

1. View of the Chamber of Ministers at Palazzo Montecitorio

2. View of the European Parliament at Strasbourg



Rai Giornaleradio

2011 was a year of confirmation for the Testata Giornale Radio.

The news bulletins on Rai's three national channels are the country's main source of radio news and information and the innovations introduced in 2010 prove it: the clear diversification by channel, format and informative content, reflected in the growing characterisation of Radio1's all-news profile.

The effort to create news programmes that are updated right at the last minute and suited to the channel's programming has paid off.

Gr1 responds to basic informative needs and also to those of a more specific nature (economy, politics, local news, etc.) in a continuum of news and programmes that produces a well synchronised flow. Gr2 is built up, in terms of language and content, for a radio destined to a young/young adult audience; while Gr3 fits into an area mainly of analysis and cultural reflection.

Giornale Radio followed the important events that took place in 2011 with live broadcasts and special editions.

Close attention was paid to domestic politics: the long phase relating to the vote of confidence to the government and the resignation of the Prime Minister Silvio Berlusconi, the consultations of the Head of State and the birth of the Monti government. Foreign politics were also followed, focusing on the uprisings in North Africa, starting in Algeria, the capture and death of Gheddafi, the earthquake in Japan and the dramatic

events that took place in the nuclear power station of Fukushima.

Spiritual issues were also handled: the beatification of John Paul II and World Youth Day in Madrid. Lastly, culture and entertainment, with special programmes dedicated to the Sanremo Music Festival, and sport, with the World Swimming Championships in Shanghai.

The offering of news and information is completed by the support of the website, upgraded at the end of 2010 and managed by a dedicated department, which is reflected in the contacts, page views and downloads, which grow constantly.

Rai GRParlamento

GR Parlamento is Rai's station for news and information on the activity of Republic Senate and the Chamber of Ministers, the other government institutions, the territorial authorities and the European Union. It is the radio of the Italian and European government agencies.

Over the past two years, programming has been deeply transformed to make GR Parlamento a radio offering a specialised flow of news and information.

An attentive documentation of parliamentary activities and those of the territorial institutions and of the European Union is joined by the reporting of the political-cultural debate that revolves around the government agencies. This has allowed full implementation of the instructions of the law and compliance with the expectations of the service contract.

During the celebrations of the 150th anniversary of the Unification of Italy, GR Parlamento reported and documented all the main activities of the Celebratory Committee.

With the renovation of the website GR Parlamento offers a rich and precious database, comprising the registration of parliamentary activity in the Chamber and by the commissions and the documentation of the Italian and EU political-institutional debate.



Radio2 confirms its vocation as a laboratory of original and competitive ideas, is renewed on the Internet and focuses on the new media, because present and future travel on the web. The traditional interaction with listeners is enhanced with potential thanks to the social networks, blogs, streaming and web cams filming live in the studios. A radio made up of people, current affairs, light entertainment and a music proposal which is unique in its kind, free from commercial logics in a continuous dynamic interaction with the Internet.

And it is the Internet that extends the life of programmes and proposes new forms of fruition.

Radio2 can be reached on the main social networks, on Smartphones and on iPads. The renewed website is easily accessible and it is possible to download the podcasts of programmes, concerts, playlists, listen to historical programmes and watch the most important shows comfortably seated at home, thanks to video streaming. *Il ruggito del coniglio*, *610*, *Radio2 Supermax*, *Ottovolante*, *Caterpillar* are the programmes that, with record figures, dominate the iTunes top ten – the ranking of the podcasts with most downloads – together with the most successful plays in the channel's recent history, a perfect example being *Il mercante di fiori* by Diego Cugia.

The Radio2 format adapts particularly well to television use, maintaining the costs of radio. The evening specials of *610 in 2D* have become a veritable cult. Broadcast live on the radio and

in video streaming on the Radio2 website, from Sala A in Via Asiago, Lillo and Greg and Alex Braga, accompanied by the Blues Willies Band and Max Paiella, did six appointments together with Nino Frassica, Max Pezzali, Caterina Guzzanti, Massimo Bagnato, Virginia Raffaele and numerous other comedians and actors. The live show from Teatro Valle occupato di Roma, with free admission, was sold out. This was a live broadcast created to show listeners and the studio audience what you can only hear on the radio.

Then there was *Jukebox all'idrogeno*, an all-music channel on the Internet which was added to the daily radio programming. Big hits, successes, auteur music and emerging artists cohabit in this computerised jukebox. So it isn't an alternative, but an enrichment of the channel's offering.

The presence of listeners in programmes is encouraged and strengthened. The audience has become an integral part of *Il Ruggito* with *Coniglio da camera* (two weekly appointments); of *Radio2 Supermax* every day; of *Circo Massimo* and *Radio2 Social club*; of Live Specials in 2D of *610* and of events like Max Paiella's one-man show, another experiment involving the partnership of radio, television and web, or *Radio2 Social Christmas*, a charity evening in support of the Community of Sant'Egidio.

Radio2 incessantly feeds its travelling vocation: not only the bus as a showcase for events of major visibility, but also theatres, auditoriums, town squares and historical buildings in towns and cities all over Italy which have requested and hosted the channel's most famous voices. The Rome International Film Festival, of which Radio2 is official broadcaster, witnessed

1. **610 Live**

with Lillo and Greg, Alex Braga and Max Paiella

2. **Ligabue** in Ora e allora

3. **Radio2 Supermax**

Max Giusti and Francesca Zanni with Michael Franti and Jason Bowman

4. **610 Live**

'Frau Kruger' Virginia Raffaele with Lillo & Greg

5. **Pullman vetrina**

at the Rome International Film Festival

the broadcasting of most of the programming from the show bus and from an outdoor stage set up especially for the occasion.

The thousands of people who applauded Max Giusti in a special version or Lillo & Greg for the first time at the Festival are proof of the consolidated popularity of the personalities and the type of entertainment offered by Radio2.

As regards personalities, the Radio2 team boasts a long list in progress of names that a familiar to the general public:

Antonello Dose, Marco Presta, Massimo Cirri, Antonio Di Bella, Paolo Maggioni, Filippo Solibello, Benedetta Tobagi, Lillo and Greg, Alex Braga, Barbara Palombelli, Luca Barbarossa, Andrea Perroni, Chiara Gamberale, Claudio Sabelli Fioretti, Giorgio Lauro, Dario Ballantini, Savino Zaba, Carlo Pastore, Mario Tozzi, Federica Cifola, Enrico Vaime, Nuzzo and Di Biase, Neri Marcorè, Zap Mangusta, Michele Cucuzza, Chiara Giallonardo, Max Giusti, Francesca Zanni, Andrea Santonastaso, Cecilia Dazzi, Massimo De Luca, Teresa Mannino, Lorenzo Scoles, Massimo Cervelli, John Vignola, Marco Pesatori, Petra Loreggian, Fede and Tinto, Virginia Raffaele, Ubaldo Pantani, Federica Gentile, Michela Andreozzi, Silvia Boschero, Alessio Bertallot, Irene Lamedica, Raffaele Costantino, Nino Frassica, Simone Cristicchi, Dario Vergassola, Lorenzo Marini, Luca Bianchini, Maria Vittoria Scartozzi, Lele Sacchi, Ernesto Goio, Luciana Biondi, Ciccio Valenti, Max Laudadio, Roberto Gentile, Lucia Cosmetico, Nicoletta Simeone and guest stars of memorable programmes: Piero Chiambretti, Vinicio Capossela and Nina Zilli, Silvio Muccino and Carla Vangelista, Arturo Brachetti, Ficarra and Picone, Ligabue.



3

The channel's traditionally important programmes continue to attract audiences – *Il ruggito del coniglio*, *610*, *Decanter*, *Black out*, *28 minuti*, *Twilight*, *Brave ragazze* – all of which are successful and unique.

Caterpillar and *Effetto notte* have been renewed.

Filippo Solibello and Massimo Cirri have parted company: the first opens the channel's programming at dawn in *Caterpillar AM* with the journalist and writer Benedetta Tobagi, while the second has stayed with the 6.00 p.m. appointment with *Caterpillar*, with the Director of Rai 3 Antonio Di Bella and a new entry, the young Paolo Maggioni.

Lorenzo Scoles changes partner in *Effetto Notte*: with Massimo Cervelli he explores the world of film, looking at blockbusters, documentaries and indie productions.

Max Giusti has triplicated his presence with *Radio 2 Supermax*: from Monday to Friday in a short slot at 7.20 a.m., from 11.00 a.m. to 12.30 p.m., and in formula *Best* on Saturday morning. The popular comedian and actor has returned to pure entertainment, proposing the imitations that made him famous and new characters created especially for the programme, characterised by live music – with a vocalist and a 5-piece band – studio audience and special guests ready to improvise and get involved. He's joined by Francesca Zanni, a voice familiar to radio audiences thanks to her ironic and witty presentation style.

Then there are new couples and not during the weekend: Michele Cucuzza and Chiara Giallonardo in the container *Radio2 Days* accompanied listeners light-heartedly among news, games, surveys, analyses with a close eye on current affairs.



4

Nino Frassica and Simone Cisticchi in *Meno male che c'è Radio2* found themselves in the party room in Via Asiago, when smoking's not allowed but dinner jackets are the norm, to converse freely, with good live music, jokes and famous guests.

Luca Bianchini and Maria Vittoria Scartozzi provide the wake-up call with *Tiffany*. News, show previews, books for a breakfast prepared by a writer-journalist and by a jurist on loan to astrology and the radio.

2011 saw the return of Jack Folla, a product of the pen and imagination of Diego Cugia, with a selection of thoughts and reflections that are always bang up to date for the millions of fans who, in recent years, have asked for the chance to listen to the *Alcatraz* cycle.

Circo Massimo confirms its role as the point of reference of Sunday sporting information: Massimo De Luca, Massimo Cervelli and Andrea Perroni follow the Serie A football championship from a big screen together with celebrity guests from the worlds of entertainment and sport to tell the events in their own words. Then there's more sport with *Fantacalcio*, *11 secchi* and *Bidone d'oro*, the competitions launched by Sergio Ferrentino in the evening of *Catersport*.

Astrologer Marco Pesatori doubles his appointment: he maintained the Saturday and Sunday space with Petra Loreggian in *Astrologica* and debuted at 7.56 in the morning with *Minime astrologiche*, giving the daily horoscope for every sign of the zodiac, repeated at 12.57 p.m..

Space was also given to scientific information with *Tellus* (on Saturday from 3.00 to 4.00 p.m.) with geologist Mario Tozzi and comedy actress Federica Cifola.



5

Music is the engine of Radio2 which redesigned the evening offering.

Moby Dick with Silvia Boschero, *Pop Corner* by Francesco Adinolfi and the big concerts in Via Asiago are the mainstays of the channel's musical programming. Francesco Renga, Raphael Gualazzi, Subsonica, Alain Clark, Arctic Monkeys, Calibro 35, Luca Carboni, Coldplay and Michael Franti, are just some of the big names that performed on the stage in Sala A.

The traditional classification of the best-selling records has become high-tech starting with the name: *Hit Parade Eurosonic* handed over presentation from Federica Gentile to Lele Sacchi.

Alessio Bertallot with *Rai Tunes* (Monday – Friday from 10.30 p.m. to midnight) perfectly interpreted Radio2's musical style, pinned on the dynamic interaction with the Internet thanks to the links of tracks present on the web suggested by listeners, which are then played on the radio: the first example of a social networking radio-show.

Carlo Pastore explores all dance genres, from electronic to dub, from house to hip hop: *Babylon* goes on air on weekend nights.

Irene Lamedica with her *Urban Suite* speaks on the cohabitation of the sacred and the profane, between culture and entertainment, and represents a hip hop reality lived with soul sensitivity.

Musical Box is Radio2's magic box, which contains the best of every genre and style of music in circulation. New sounds and releases that narrate contemporaneity and its cultural ferments, along with the possibility to discover or rediscover great artists of the past, old LPs and less well known productions.

Then there are other big names in Italian entertainment: the irreverent Piero Chiambretti, who talked about *Sanremo Music Festival like only he knows how*; Vinicio Capossela with his monograph *Marinai, profeti e balene* in ten weekly episodes, with the songs from the album of the same name, presented exclusively; Nina Zilli, an artist with a strong and original personality, with the twelve episodes of *Stay Soul*.

The programmes that marked the new course of Radio2 also decreed its relaunch.

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 Radio Rai, expanding its user basin to younger listeners.

Every third Tuesday in the month, live, from 10.00 to 11.00 a.m. Chiara Gamberale opened the doors of the studios in Via Asiago to her psycholistseners – mainly high school students – to give life to a real group therapy. A way of meeting, reflecting and listening to live auteur music.

Un giorno da pecora with Claudio Sabelli Fioretti and Giorgio Lauro is now a constant 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 and Savino Zaba and for the snippets of philosophy of *Zap Mangusta* which proved that culture can be presented in an ironic and popular way.

In the studios of Via Asiago its time to sing with the band of *Radio2 Social Club*: Luca Barbarossa and Virginia

Raffaele were joined by the young Andrea Perroni with his imitations.

Christmas gave Radio2 listeners the return of Silvio Muccino and Carla Vangelista: *Rivoluzione N 9*, a journey through the world of Sixties' and Nineties' fashion and customs, and *Instant Karma*, which looks at the destinies and stories of ten big names who have left an indelible mark in the world of film, music, sport and entertainment.



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

In 2011, the fundamental moments of Radio3's programming, characterised by high-quality music and attention to great cultural themes right from the start, were the recording, mostly live, of the grand symphony and opera seasons of the major theatres in an outside of Italy and live broadcasts from the most important Italian culture festivals: those of literature, science and film.

The most important appointments included the cycle of concerts and broadcasts dedicated to the 150th anniversary of the Unification of Italy with a programme, *Tre colori*, which told 150 representative and singular stories, and the month of November, dedicated for the first time entirely to theatre, with the project *Tutto esaurito*, which presented over thirty theatrical scripts in various forms.

2011 was also the year which saw a considerable strengthening of radio on the Internet, with the concept of the 'Wikiradio' project and the increased implementation of the two spaces *Memoradio* and *Classicaradio* which offer, to Internet users only, the best of the spoken and musical Radio archives.



1. **Torchetti speaking into the Isoradio microphone**

2. **The CCISS studio**



The public service stations provide a range of services centred on a variety of radio offerings. Isoradio, CCISS Viaggiare Informati (tv and radio), Canali Metropolitani and Filodiffusione.

Numerous innovations were implemented, focused on penetrating the various broadcasting platforms and the different programming products, with constant contaminations between channels.



The Road Safety and Civil Defence spaces were expanded for the analysis of infomobility: presenters were sent out onto the road networks and to the place where relevant events in terms of weather conditions and viability were taking place.

Morning programme focused on problems affecting people: public service issues are discussed every weekday morning with the consumer associations, managers of institutions linked to the worlds of finance, economy and mobility, with the live participation of listeners.

The central time slot is occupied by the programme *Area di sosta*, dedicated entirely to service issues (national and local viability, Civil Defence, territory), accompanied by musical proposals which give life to experimental initiatives in the evening (e.g.: Umbria Jazz Winter concerts, independent music producers, guests, etc.), subject to verifications in terms of broadcasting and economic impact.

The programming followed emergency events (evacuations, floods, snow) with long, non-stop live sessions.

At weekends, the programme *Estate in garage* (like *Inverno in garage*) presented infomobility issues with a relaxing style and pace, together with road education.



CCISS-Viaggiare Informati diversified the travel information product on tv (for users at home) and on the radio (for those on the move) and improved instructions to help the audience find forecasts on tv and the latest news on the radio.

The television bulletins were broadcast from the new studios, with a real set, that uses a touchscreen system, and a virtual set, generated by chrome key effects.



As regards **Filodiffusione**, during 2011 station V dedicated lots of programming to the composers subject to celebration during the years (e.g.: Franz Liszt, Nino Rota and Gian Carlo Menotti).

The feature *Note d'attualità* (Sunday at 9.00 p.m.) announced and anticipated the most significant events of musical life in Italy, with particular reference to the classical institutions and leading concert institutions, proposing musical previews of the events highlighted.

Extensive space was dedicated 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.

The website of station V FD was further enriched with the inclusion of about 150 new datasheets in relation to the programmes proposed.





New Media

76 RaiNet



In 2011, **RaiNet** received confirmation of the considerable public appreciation of the broadcasting offering proposed on the Rai.it and Tai.tv portals.

With over 1,500 websites on line (entertainment, information, service), the Rai portals have set a new absolute record in terms of traffic:

- a monthly average of 8.1 million single users, up 10% on 2010;
- 1,508 million pages visited, up 10% on 2010;
- 315 million videos issued on the Rai.tv platform, up 18% on 2010.

2011 was characterised by Rai's increasingly consistent presence on the multimedia platform.

Besides the usual existing Rai management activities and offering and the enrichment of Rai's offering on the Internet, RaiNet was actively committed to the elaboration of the new restyling project of Rai.it and Rai.tv, and of the new Rai.tv applications on tablet and mobile, the launch of which is forecast for January 2012.

Work on developing the offering on the new company-owned platform continued in 2011, with the concept and launch of new websites and the restyling of those already on line.

During the whole of the 2011, RaiNet intensified its daily activities and the upgrading of the Rai 4 portal, with the publication of videos of the programmes on air on the television channel, Promos were joined by the publication of entire series and datasheets on the film cycles,

and, particularly for the cycle *Missione Estremo Oriente* a datasheet introducing the cycle and the datasheets of the single films envisaged were created. The new Rai Premium portal was launched in October 2011 and RaiNet is responsible for its daily upgrade.

Good work was carried out for Rai Movie, for which daily portal upgrade activities continued. Specials dedicated to and created by RaiNet were published for the Venice and Rome Film Festivals.

For Rai 5, in addition to the ordinary management activities and feeding of the portal, in the second half of 2011 RaiNet managed several special events. From 27 June 2011, Rai 5 joined the three general-interest channels in offering Rai.tv's Replay TV, allowing its users to see the programming broadcast over the past 7 days. In December 2011 RaiNet released the new Rai 5 iPhone application. This is Rai's first application which allows users to follow the live streaming of a channel.

Another important launch was that for Rai Cinema to coincide with the Venice Film Festival for which RaiNet launched the new portal. This is a RaiNet project and RaiNet is also responsible for the weekly upgrade (film datasheets, launch in hp, news, etc.), and work has begun on the launch of the English language version of the portal, envisaged for January 2012.

The success of the Rai.tv offering which now offers users live radio and tv, continued: live streaming of 16 TV channels, live streaming of 7 radio stations, the Replay TV services of 4 TV channels in addition to the general-interest channels, Rai 1, Rai 2, Rai 3, with the addition of the Replay service for the Rai 5 channel from 27 June.

In on-demand mode, RaiNet proposed over 1,000 titles with over 100 in podcast mode, reaching a production of over 450 monthly hours of product on demand available on Rai.tv, organised by programmes and themes.

From September 2011, the coverage of programmes with major appeal during TV airing time was expanded, with the publication of videos of the programme and the upgrade of the website (*Report, Che tempo che fa, Ballarò, Agorà*).

As regards the multimedia publication of non-Rai projects, RaiNet followed publications for: *Copeam, Italia Wave, Outdoor*.

Rai.tv continued giving more space to live broadcasts of events not aired on the Rai channels during the year.

During 2011, thanks to the Rai New Talents project, the Rai departments were given a new platform for the management of custom, flexible and easy to manage UGC contests, capable of meeting the needs of the Rai programmes.

Videochat appointments continued all year, the blog opening activity increased for the main programmes (*Ballarò, Il più grande spettacolo dopo il week end*), as did the opening of Twitter and Facebook accounts, by request of the departments.

As regards the Rai.tv page of Facebook, updates increase, also during the weekend and outside of working hours, with a significant increase in the number of fans registered on the page (about 200 thousand) the shares activated by users and, above all, the number of users who enter the world of Rai on the Internet through the Facebook page.

Following the release of the first iPhone application in December 2010, projects

relating to the other iPhone applications were completed and released in 2011, for which the broadcasting design and content-related architecture had been completed in the second half of 2010. The releases of the mobile version of the website ww.rai.it and rai.tv's iPhone application are in progress.

The iPad, the new tablet computer launched by Apple and capable of reproducing multimedia content and browsing the Internet, opened up a new market. The first presidia of the platform consisted of the launch of the free application Rai Mondiali Plus. This was followed by the release of applications for other operating systems, including Tg1, Tg2, Rai Community, RaiNews 24, Rai Sport, Rai and Tablet Android, and the Rai.tv iPad application release is in progress.

2011 was characterised by the enrichment and reorganisation of the broadcasting offering dedicated to children and the creation of different new websites on the Junior portal.

The proposal of a selection of the contents of Rai.tv continued on the YouTube Rai channel and the YouTube theme-based channels (Celebrity, Junior, Comedy, Culture, etc.). With about 5,000 on-line contents and 500 new videos published every month, Rai.tv YouTube continues to be one of Google's most successful channels in Italy. Great traffic results were obtained thanks to the performances recorded by the Rai.tv Video Portal, by Rai's information, by the Rai channels (Rai 1, Rai 2, Rai 3, Rai 4, Rai 5) and by Rai Fiction. The average duration of the visits also grew significantly: 12 minutes and 09 seconds (+45% approximately on 2010).

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

- 1 Rai.tv, with +17% on 2010 in terms of single users (and +24% in terms of pages visited);
- 2 RaiNews climbed one place, with +29% on 2010 in terms of single users (and +32% in terms of pages visited);
- 3 the Rai home page fell a place, with -5% on 2010 in terms of single users (and +10% in terms of pages visited);
- 4 RadioRai climbed one place, with +7% on 2010 in terms of single users (and +2% in terms of pages visited);
- 5 Televideo climbed one place, with +3% on 2010 in terms of single users (and +13% in terms of pages visited).

The communication activity continued in 2011, with banner and television 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 to the close collaboration with Rai's Promotion and Image sector.

The study and opening of web spaces and spaces on the major social networks, begun in 2009 and consolidated in 2010 continued. The most important activity was carried out on Facebook, with considerable growth of Rai.tv's institutional profile: from 23,903 fans at the beginning of January 2010 to 176,258 fans (Likes) at the beginning of January 2012.

Given the constant growth in the number of users of the institutional profile, the decision was made to open official Facebook pages dedicated to the TV channels and radio stations of the Rai.tv portal and some of the most important programmes of the three institutional channels (*Ballando con le stelle*, *Festival di Sanremo* etc.). The most important activity focused on the management of the pages dedicated to

fiction (*Caccia al Re*, *Tutti pazzi per amore* etc.). The pages are constantly updated with previews and contents published especially for the web. Surveys and quizzes are the activities most popular with users, generating a considerable amount of interest.

The seeding activity begun last year on groups and pages linked to series and characters led, as assumed last year, to the effective growth of the relative official Facebook pages.





Commercial Division

80 **Commercial Division**

83 **Sipra**

The **Commercial Division** markets all the intellectual property rights of the Rai and third parties in Italy and abroad with the aim of developing economic resources in addition to those from the traditional licence fee and advertising, working on a variety of markets, in different business areas and on numerous projects.

The Division also defines the Group's commercial strategies, identifying and consolidating new revenue opportunities at Italian and international level, as well as developing and managing conventions with central and local public administration, institutions, non-profit organisations, consortia and foundations, and purchasing, marketing and distributing broadcasting and phonographic rights to contemporary, light and classical music and prose, and the sporting rights of Rai and third parties and the library of the Clubs in Italy and abroad.

The 2011 financial year was particularly delicate and significant due to the merger by incorporation of Rai Trade into Rai SpA.

Following this internalisation process, the activities previously carried out by Rai Trade converged under the Commercial Division, which was also assigned the task of enhancing the value of publication of books, magazine and multimedia products under the Rai Eri logo.

Thanks to the synergies connected to the convergence of these activities in Rai, it was possible to achieve a dual aim:

- the substantial confirmation of the invoicing aims envisaged in the budgets assigned, notwithstanding the complexity of the markets due to the Italian and international economic-financial crisis;

- a significant reduction in the process costs and organisational costs, and of personnel with respect to the total costs relating to the former Commercial Development and Coordination Management, Rai Eri and the former Rai Trade.

In particular, following the merger process, the activity currently envisages:

Management and Development of Conventions with the Public Administration

The Commercial Division focused its intervention on the development and management of conventions with the Public Administration, activating the appropriate synergies with the other Divisions and companies of the Group via:

- enhancement of the value of institutional visibility needs at central and local level through the development of multiplatform integrated offering models which comprise the inclusion of the themes chosen by central and local Public Administration within television and radio programming, spaces on specially created channels or theme-based analysis areas on DTT, distribution of contents on the Rai.it and Rai.tv portals and Televideo files;
- the definition of conventions with local authorities for the performance of concerts by the Italian National Symphony Orchestra;
- the development of projects for the recovery and restoration of audio-visual materials stored in the Teche of the Rai regional offices and relative commercial enhancement;
- the creation of radio and television programmes aimed at linguistic minorities;
- the commercial enhancement of territorial promotion activities linked to the localisation of audio-visual

productions (tv series, documentaries, tv movies, miniseries, etc.);

- the development of technological research and industrial application projects via the adjudication of funding;
- participation in bids for tender at Italian and European level and consequent development of projects aimed at acquiring funding and various emoluments.

Among the numerous initiatives that characterised 2011, two Conventions are particularly deserving of mention due to their innovation and importance:

- Convention with the Valle d'Aosta Region for the production of the New Year's Eve programme;
- Convention with the Montecatini Convention Bureau for the production of *Miss Italia*.

For the first time in many years, both productions were moved (from Rimini and Salsomaggiore Terme respectively) and commercial negotiations were entered into with new local authorities, implicating a considerable economic advantage for the Company.

In relation to the aforementioned agreements a new form of collaboration was experimented for the first time, aimed at sourcing new resources on the market through sponsorship and the naming of the locations of the events.

Library

The development of initiatives to enhance the Sports Library, with particular reference to the Football clubs, continued via the formalisation of new agreements with F.C. Internazionale, Bologna F.C., U.S. Lecce and A.C. Cesena and with agreements for the distribution of the Library pictures.

Sale of Rights

The activities in this sphere determined a higher value than expected. In particular:

a) Teche

Thanks to the exclusiveness of the archives and to the renewal of the main framework agreement with Italian broadcasters, the sector has exceeded the aims set and the result of the 2010 financial statements. Among the elements that contribute to the achievement of these positive results, particular importance is held by agreements with publishers for the exploitation of Internet contents and the development of in-house collaborations with Rai Fiction and Rai Cinema which are closely linked to the main consumers of footage. These collaborations have enabled the commercial enhancement of the contents of the Rai Archive through the sale, in Italy and abroad, of footage to broadcasters, publishers and producers of multimedia and other contents.

b) Home Video Italia

Despite the far from positive situation, thanks to an increased number of initiatives distributed and licensed, and to the quality of the projects offered, the Home Video area succeeded in maintaining the results envisaged in the budget, going against the market trends. In the first half of the year, particular success was attained by two series, both of which were distributed with the *Corriere della Sera*, each selling over 500,000 copies:

- *Dentro Faber*, a series of 10 DVDs on the life and artistic career of Fabrizio De Andrè;
- *I Capolavori delle grandi civiltà*, a series of 30 DVDs based on the historical programme *Superquark* by Piero Angela.

c) Normal Trade

Direct home video sales by Rai no longer see the Company only in the role of distributor of Rai titles, but as direct operator on the market. The distribution of the new episodes of *Montalbano* is achieving excellent results, exceeding, thanks in part to distribution immediately after they were aired, the results envisaged in the budget.

d) Foreign Sales

Within the sphere of Foreign Sales, the policy of strategic journeys to certain key countries, particularly within Europe, intensified: in France, the sale of *Il Commissario Montalbano* to France Tv was followed with great interest and gave excellent results in terms of audience; new projects were set up in Spain after the sale of *Barbarossa*; new opportunities with the satellite channels are being explored in Germany; in Eastern Europe too we are receiving important demonstrations of interest.

e) Licensing

The most successful programme was *La Prova del Cuoco* which closed several agreements, particularly in publishing, food, promotion and music. Definitely worth a mention is *Pocoyo* which, thanks to the relaunch of the second television season, aided by the broadcasting of Rai 2 and Rai YoYo, will see the launch of the products of *Giochi Preziosi*, *Clementoni*, *Joker giochi*, *Bauli* and *Cartorama*, for which we have succeeded in reaching interesting commercial agreements. Also to be reported is the issue of *Più sani Più belli* magazine, despite the absence of television broadcasting, confirming the value of the brands in Rai's portfolio.

f) Digital Extension

Within the scope of programme interaction activities via mobile and landline phone, there was a general drop in the total volumes of calls and therefore of revenues generated, due largely to the continuation of the general crisis which inevitably determines a reduction in non-primary consumptions and partly to certain programming choices and/or changes made to the tendering regulations of certain formats which led to a reduction in the use of TV participation mechanisms.

As regards activities on the new technological platforms, there has been a development of new revenue opportunities in the Gaming sector, with the launch of the first format initiatives of *L'Isola dei Famosi* and *L'Eredità*.

Sport

In the 2011 financial year, revenues for the sales of Sport recorded higher values than expected, via:

- the foreign co-distribution with Media Partner & Silva of the Italian Football Championship for the 2010/2011 season and for the 2011/2012 season;
- the sale of the cycling races of the RCS package (Giro d'Italia, Milano-Sanremo, Giro di Lombardia and Tirreno-Adriatico), of the home matches (friendlies and qualifiers) of the Italian National Football Team;
- the sale of the friendly matches of the Italian National Football Team played abroad and purchased by management.

Musical Editions and Productions

The Musical Editions and Productions area promoted and developed the purchase, sale and distribution, in Italy and abroad, of soundtracks, radio and

TV productions, contemporary and classical music and prose. As regards editions and productions connected to radio and television programming, over 32 soundtracks were produced in 2011, for TV series and mini-series, and the musical paging was carried out for the new programmes of Radio1 and Radio2. With reference to record productions, an excellent example of synergy with the television channels is the publication of *La Prova del cuoco*, where the original music was used within the programme of the same name and the cd, containing the original music, was promoted in the programme with a good sales result.

The Classical Music and Prose sector achieved for the channels concerned, the purchase of rights and coordination of the production of 12 classical operas, 52 concerts, a ballet and 27 prose performances. From the commercial viewpoint, no fewer than 6 performances were screened live in digital cinemas all over the world. The inauguration performance of the season of La Scala, Don Giovanni, was broadcast live in about 500 cinemas throughout the world.

The Contemporary Music Musical Editions further expanded their broadcasting catalogue, strengthening the collaboration with the Rai's National Symphony Orchestra and intensifying their presence within the concert seasons of the world's most important theatres.

Despite the intense and positive activity of the sector, the financial statements present a considerable negative difference compared to the budget forecast, due largely to the issue of an order which strongly penalised Rai. This order established for 2011, on one

hand, a significant reduction of payments on the signature tunes and background music and, on the other, their increase in relation to the music of leading programmes and of films and TV series, with a consequent advantage for the publishers.

Observing the same order, income was divided between radio and television with reference to payments for recording rights and the decision was made to considerably reduce the payment for the radio, the musical programming channel in which Rai is the most important broadcaster and which currently generates the most revenue from jungles and background music.

Theme-based Channels

As regards the sector of theme-based channels, during 2011 an agreement was reached with A.S. Roma for the early termination of the production and distribution contract for the Roma Channel (1 August 2011) one sports season prior to the natural expiry of the contract, which was scheduled for June 2012. A.S. Roma decided, just like F.C. Internazionale during the previous season, to internalise the channel's activity but to give Rai the mandate for international distribution. In economic terms, this agreement made it possible to obtain a significant benefit, improving the performance of the sector in 2011 and the forecasts for 2012.

This means that Rai maintains the international distribution of the three channels which, as previously reported, records an improvement in the sales figure compared to past seasons. Rai continues to produce and distribute the Juventus Channel and having ended the recognition of the guaranteed annual minimum with the 2010/2011 season, achieves a positive economic result. During 2011 the contract with the supplier of the technical and

publishing services was terminated and Rai is assessing with Juventus F.C. the opportunity of a change in production model, in alternative to the new tender for assignment of the technical and publishing services.



The publishing activity developed in line with the television and radio programming choices, giving a recognisable identity to the Rai library, maintaining the success of the Rai Eri brand in the world of culture and publishing and aiming to offer the book market a 'Rai to read'.

At the moment its catalogue contains over 500 titles, about 30 of which were published this year, and two prestigious magazines, *Nuova Civiltà delle Macchine* and *Nuova Rivista Musicale Italiana*. The most successful titles include *Almanacco di Occhio alla spesa*, *Storie di Chi l'ha visto?*, *Le ricette di casa Clerici*, and, among the co-publications, *Questo amore* by Bruno Vespa, *La classe non è acqua* by Antonio Caprarica, *Aldilà* by Roberto Giacobbo and *Io che* by Carlo Conti.

This year was also characterised by the conclusion of the second edition of the literary prize *NarreRai*, as well as the publication of the finalist book of the first edition of the competition held by RaiRadio1 *Tramate con noi* and by the launch of the *La Giarra* prize for new young Italian narrative talents.

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.



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 and webcast, 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 digital offering on TV and the Internet, 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.

Lastly a structure dedicated to the development of the new Product Placement format was created.

In a context characterised by the deceleration of the economy and the drop in consumption, advertising showed evident signs of difficulty in 2011. Considering that the Nielsen figures available to date do not allow a fair comparison, due to the absence of declarations of certain concession holders of the sale figures relating to Cinema for December 2011 and of the Cards for the last two months of 2011, the estimate for closure of the year of the market total is -3.8%, with a loss of 342 million euros. All media suffered significant reductions in advertising revenues, apart from the Internet, which closed at +12.3%. (Source: Nielsen Media Research – Net Investments for 2011).

Overall, the trend in advertising revenues in 2011 must be interpreted not only in the light of the global deceleration of the economy, which has caused a general resizing of advertising budgets, but also in comparison to 2010, a year characterised by the presence of big sports events, such as the South Africa World Cup and the Vancouver Winter Olympics.

Television advertising investments showed a decline of 3.1%, losing 147 million euros. The medium was influenced by big cuts in budget, particularly for Mass Consumption, Telecommunications and Electrical Appliances. (Source: Nielsen Media Research – Net Investments for 2011).

Sipra's sales of advertising on the general-interest and specialised channels of the Rai Group recorded a reduction, net of sports events in 2010, in line with that of the television market. During the year 131 new customers were activated on the general-interest channels.

As regards the specialised channels (a total of 11: Rai 4, Rai 5, Rai Premium, Rai Movie, Rai Storia, Rai Sport 1, Rai Sport 2, Rai YoYo, Rai Gulp, Rai News and Rai Italia) advertising revenue highlighted a significantly positive performance compared to 2010, thanks partly to the acquisition of 114 new customers.

The television offering is, therefore, able to satisfy the planning requirements of a greater quantity of targets of advertising investors.

In terms of television advertising investments, Product Placement has also taken on relevance since 2010 (by virtue of the implementation of EU directive 2007/65/CE with Legislative Decree no. 44 of 15/03/2010, the so-called Romani Decree). During 2011, 38 initiatives were accomplished with 30 customers (only one of which was present in 2010).

As regards **Radio**, on the audience figures front, we ought to highlight the entry into liquidation of Audioradio. The latest official figures available are therefore related to 2009 and are too obsolete to satisfy customer planning requirements and to represent the developing of audiences for the stations. This situation can only penalise the medium at a time of evident market crisis.

Investors and operators in the sector would like more recent figures on audiences so that they can measure the medium, but broadcasters have not yet reached an agreement as to which research institute they are going to use.

All this has contributed to the worsening of the recessive trend of the radio advertising market, which fell 7.7%.

Sipra recorded a negative trend, worsened, as already mentioned, by the

comparison with 2010, a year characterised by sports events (World Cups and Olympics). Despite the difficulties indicated, in 2011 Sipra intercepted the communication needs of 112 new radio customers.

As regards **Cinema**, the latest Nielsen estimates using homogeneous figures, relating to the first eleven months of the year, indicate a 15.7% reduction in revenues.

The Sipra circuit, completely digitalised since last year, clocked up 21.9 million presences with 526 screens in 2011 (Source: Audimovie).

Sipra worked to fully exploit the potential deriving from digitisation, also offering products differentiated on the basis of film programming and other possible planning requirements of its customers. The advertising investments of the Cinema medium are supported by the quali-quantitative data offered by Audimovie, and during 2011, Sipra recorded a reduction which was lower than that of the market.

During 2011, 64 new customers made advertising planning on the Cinema medium.

Once again revenues from the **Web** have grown, albeit to a lesser extent than in the past, closing the year (search excluded) at +12.3% (Source: FCP Assointernet).

In the media mix, for the media monitored by Nielsen there was a rise from 6.3% to 7.4%. (Source: Nielsen Media Research – Net Investments for 2011).

For 2011 the figures of Audiweb show an expansion of the audience (+50.5%) of mobile phone owners connected to the Internet, reaching 7.3 million Italians, or 15% of the reference population. (Source: Audiweb press release of 12 May 2011).

The public service on iPhone and iPad is conformation of an increasingly multiplatform Rai, rich in applications on these supports: Tg1, Tg3, Guida ai programmi, Rai Community, *Prova del cuoco*, Italia 150, Teletvivo, *Un medico in famiglia*, Rai 5, RadioRai, *Ghiogliottina*. Important new applications are on their way: Rai News, Tg2, Rai Sport and Rai.tv on tablet.

Outlook for 2012

The latest forecasts by the main advertising observers, in the absence of elements that allow expectations of a strong recovery of the economy in 2012, see another negative sign for the year in progress, despite the presence of the big sports events. In particular, it is expected that the first half of the year will suffer considerably from the effects of the current recession, while there could be a certain improvement in the second half of the year.

The latest forecasts for the year oscillate between equal and -5.0%. According to Nielsen, the macrosectors that will suffer most are those of Mass Consumption -4.2% (within which a slightly positive trend could be enjoyed by the Drinks/Alcoholic beverages sector at +1%), Personal Hygiene -2.5%, and Services and Activities -1.3%, while a certain stability is forecast for Durable Goods +0.6% (thanks especially to Cars and Homes) and for Leisure Time +0.5%.

As regards the media however, the forecast looks like this: Television -1.3% (including digital), Radio -7.4%, Internet +12.0% (excluding search), Cinema -1.4%, Periodicals -3.8%, pay daily press -4%, Outdoor -2.3%. (Source: Nielsen December 2011).

The early part of 2012 confirmed the tendency by big companies to reduce

investments in order to cope with the economic-financial situation and stagnant consumption.

Sipra's commercial policy in the first part of the year continues to be based on:

- defending the value of advertising on the general-interest channels;
- developing the Specialised TV offering also in relation to medium/small customers, consistently making the most of the profile and positioning in the ranking;
- proposing a pluri-media offering;
- developing new customers, also via specific pluri-media projects.

The presidium of the territory, particularly in this recessive phase, takes on a decisive role in the competition between concession holders.

The Tv signal broadcasting digitalisation process will be completed in 2012 and the offering, which is currently in a state of constant upheaval, will start to settle, both in terms of acquisition by non-television concession holders of existing TV channels and in terms of the birth of new channels.

General-interest television finds itself having to operate in a much more complex competitive setting than in the past, due to the increase in the number of competitors and because it has to cope with a better profiled offering at more accessible costs, especially on the commercial targets (this complexity could be accentuated by the decisions regarding TV frequencies still to be assigned).

Also, in 2012 the crowding limit for pay broadcasters will be reduced from 14% to 12%.

On the radio front, following the entry into liquidation of Audiradio, a technical table coordinated by AGCOM was set

up and, by the end of April, it will have to draw up a project for monitoring radio audiences that takes into consideration resolution No. 320/11/CSP. It is highly likely that this project will be unable to monitor and release data before 2013. To fill the gap in information, some research institutes are planning to independently monitor the data, then sell it to broadcasters and concession holders.

Some operators in the sector think that 2012 could be the year in which advertising on mobile and tablet will grow considerably and television campaigns will be increasingly accompanied by videos on the Internet (Audiweb will release the audience figures during the year).

As regards Cinema, an increasingly competitive market is expected due to the arrival of two new film concession holders, International Cinemamedia UCI and Visibilia, which take over the advertising management of the complexes of greatest prestige and number of presences, following the entry into liquidation of the concession holder OPUS.





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 an 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. The digitalisation process will be completed in Italy on 30 June 2012, with the switch-off of the last regions.

2011 was the year in which Liguria, Tuscany, Umbria and the Marches played a leading role in the switchover to DTT. On 10 October Liguria (excluding the province of La Spezia) launched the switch to digital, completing the process on 1 December. This switch-off involved over about 1.4 million people. On 2 December 2011, the switch-off took place in Tuscany, Umbria and in the provinces of La Spezia and Viterbo, implicating about 5 million people and over 400 municipalities.

The Marches completed the switch to digital on 21 December 2011, taking the number of people reached by digital terrestrial technology to over 49 million.

Rai's Digital Terrestrial structure carried out the following activities:

- participation in technical tables and task forces called by AGCOM and the Ministry of Economic Development – Communications Department for planning the switch-off activities, coordinated with the other national and local broadcasters;
- coordination of the company activities aimed at implementing the switch-off, particularly supplying indications to Rai Way with regard to the digital network planning aims and approving the new general project and its arrangement by technical areas;
- 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;
- planning with the Ministry of 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;
- 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 Tivù Sat which, to date, has reached over 1,350,000 cards activated with 25 decoders, 3 CAM and numerous 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.

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 2011, 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

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 2011, Rai Way was committed to the continuation of the switch-over to digital and, as usual, to activities aimed at improving the service provided and keeping down costs, also via the insourcing of the installation activities, launched last year.

Within the scope of DTT, the company carried out the activities linked to the switch-over from analogue to digital of the 2011 Technical Areas as identified by the latest schedule issued by the Ministry of Economic Development at the end of June, envisaging the following:

- 2nd half of 2011: the regions of Liguria, Tuscany, Umbria, the Marches and the province of Viterbo;
- 2012: the regions of Apulia, Basilicata, Calabria, Sicilia, Abruzzo and Molise.

The events that made the greatest contribution to revenues from occasional services were the World Downhill and Cross-country Skiing Championships, the European Diving Championships, the World Track Cycling Championships, the Women's Volleyball Championships, the Giro d'Italia, the Beatification of John Paul II and the World Swimming Championships in Shanghai.

The communication projects that involved Rai Way most during 2011 were the switchover to Digital Terrestrial Television and the promotion of Digital Radio.

With this in mind, Rai Way intended to continue the technical communication initiatives already entered into for the switch-off operations in 2010. In this sense, Rai Way re-proposed the following initiatives:

- specialised information aimed at aerial fitters;
- specific information for domestic users.

The first initiative, like last year, witnessed Rai Way's leading role in the creation of a Road Show in the cities of Bologna, Novara, Vicenza, Brescia, Udine, Rome and Caserta. Once again this year, the event was extremely successful among operators in the sector, involving more than 850.

For specific information for domestic users on the other hand, Rai Way re-proposed 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 transfer 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 regarded the cities of Florence, Campobasso, Perugia, Pescara, Pesaro, Foggia and Genoa, and involved 1,090 students.

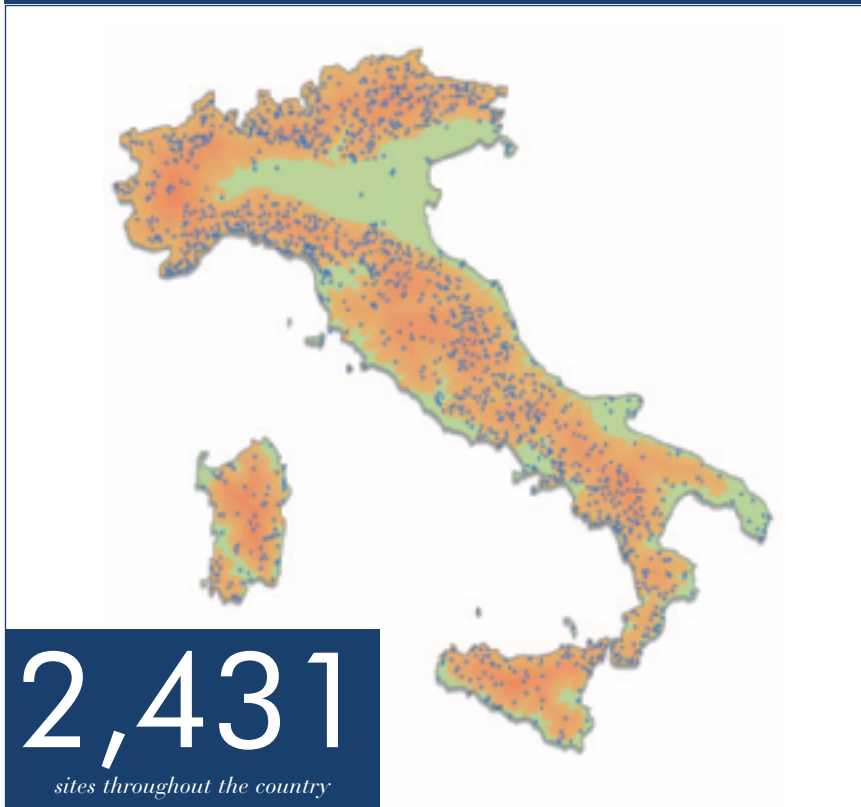
With a view to the innovation and development of digital radio, Rai Way contributed to the extension of the document for the certification of Digital Radio receivers (ARD Book) for the automobile market; this document is currently undergoing approval by the Association for Digital Radiophony in Italy (ARD).

International activities include several collaborations with East European and Southeast Asian countries, aimed at analysing the construction of the respective digital terrestrial networks.

On 5 July 2011, the company obtained OHSAS 18001/2007 Certification (Occupational Health and Safety Assessment Series) for the design and operation of the networks and plants for the transmission and broadcasting of the audio-visual signal in Italy and abroad.

Once again, for 2011 Rai Way will prepare and publish the **Environmental Report** in order to continue the dissemination of information regarding environmental impacts connected with corporate operation.

Sites within Italy





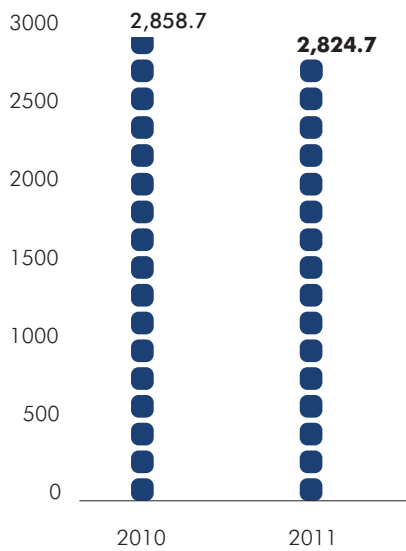


Parent Company's financial and earnings position

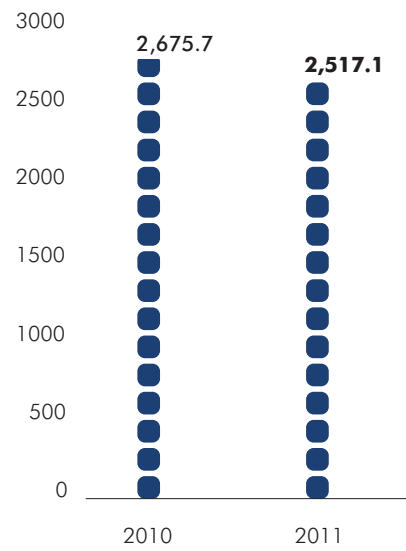
- 94 **Highlights**
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Highlights (in millions of euros)

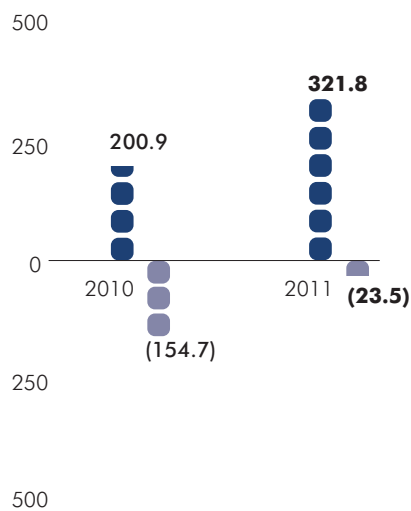
Revenues



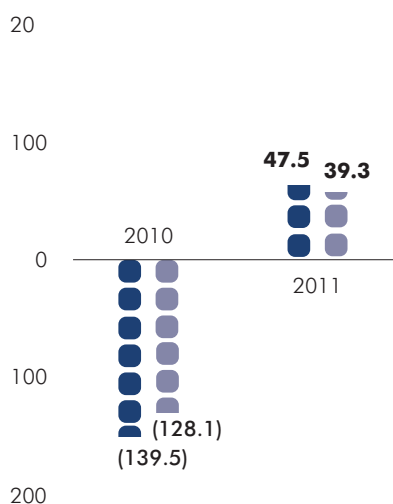
Operating Costs



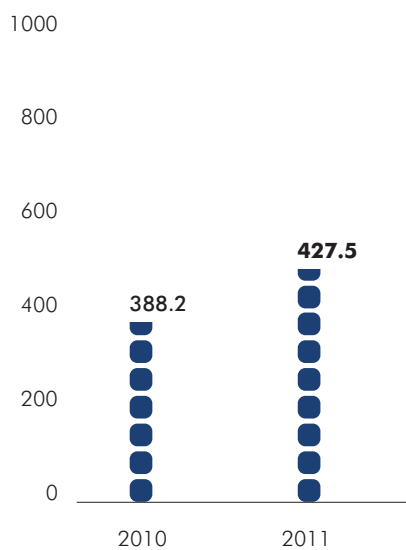
GOM - Operating Result



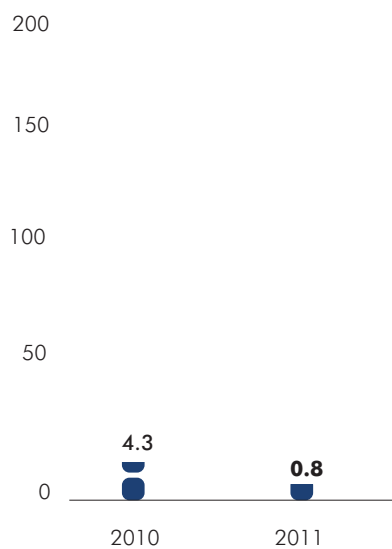
Result before Taxes - Profit (Loss) for the year



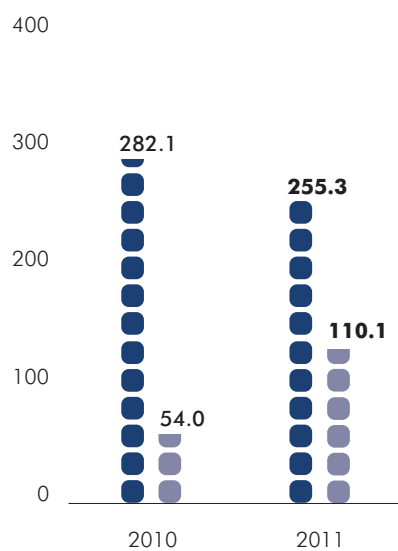
Shareholders' equity



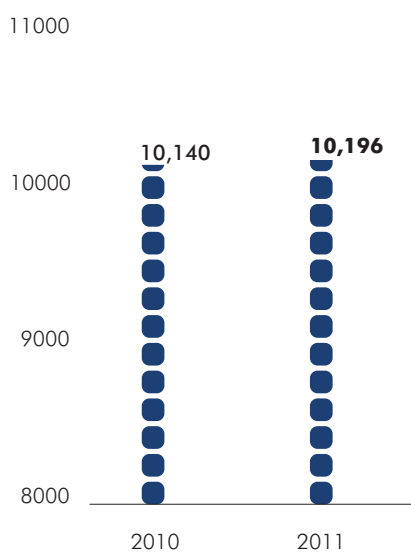
Net Financial Position



Investments (in programmes and other)



Workforce at 31 December



Reclassified financial statements

Income Statement (millions of euros)

	2011	2010			Total	Change	Change %
		Rai	Rai Trade	Derecognit.			
Revenues from sales and services	2,824.8	2,821.0	69.4	(31.7)	2,858.7	(33.9)	-1.2
Change in inventories of products in progress, unfinished and finished products	0.1	-	0.2	-	0.2	(0.1)	-50.0
Internal cost capitalisations	14.0	14.2	-	3.5	17.7	(3.7)	-20.9
Total revenues	2,838.9	2,835.2	69.6	(28.2)	2,876.6	(37.7)	-1.3
External goods and services	(1,581.8)	(1,738.9)	(47.0)	28.2	(1,757.7)	175.9	-10.0
Personnel costs	(935.3)	(911.0)	(7.0)	-	(918.0)	(17.3)	1.9
Total operating costs	(2,517.1)	(2,649.9)	(54.0)	28.2	(2,675.7)	158.6	-5.9
Gross operating margin	321.8	185.3	15.6	0.0	200.9	120.9	60.2
Amortisation of programmes	(240.3)	(257.4)	(9.2)	-	(266.6)	26.3	-9.9
Depreciation and other amortisation	(68.1)	(68.0)	(0.5)	-	(68.5)	0.4	-0.6
Other net charges	(36.9)	(20.2)	(0.3)	-	(20.5)	(16.4)	80.0
Operating result	(23.5)	(160.3)	5.6	0.0	(154.7)	131.2	-84.8
Net financial income (expense)	(0.6)	1.9	0.8	-	2.7	(3.3)	=
Income from equity investments	76.4	59.8	-	(2.3)	57.5	18.9	32.9
Result before exceptional items	52.3	(98.6)	6.4	(2.3)	(94.5)	146.8	=
Net exceptional expense	(4.8)	(45.0)	-	-	(45.0)	40.2	-89.3
Result before taxes	47.5	(143.6)	6.4	(2.3)	(139.5)	187.0	=
Income taxes for the year	(8.2)	15.1	(3.7)	-	11.4	(19.6)	=
Profit (loss) for the year	39.3	(128.5)	2.7	(2.3)	(128.1)	167.4	=

Balance Sheet (millions of euros)

	2011	2010			Total	Change	Change %
		Rai	Rai Trade	Derecognit.			
Non-current assets	1,108.1	1,089.3	2.4	(5.2)	1,086.5	21.6	2.0
Working capital	(385.3)	(413.1)	17.1	-	(396.0)	10.7	-2.7
Staff severance pay provision	(296.1)	(305.2)	(1.4)	-	(306.6)	10.5	-3.4
Net invested capital	426.7	371.0	18.1	(5.2)	383.9	42.8	11.1
Net equity	427.5	374.8	18.6	(5.2)	388.2	39.3	10.1
Net available funds	(0.8)	(3.8)	(0.5)	-	(4.3)	3.5	-81.4
	426.7	371.0	18.1	(5.2)	383.9	42.8	11.1

Review of Balance Sheet, Income Statement and Financial position

Income Statement

The Parent Company Income Statement for 2011 recorded a **net profit of 39.3 million euros**, against a loss of 128.5 million euros in 2010.

Following the merger by incorporation of the subsidiary Rai Trade into Rai, which took place during the year, backdating the accounting effects to 1 January 2011, 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 result for 2011 shows an improvement of 167.4 million euros compared to 2010, which closed with a loss of 128.1 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.

Revenues from sales and services

Revenues from sales and services consist of licence fees, advertising revenues and other commercial revenues.

They totalled 2,824.8 million euros, down 33.9 million euros (-1.2%) on 2010.

Licence fees (1,708.4 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, albeit for a residual amount, receivable from the Ministry of the Economy and Finance for unpaid licence fees relating to subscribers exempted from payment.

The overall increase (+1.4%) refers to the increase in the per-unit licence fee from 109.00 euros to 110.50 euros (+1.4%). Worth noting is the increase in the number of paying subscribers (+0.2%) and the drop in new subscribers (-3.1%), returned to the levels of 2009.

Revenues from sales and services (millions of euros)

	2011	2010	Change	Change %
Licence fees	1,708.4	1,685.4	23.0	1.4
Advertising revenues	883.9	943.5	(59.6)	-6.3
Other revenues	232.5	229.8	2.7	1.2
Total	2,824.8	2,858.7	(33.9)	-1.2

Licence fees (millions of euros)

	2011	2010	Change	Change %
Fees for the year	1,687.8	1,660.5	27.3	1.6
Fees from coercive payment	19.3	22.9	(3.6)	-15.7
License fees for subscribers exempted	1.3	2.0	(0.7)	-35.0
Total	1,708.4	1,685.4	23.0	1.4

TV subscriptions – changes

	2011	2010	2009	Change % 2011/2010
New	401,958	415,001	401,457	-3.1
Renewals	15,629,150	15,580,879	15,566,315	0.3
Paying subscribers	16,031,108	15,995,880	15,967,772	0.2
Delinquent subscribers	903,856	865,244	788,719	4.5
Total registered subscribers	16,934,964	16,861,124	16,756,491	0.4
Delinquent subscribers %	5.45%	5.26%	4.82%	
Cancellations	328,118	310,368	323,545	5.7
Cancellations + delinquent positions	1,231,974	1,175,612	1,112,264	4.8

Once again in 2011 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.

Licence fees in Europe (euros)			
Switzerland	365.00	Sweden	232.00
Norway	317.00	Germany	215.76
Denmark	309.00	United Kingdom	169.00
Austria	264.39	Ireland	160.00
Finland	244.90	France	123.00
		Italy	110.50

Advertising revenues. In a setting characterised by the deceleration of the economy and a drop in consumptions, advertising revenues in 2011 also showed evident signs of difficulty.

Overall, the trend in advertising revenues in 2011 must be interpreted not only in the light of the global deceleration of the economy, which has caused a general resizing of advertising budgets, but also in comparison to 2010, a year characterised by the presence of big sports events, such as the South Africa World Cup and the Vancouver Winter Olympics.

The Nielsen figures make it possible to estimate a reduction on the overall market of about 4%, with significant reductions on all media, apart from the Internet, which closed at (+12.3%). Television and radio advertising investments in particular recorded a drop of 3.1% and 7.8% respectively.

In this context, Rai's **advertising revenues** (883.9 million euros) highlight a reduction of 59.6 million euros (-6.3%) compared with 2010, as highlighted in the table at the side.

The significant continuing growth of advertising revenues from the specialised channels should be noted (+17.0 million euros, +70.0%).

Advertising (millions of euros)				
	2011	2010	Change	Change %
On general-interest channels:				
- television advertising	736.4	791.9	(55.5)	-7.0
- radio advertising	34.4	38.8	(4.4)	-11.3
- promotions and sponsorship	69.6	85.5	(15.9)	-18.6
On specialised channels	41.3	24.3	17.0	70.0
Other advertising	2.2	3.0	(0.8)	-26.7
Total	883.9	943.5	(59.6)	-6.3

Other revenues present an increase of 2.7 million euros (+1.2%), determined by a number of negative factors, as shown in the following table.

The main differing factors include the positive item, Sale of rights to utilise archive materials to football clubs, which presents an increase of 26.3 million euros due to the different effects of the agreements entered into during the two years, and the negative items Sale of rights and musical publications (-13.5 million euros), the reduction of which is largely due to the sale of foreign broadcasting rights for the matches of the Italian Football Championship in relation to different contracting methods for these operations (-5.4 million euros), without having significant net effects on the Income Statement, and to Musical Publications (-3.1 million euros).

Other less important reduction factors are Special services under agreement (-3.9 million euros) as a consequence of the reorganisation of activities envisaged under the foreign broadcasting agreement, and the Repayment of programme production costs (-4.7 million euros) mainly due to the absence of proceeds related to the creation of a long-running TV series. As shown in the dedicated table, the influence of revenues from licence fees accounts for about 60% of the total, while Advertising and Other revenues amount to about 40%.

Other revenues (millions of euros)

	2011	2010	Change	Change %
Special services under agreement	54.9	58.8	(3.9)	-6.6
Sale of rights and musical publications	58.5	72.0	(13.5)	-18.8
Sale of rights to utilise archive materials to football clubs	45.0	18.7	26.3	140.6
Service and other performances for subsidiaries	30.5	30.7	(0.2)	-0.7
Different services, performed mainly for public entities	7.0	6.8	0.2	2.9
Telephone services	5.1	6.4	(1.3)	-20.3
Technical services for digital terrestrial broadcasting	4.5	4.5	0.0	0.0
Recovery of emoluments and cost of seconded staff	3.8	4.4	(0.6)	-13.6
Repayment of programme production costs	3.3	8.0	(4.7)	-58.8
Production services	1.1	1.2	(0.1)	-8.3
Other	18.8	18.3	0.5	2.7
Total	232.5	229.8	2.7	1.2

% of revenues

	2011	2010
License fees	60.5	59.0
Advertising revenues	31.3	33.0
Other revenues	8.2	8.0
Total	100.0	100.0

Operating costs

The item includes internal costs (labour cost) and external costs, regarding ordinary business activities.

These total 2,517.1 million euros, down by 158.6 million euros, -5.9%, compared with 2010, as detailed below.

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 175.9 million euros (-10.0%), determined mainly by the reduction of costs for the purchase of filming rights, essentially related to sports rights (-86.0 million euros). 2010, like all other even numbered years, was characterised by the presence of four-yearly sports events (World Cup and Winter Olympics) influencing the 2010 income statement by 107.8 million euros. This reduction was partially offset by higher costs for the purchase of the broadcasting rights for the Italian National Football Team's friendly and qualifying matches for the 2012 European Championships.

Regarding Group companies there were lower costs for purchasing film and series viewing rights from Rai Cinema for 51.8 million euros, following the contractual renegotiation of relations with the company in 2011, and higher costs for the activities performed by Rai Way (+5.4 million euros), mainly for the extension of broadcasting and transmission of the DTT signal.

In addition to the above, savings were observed in other components of the caption, confirming a continuation of the cost cutting policies.

Consumption of goods and external services (millions of euros)				
	2011	2010	Change	Change %
Materials purchased	22.6	23.4	(0.8)	-3.4
External services:				
Freelance services	138.6	143.2	(4.6)	-3.2
Services for acquisition and production of programmes	216.4	237.0	(20.6)	-8.7
Staff allowances, travel and accessory costs	35.4	40.1	(4.7)	-11.7
Signal broadcasting and transport - Rai Way	190.3	184.9	5.4	2.9
General services (postage, telephones, transport, maintenance, cleaning, archive services etc.)	153.6	157.5	(3.9)	-2.5
Others	61.8	66.9	(5.1)	-7.6
	796.1	829.6	(33.5)	-4.0
Use of third-party assets:				
Acquisition of viewing rights from Rai Cinema	294.0	345.8	(51.8)	-15.0
Leases and rentals	66.6	68.4	(1.8)	-2.6
Filming rights (mainly for sports events and the Sanremo Festival)	212.6	298.6	(86.0)	-28.8
Utilisation rights	110.3	114.7	(4.4)	-3.8
	683.5	827.5	(144.0)	-17.4
Change in inventories	0.1	(0.2)	0.3	-150.0
Concession fee	28.0	28.2	(0.2)	-0.7
Other operating costs:				
Prizes and winnings	10.2	9.7	0.5	5.2
Authority contribution	5.3	4.4	0.9	20.5
Municipal property tax	3.7	3.6	0.1	2.8
Other indirect taxes and contributions	8.6	7.6	1.0	13.2
Newspapers, magazines, books and publications	2.7	3.1	(0.4)	-12.9
Membership fees	3.1	3.1	0.0	0.0
Others	4.9	4.8	0.1	2.1
	38.5	36.3	2.2	6.1
Other	13.0	12.9	0.1	0.8
Total	1,581.8	1,757.7	(175.9)	-10.0

Personnel costs – These amount to 935.3 million euros, up by a total of 17.3 million euros on the total at 31 December 2010 (+1.9%), as detailed in the table at the side.

Personnel costs (millions of euros)				
	2011	2010	Change	Change %
Wages and salaries	667.3	657.2	10.1	1.5
Social security contributions	188.5	185.7	2.8	1.5
Staff severance pay	49.7	47.7	2.0	4.2
Pension and similar costs	14.5	12.9	1.6	12.4
Other	15.3	14.5	0.8	5.5
Total	935.3	918.0	17.3	1.9

The growth in personnel costs is justified almost entirely by the provision of a bonus system for executives, middle management, white and blue collars (about 16.6 million euros) not envisaged in the previous year as it was not paid. Regardless of this component, personnel costs for 2011 closed at a very similar value to that of 2010.

This result derives from a series of management measures to offset the economic growth ensuing from 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 provisions to cover contractually agreed holidays for middle management, white and blue collars and orchestra members.

Among the actions taken, incentives for resignation and the substantial blockage of management policies played the most significant role.

Personnel on payroll at 31 December 2011 amounted to 10,196 units, up 56 on 31 December 2010.

The **average number of employees**, including those on fixed-term contracts, came to 11,829, with a reduction of 124 members of staff compared to last year. In detail, there has been a drop of 97 members of staff on fixed-term contracts following stabilisation of staff on temporary contracts and the resignation of 27 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 321.8 million euros, up 120.9 million euros, or 60.2%, on the previous year.

Amortisation of programmes

This caption is related to **investments in programmes**, which during 2011 amounted to 255.3 million euros, down 26.8 million euros (-9.5%), mainly due to TV fiction series.

Investments in programmes (millions of euros)				
	2011	2010	Change	Change %
Programmes:				
- TV fiction series	205.3	236.4	(31.1)	-13.2
- Other programmes	50.0	45.7	4.3	9.4
Total	255.3	282.1	(26.8)	-9.5

Amortisation charged to the above captions for the year, 240.3 million euros, shows a reduction of 26.3 million euros (-9.9%) compared with the previous year, related to the performance of investments.

Amortisation of programmes (millions of euros)				
	2011	2010	Change	Change %
Programmes:				
- TV fiction series	206.3	223.2	(16.9)	-7.6
- Other programmes	34.0	43.4	(9.4)	-21.7
Total	240.3	266.6	(26.3)	-9.9

Other amortisation

This is linked to investments in **tangible non-current assets** and **other investments**, the movements of which during 2011, highlighted in the following table, present an overall increase of 56.1 million euros, determined mainly by the purchase of the DEAR property complex for 52.5 million euros.

Other investments (millions of euros)

	2011	2010	Change	Change %
Tangible non-current assets	100.3	49.1	51.2	104.3
Other intangible non-current assets	9.8	4.9	4.9	100.0
Total	110.1	54.0	56.1	103.9

Depreciation and amortisation

charged for the year in relation to the above captions amount to 68.1 million euros, with a drop of 0.4 million euros compared with 2010. This substantial stability is due to the offsetting effect between the increase in depreciation and amortisation due to high levels of investment during the year and the reduction determined by the progressive completion of the amortisation of assets acquired in the past.

Depreciation and amortisation of other non-current assets (millions of euros)

	2011	2010	Change	Change %
Tangible non-current assets	59.0	60.3	(1.3)	-2.2
Other intangible non-current assets	9.1	8.2	0.9	11.0
Total	68.1	68.5	(0.4)	-0.6

Other net income (charges)

The caption comprises costs/revenues not directly related to the Company's core business and, in 2011, highlights net charges of 36.9 million euros (20.5 million euros in the previous year). In detail, it comprises expenses for repeat-usage programmes which it is not expected will be used or repeated (29.2 million euros, with 34.7 million euros in 2010), provision for the company supplementary pension fund for former employees (13.8 million euros, 9.7 million euros in 2010), provisions for risks and charges (10.8 million euros, 15.4 million euros in 2010), partially offset by net contingent assets (18.1 million euros, 27.4 million euros in 2010) and the release of funds allocated in previous years (8.8 million euros, 16.4 million euros in 2010).

Operating Result

The results described above for operating revenues and costs led to an improvement in the operating result, from -154.7 million euros in the previous year to -23.5 million euros this year, with an increase of 131.2 million euros.

Net financial income (expense)

The item **Net financial income (expense)** amounts to a negative 0.6 million euros (income of 2.7 million euros in 2010). The caption shows the economic effects of typical financial operations and comprises bank interest expense and income to/from banks as well as that relating to Group companies and net exchange gains.

The details show a drop in net interest payable to banks of 3.7 million euros against higher financial exposure to third parties and an increase in the rates applied. The simultaneous growth in loans to the associated companies, particularly to Rai Cinema and Rai Way, determined higher intercompany interest income of 2.6 million euros.

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 oscillations of the euro/dollar exchange rate during the year. Other financial expenses are deteriorating as a result of higher bank commissions and interest payable to suppliers for extended payments established by contract.

The average cost of loans, made up of credit lines on current accounts, 'hot cash', stand-by and medium-term loans, increased in relation to the increase in the spread applied to bank loans, settling at 2.8% (1.9% in the previous year).

Net financial income (expense) on financial operations (millions of euros)

	2011	2010	Change
Net interest expense payable to banks	(7.6)	(3.9)	(3.7)
Net interest income from subsidiaries and associated companies	6.7	4.1	2.6
Net exchange gains	1.4	2.6	(1.2)
Other net financial expense	(1.1)	(0.1)	(1.0)
Total	(0.6)	2.7	(3.3)

Income from equity investments

As indicated in the table below, the caption amounts to a total of 76.4 million euros and includes the dividends collected in the period considered valid for the results of the previous year (80.2 million euros), the revaluations (2.6 million euros) and writedowns of equity investments for impairment losses totalled during the year (6.4 million euros), 5.0 million of which relating to Rai Corporation, due to the expenses connected to the close of the activities resolved during 2011.

Income from equity investments (millions of euros)

	2011	2010	Change
Dividends:			
- Rai Cinema	55.4	38.8	16.6
- Rai Way	20.7	14.1	6.6
- Sipra	4.0	1.4	2.6
- RaiNet	0.0	1.0	(1.0)
- Euronews	0.1	0.0	0.1
	80.2	55.3	24.9
Capital Gain on closure of Sacis liquidation	0.0	4.8	(4.8)
Revaluations	2.6	0.5	2.1
Writedowns	(6.4)	(3.1)	(3.3)
Total	76.4	57.5	18.9

Net exceptional expense

This caption amounts to 4.8 million euros (45.0 million euros in 2010) and relates mainly to costs sustained for the continuation of actions to incentivise early staff resignation, launched during the previous year.

Income taxes

The caption amounts to 8.2 million euros (positive value of 11.4 million euros in 2010), 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 36.0 million euros, shows an increase of 9.7 million euros compared with the previous year, determined by a higher taxable amount.

Deferred tax liabilities determine a positive effect of 2.7 million euros (the same as in 2010), 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 (25.1 million euros) originated from the booking of IRES credits deriving from:

- 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 2011 for 16.5 million euros;
- temporary differences in income which will arise during the next year, within the limit of the Group's taxable income foreseeable during said year, for 8.5 million euros;
- other changes in IRAP for 0.1 million euros.

Income taxes (millions of euros)

	2011	2010	Change
IRES	-	(1.8)	1.8
IRAP	(36.0)	(26.3)	(9.7)
Deferred tax liabilities	2.7	2.7	-
Deferred tax assets	25.1	36.8	(11.7)
Total	(8.2)	11.4	(19.6)

Balance sheet

Non-current assets

Tangible non-current assets are detailed in the table to the right.

Investments in programmes are mainly represented by TV fiction series (314.1 million euros), which accounted for the greater part of investments during the year (255.3 million euros). The details are given in the table at the side.

Equity investments fell slightly (-2.2 million euros) largely due to the revaluation and writedowns of the companies.

Other non-current assets are shown in the table at the side.

Non-current assets (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
Tangible non-current assets	362.6	322.5	40.1	12.4
Programmes	400.5	417.7	(17.2)	-4.1
Equity investments	299.8	302.0	(2.2)	-0.7
Other non-current assets	45.2	44.3	0.9	2.0
Total	1,108.1	1,086.5	21.6	2.0

Tangible non-current assets (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
Land and buildings	176.3	129.9	46.4	35.7
Plant and machinery	99.6	108.6	(9.0)	-8.3
Industrial and sales equipment	4.4	5.1	(0.7)	-13.7
Other assets	26.6	28.9	(2.3)	-8.0
Non-current assets under construction and payments on account	55.7	50.0	5.7	11.4
Total	362.6	322.5	40.1	12.4

Investments in programmes (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
TV fiction series	314.1	345.3	(31.2)	-9.0
Other	86.4	72.4	14.0	19.3
Total	400.5	417.7	(17.2)	-4.1

Other non-current assets (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
Digital terrestrial frequencies	14.6	18.0	(3.4)	-18.9
Alterations and improvements to leased properties	10.0	11.6	(1.6)	-13.8
Non-current receivables	8.4	5.6	2.8	50.0
Securities	3.7	3.7	0.0	0.0
Other	8.5	5.4	3.1	57.4
Total	45.2	44.3	0.9	2.0

Working capital

The change from 2010 (+10.7 million euros) is due mainly to normal developments in the business.

Major changes relate to:

- **Trade receivables:** up 47.3 million euros, due to higher amounts of receivables from Group companies (+25.7 million euros) and from other customers (+21.0 million euros), the latter determined by fewer collections of amounts receivable for special services rendered to the Government under contract.
- **Other assets:** up 74.5 million euros largely due to advance payments made to purchase the broadcasting rights for sports events to be held next year (particularly the European Football Championships and the Olympic Games).
- **Trade payables:** up 115.9 million euros, due partially to greater exposure towards subsidiaries and partially to certain accounts payable in relation to contracts with football clubs and for the purchase of sports broadcasting rights and DEAR property complex.

It should be noted that **Trade receivables** comprise, net of the relative writedowns, consisting for the most part in accounts receivable from subsidiaries, mainly Sipra, and from public entities and institutions.

Working capital (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
Inventories	1.4	1.4	0.0	0.0
Trade receivables	750.3	703.0	47.3	6.7
Other assets	277.2	202.7	74.5	36.8
Trade payables	(799.5)	(683.6)	(115.9)	17.0
Provisions for risks and charges	(388.0)	(391.3)	3.3	-0.8
Other liabilities	(226.7)	(228.2)	1.5	-0.7
Total	(385.3)	(396.0)	10.7	-2.7

Net financial position

The year-end net financial position is positive, despite the decline compared to the previous year (0.8 million euros compared with 4.3 million euros in 2010), and is comprised as indicated in the table.

The net financial position is very similar to that of the previous year. There was an increase in accounts receivable from the subsidiaries Rai Way and Rai Cinema and a simultaneous increase in exposure towards banks.

This neutral position was determined by the positive economic result and the

additional self-financing components, which generated a financial flow capable of covering the requirements determined by investments during the year.

This is confirmed by very contained cash flows on the main outgoings, capable of offsetting the lower advertising revenues and income from special services rendered to the Government under contract.

In May 2011, an unsecured pool loan was taken out at the best market conditions for 295 million euros with five bank counterparties, and as at 31 December 2011, 210 million euros of the loan amount had been used. The

Net financial position (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
Net amounts due from (to) banks and other lenders				
in the medium/long term	(210.0)	-	(210.0)	=
in the short term – net	(53.9)	(145.8)	91.9	-63.0
	(263.9)	(145.8)	(118.1)	81.0
Net financial position with investee companies				
payables	(43.8)	(61.7)	17.9	-29.0
receivables	308.5	211.8	96.7	45.7
	264.7	150.1	114.6	76.3
Net financial position	0.8	4.3	(3.5)	-81.4

loan, converted in observance of the company policy for about 70% at a fixed rate through an Interest Rate Swap, must be repaid in full by 31.12.2015, with amortisation beginning in June 2013, in constant six-monthly instalments.

The loan envisages the observance of two parametric/equity indexes, to be calculated on the basis of the consolidated financial statements, which are extensively observed.

The average net financial position is positive, despite dropping compared with the previous year (from 55 to 18 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 1.00 (0.99 in 2010);
- 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 1.19 (1.00 in 2010);
- the **self-coverage ratio** of non-current assets, calculated as the ratio of shareholders' equity to non-current assets, is 0.39 (0.36 in 2010).

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 65 million dollars during 2011. 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. In relation to the medium-term loan described above, Interest Rate Swap agreements were entered into for 205 million euros (131 of which to start on 31.12.2011), with the aim of transforming the cost of the loan, issued at a floating rate and therefore subject to market volatility into a fixed rate.
- 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 2011.
- As regards the **liquidity risk**, it should be noted that the company, in a period characterised by marked

uncertainty, consolidated its financial structure by taking out the medium-term loan described above, of which 210 million euro had been used at 31.12.2011 (thanks to the extension of the possibility of use for the whole of the first year after subscription). Short-term credit lines have been opened with the banking system for a maximum amount of about 515 million euros, which during the recent tensions on the financial markets have presented problems of complete usability. Stand-by loans are also in place for a total of 130 million euros, and are due to expire in February 2012, and in the first quarter of 2012 they were renewed for 90 million euros. The existing loans allow coverage of overdraft periods during the year, on condition that the liquidation of the fees by the Ministry of the Economy and Finance takes place more or less in line with the quarter-end dates established by contract. To cope with the significant investments required by the DTT project – in the absence of significant public contributions – preliminary activities continue with the European Investment Bank for the opening of a specific medium/long-term loan.





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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 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, with respect for 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 2011, 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>.

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:

- Ceremony for the presentation of the International Voluntary Award 2011, organised by Focsiv-Volontari nel mondo for the International Volunteer Day.
- Third edition of the competition 'Le chiavi di scuola', promoted by FISH, Federazione Italiana per il superamento dell'handicap, aimed at rewarding good practice for the inclusion of disabled pupils in schools.
- Presentation of the DVD *Quel che persevera* produced by the Italian Navy Communications Department in collaboration with the Rai Social secretariat to commemorate the 80th anniversary of the Training Ship, the Amerigo Vespucci.
- Amnesty International campaign to create awareness among citizens in civil rights issue on the 50th anniversary of the association.
- *Io Proteggo I bambini* campaign against child abuse, promoted and organised by Terre des Hommes Italia to coincide with the International Day for the prevention of child abuse.
- *BiodiversaMente: Festival dell'Ecoscienza*, an initiative organised by the WWF in collaboration with ANMAS, Associazione Nazionale Musei Scientifici Italiani.
- International Food Day, an initiative of the Ministry of Foreign Affairs on the theme '*Prezzi degli alimenti - Dalla crisi alla stabilità*' (the price of food – from the crisis to stability)
- Campaign against infant mortality, Every One, promoted by Save the Children, for direct projects in developing countries like Mozambique, Ethiopia, Malawi, Uganda, Egypt, India and Nepal.
- *Ciotola d'argento* journalistic award, promoted and organised by OIPA, Organizzazione Internazionale per la Protezione Animali (Italian association for animal protection), a non-government organisation associated to the United Nations.
- *Nastro Rosa* National Campaign 2011, promoted and organised by LILT (Lega Italiana per la Lotta ai Tumori) for the prevention of breast cancer.
- National campaign against the abandon of animals, promoted and organised by LAV (*Lega Anti Vivisezione*).

- Presentation of the book *Per la verità, per Israele - Mille voci al tempio di Adriano*, published by ERI and edited by the Summit association.
- XVII edition of the 'Ilaria Alpi' Television Journalism Award, promoted by the Emilia-Romagna, the Municipality of Riccione and the Province of Rimini and organised on the Cultural Association Comunità Aperta.
- XX edition of the Partita del Cuore at the Tardini Stadium, event in connection with the Telethon Foundation to sustain research projects on Muscular Dystrophy.
- VI Edition of 'Hai visto mai?', Festival of social and custom documentary, promoted by the cultural association Hai visto mai?.
- Football event at the Curi Stadium in Perugia between former Serie A plays of Perugia Calcio, the Italian National Football Team and the Italian National Team of Mayors and the ANM, Associazione Nazionale Magistrati in favour of orphans of the city of Sendai in Japan.
- Travelling exhibition 'Il tuo paese è il mio paese' organised by the Costa Family Foundation on the living conditions of the people of Tibet.
- Greenpeace press conference in collaboration with the Antoniano of Bologna for the presentation of 'Kids for Forests' the educational game to save the forests.
- Press conference to present the 'XVI Giornata della Memoria e dell'Impegno' in memory of the victims of the Mafia, organised by Libera, Avviso Pubblico and the Rai Social Secretariat.
- Press conference for the presentation of the CD of Tony Esposito *Sentirai* produced by Rai Trade and Suoni del Sud, in support of the association Italians for Darfur.
- 4th international short film festival *Tulipani di Seta Nera: Un sorriso*

diverso, organised by the university student association Università Cerca Lavoro.

- *Capodanno sul Mare* – in collaboration with Radio1, a live, non-stop programme for New Year's Eve from the Radio1 studios at Saxa Rubra and the Harbourmaster's Tower in the Port of Genoa, with links with Italians at sea all over the world.
- We also wish to mention the production of works such as:
- the DVD *Quel che persevera. L'Equipaggio di Nave Vespucci* made with the cooperation of the Italian Navy;
 - the DVD *Afghanistan 2011 da parte nostra* and the DVD *2 giugno 2011 festa della Repubblica* made with the cooperation of the Ministry of Defence;
 - the DVD *Lo sguardo di Capitini 50° anniversario Marcia della Pace Perugia Assisi* made with the cooperation of Rai's Umbria Offices;
 - the DVD *World Friends amici dal mondo* made with the cooperation of Tg2;
 - the DVD *La buona terra - esperienze di agricoltura sociale in Italia*;
 - the book *Per la Verità, per Israele* made with the cooperation of the Summit association;
 - the book *Secondo rapporto sulla comunicazione sociale* made with the cooperation of the Ces.Cos.;
 - the photographic book *Volti e Voci dal mondo* made with the cooperation of Auxilia;
 - the book *Insieme e Contromano 25 testimonianze per capire il valore del volontariato internazionale* made with the cooperation of the VIS;
 - the book *Meno alcol, più vita* made with the cooperation of the Municipality of Pavia;
 - the book *Pubblicità e Progresso, la comunicazione sociale in Italia* made with the cooperation of Sipra.

The Social Secretariat is also responsible for the production of descriptive voiceovers (in collaboration with Rai 1, Rai 2, Rai 3 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 representatives of sections of civil society and 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

In line with the Industrial Plan and with the Extraordinary Plan which envisaged, in the on-going financially and economically critical situation, the adoption of drastic measures to contain the main cost items, Management activities have been further addressed to containing labour costs according to the 2011 budget aim.

Therefore, once again this year, attention was focused on operations to rationalise the resources available, prioritising internal mobility and the conversion of professional profiles, but also carefully placing and using staff, as indicated in the trade union agreements – entered into in implementation of law 247/2007, which established the assignment of permanent employment contracts to employees who had had fixed term employment contracts for a total of 36 months as at 1 April 2009 and had had, after such date, further fixed-term contracts with the same employer – both at office level and as journalists. The incentivised resignation initiative continued, also in support of the industrial reorganisation operations envisaged by the Company in the 2010-2012 plan: over 150 resignations were agreed to during the year.

Consequently, from the numerical point of view, in December 2011, the Company workforce comprised 10,196 members of staff, against 10,140 at the beginning of the year (including 85 people from Rai Trade in application of the resolution of the Board of Directors which established the merger by incorporation into Rai), as a result of 290 resignations (132 of which were incentivised) and 346 new employees: 304 in application of trade union agreements; 5 for mobility within the group; 17 arrivals finalised at the

limited reformation of the workforce due to turnover or to satisfy new structural requirements; and lastly, 20 returns following legal disputes.

As regards savings, measures were taken to rationalise other company costs, with the adaptation of internal policies on mobile phones, rental vehicles with drivers, daily newspapers and magazines, as well as the control of representation costs and the management of the relative organisational activities.

As regards immediate interventions on the governance of variable costs, sport checks and systematic checks were carried out and objectives were monitored with regard to expenses for transfers, production and representation. Lastly, the monitoring of overtime, bonuses and transfers for so-called 'Big Events' continues, expanding the setting of the latter to include "minor" events for the purposes of governance and increased efficiency.

As regards organisational aspects directly related to the core business, a project for the complete review of Rai's offering and a model of the product division based on articulation by Channels and Genres was implemented. In line with this project the Entertainment Management was made operational as the "genre" Management, taking on responsibilities and resources from the general-interest channels. To this end, the relative organisational arrangements, the setting of the activity, the detailed responsibilities, "interface" processes with the channels and logics for the assignment of human resources were defined.

In terms of relations with the trade unions, the main issue tackled in 2011 concerned fixed-term employment and

the professional catchment areas, in relation to the new guidelines introduced by law no. 183/2010 (so-called connected work).

As regards staff regulated by the collective labour agreement for middle management, white and blue collars, an agreement was signed on 29 July 2011 and a similar agreement was reached for journalistic staff with the Usigrai, with an agreement entered into on 11 October 2011.

In short, new contractual texts envisage employment guaranteed with fixed-term contracts for temporary members of staff, until they are given permanent employment contracts. These are 'historical' agreements that will lead, over the years, to the progressive stabilisation, via automatic mechanisms, of almost all Rai's temporary staff employed with fixed-term contracts, within a setting of programmed new employment contracts.

As regards out-of-court labour disputes, the preliminary activity was launched on numerous out-of-court and in-court claims received by the Company, in order to check out the possibility of reaching an amicable settlement of the individual questions; this activity led to the out-of-court transaction of 80 current or potential disputes. 42 individual positions regarding legal disputes were also settled out of court, by agreement with the defending lawyers of the plaintiffs, mainly through their stabilisation within the company workforce, following orders to such end by the judge.

As regards Legislation, as usual provision was made for the supply of the indispensable interpretative and operational instructions to the various company sectors with regard to the year's most important innovations,

reflecting particularly on the adaptations deriving from the application of the new legislation on the computerised certification of sickness or the amendments made to the regulations on pensions, to those on defence for the assistance of the disabled, to that of fixed-term employment contracts.

In terms of regulatory control, during 2011, over 200 potentially relevant cases in terms of disciplinary action were examined and prepared, following reports by structures concerned. On the basis of the preliminary proceedings carried out, disciplinary action was taken in two thirds of cases.

The training activity continued in 2011, addressed at meeting the needs arising from the changes that took place in the legislative context coming from the most diverse areas of the company. Particularly, after completing a cycle of seminars dedicated to training in the application of the 'Code of Public Tenders', an initiative adhered to by about 180 participants (about 200 had participated at the end of 2010), a second training campaign was launched, relating to the roles and responsibilities of the Sole Manager of the Procedure, with 350 participants.

There were also important specialised training activities, such as the launch of the training course dedicated to the 35 most recently appointed executives, articulated by flanking the traditional classroom training activities with workshops, coaching and seminars.

Also during 2011, the training activity was aided by funding disbursed from inter-professional funds for about half a million euro.

The recruitment activity in 2011 was carried out focusing on cost reductions and regarded the process used for the assessment of the professional profiles of about 350 resources (including candidates belonging to the categories protected in accordance with Law no. 68 of 12 March 1999).

There was an articulate recruitment procedure relating to the identification of a team of new researchers who are going to collaborate on the launch of an important project of the Turin Research Centre aimed at generating patents.

In observance of that envisaged by the company policy for apprenticeships, training and workshops at Rai, 90 interns were taken on from the major universities and journalism schools recognised by the Order of Journalists, also within a logic of bringing the

countries educational system and business world closer together.

The Company Health Service fulfilled the obligations envisaged by Legislative Decree 81/08 (5,740 health inspections at the company premises in Rome, Milan, Naples and Turin), 158 preventive interventions envisaged in defence of the health of staff on foreign missions, 26 health assistance plans for big production of events throughout the territory.

The integrated health protocols for former employees exposed to asbestos continued at the Rome offices with due interaction with the local Health Departments.

The health surveillance also performed on behalf of the Associated Companies (Rai Cinema, Rai World, RaiNet, Rai Way) also allowed the harmonisation of the preventive measures within the Group.

Staff

	31.12.2011		31.12.2010	
	Rai	Rai	Rai Trade	Total
Executives & equivalent				
Executives	252	252	5	257
Journalists	327	347	-	347
Journalists	1,325	1,309	1	1,310
Middle management	1,108	1,119	19	1,138
White collars (including health staff)	2,505	2,475	60	2,535
Production staff	1,534	1,534	-	1,534
Cameramen	648	625	-	625
Directing staff	1,353	1,226	-	1,226
Technicians	136	134	-	134
Blue collars	890	916	-	916
Orchestra and artistic staff	118	118	-	118
Permanent Staff	10,196	10,055	85	10,140

As regards safety in the workplace, activity continued to maintain the progressive extension of the certified Rai offices, in accordance with OHSAS 18001, within the sphere of the System for Management of Health and Safety: in 2011, this model witnessed the extension of certification to the offices of Campobasso, Palermo, Perugia, Pescara and the location in Via Novaro, reporting to the Headquarters in Rome. The aim is to extend it to all the company offices.

In this context, the combined actions taken determined a progressive reduction of the Accident Frequency Ratio, which stood at levels considerably below those of the Inail National Average for 2006/2008 of 33.3. The company value of 14.37 – referable to 2011 – along with other characteristics of the system considered overall, made it possible to achieve and confirm a percentage reduction by Inail of the insurance premiums payable, with a lower impact on labour costs.

Lastly, activities inherent in Internal Communication include the development and implementation in the Rai Place portal of new services, such as the on-line request by journalists for telephones following the agreement with Usigrai, the on-line request for adhesion to fiscal assistance for the presentation of tax returns by employees, as well as the improvement of the services included in the “Mobility Manager” section, including the possibility to see the waiting time for Atac vehicles at the usual stop.

This year also witnessed the organisation of the fifth edition of ‘Bimbo Rai’, the day on which the Company opens its doors to the children of employees.

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 overall strategies and through the functional coordination of the various internal technical operating structures to identify and exploit every useful synergy. Technological Strategies also include the Management of the Centre for Research and Technological Innovation in Turin, which has the mission, also, to address Rai’s research towards operating projects and the implementation of new technologies in the production and dissemination system.

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 role, consolidated on the traditional platforms, has to extend to the more innovative platforms and to multimediality.

Rai Group’s technological choices to adapt the entire production process to the requirements of flexibility and effectiveness to feed an efficient multi-platform offering are addressed by a Digital Regulatory Plan.

The main 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.

Digital Terrestrial Television and DVB-T2

Over 88% of the Italian 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.

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.

The DVB-T2 system, second generation DTT, already operational in the United Kingdom since 2010 for HDTV services, allows the broadcasting of at least 4 HDTV programmes to users, using the capacity of a multiplex. The increase in available capacity, while requiring the use of new receivers, is of strategic importance in the increasingly smaller framework of resources in frequencies which will be available in the future following the various allocation operations (digital dividend) for television frequencies to other users.

With a view to assessing the performance of the DVB-T2 system, an experiment was launched in Valle

d'Aosta, with the aim of checking out different network configurations (SFN) and reception modes (fixed, portable and mobile).

EPG-Tivù Sat: electronic programme guide

Italy's free satellite platform, Tivù Sat, now has more than 1 million cards activated with an offering articulated on over 50 television channels and 30 radio stations. To facilitate access, a new EPG (Electronic Programme Guide) has been introduced, allowing viewers to browse the weekly programming schedule, see the channels by categories and the list of programmes broadcast in prime time, in addition to the innovative function of the radio portal. The EPG, developed by the Research centre, has been fully integrated into the SD and HD receivers of the Tivù Sat platform.

Over-The-Top TV

A new revolution of the domestic TV terminal is in progress, in which the audio-visual contents from the channels broadcast can be matched to on-demand contents from the 'open' Internet, and this is known as Over-the-Top TV.

With the advent of the latest 'hybrid' receivers or of ConnectedTV (SmartTV), it is possible to transpose onto television certain services currently offered on the Internet portals and accessible via PC.

In particular, as regards the receivers of the Italian market, distinguished by the Gold DGV stamp, certain MHP applications have been developed which bring the Rai Replay service (the last seven days of the Rai 1, Rai 2, Rai 3 and Rai 5 channels) to the television (they are already available on the

Internet), and the TGR-on-demand service which allows access to the contents produced by the Testata Giornalistica Regionale.

RAI+ Realtà Aumentata Interattiva: a combination of services to enrich programming

The 'RAI+ Realtà Aumentata interattiva' project is a combination of services designed to making the viewing of Rai's channels richer, more interactive and involving.

These services can be used on the new mobile terminals (smart-phones and tablets) during the broadcasting of a television programme, generating an 'augmented reality', in other words, the superimposition of additional information and interactivity. For instance, it is possible to take pictures of the television screen using a smartphone to participate in a quiz or a survey, or find out the dates on which the next episodes of a TV series will be broadcast.

With the 'RAI+ Realtà Aumentata interattiva' project, Rai has attained the Innovative Award assigned by Confindustria Sistemi Innovativi e Tecnologici, with acknowledged of the project as having a highly innovative capacity capable of designing new business models and intercepting new reference markets.

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 coordination of an 'HD3D' Task Force for the study, promotion and dissemination of stereoscopic technology in the Italian broadcasting sector; it has also taken on responsibility for the technical work team to create a multi volume work (HD Book Collection) aimed at the HD audio-visual industry.

Once again in 2011, initiatives were pursued for the production of short films using stereoscopic technology, with the aim of further developing the company's know-how in relation to this technology and building up a library of 3D audio-visual products.

This approach witnessed the production of a film using stereoscopic technology on the 2011 Venice Carnival, which represents a journey into the architectural and artistic beauty of the city, surrounded by the unforgettable charm of its carnival.

The Technological Strategies Management with Rai's Technological Innovation and Research Centre also produced a film using stereoscopic technology on the day dedicated to the Beatification and on the life of Pope John Paul II, entitled *Un gigante...*, which represents a story between past and present, in which for the first time the most significant 2D images of the life of Pope John Paul II intertwine with those shot in

Rome and Krakow using stereoscopic technology.

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, work continued on the development of the 'EVALuator' system, which obtained 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 (e.g.: Corecom, territorial governance bodies), national (e.g.: FUB, DGTVi, HDForum Italia, CEI) and international (e.g.: EBU, UIT, BBC, IRT, NHK) interlocutors and agreements made with the worlds of industry, standards boards and research (including those with Radio Vaticana, San Marino RTV, Solaris Mobile,

Accenture, Lottomatica, Poste etc.), as well as with the academic world (Politecnico di Torino, Università La Sapienza di Roma).

The collaborative activities regarded all production and broadcasting aspects, with particular focus on the technological aspects that are better able to cope with the company's commitment to quality, innovation and the fruition of the service with a view to increasing efficiency and attention to the end user.

The aspects focused on during 2011 were: mobile television (DVB-SH), Over-The-Top TV and WebTV, infomobility, digital radio (DAB/DMB, DRM: Digital Radio Mondiale), hybrid radio (RadioDNS) and services on 'second screens'.

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:

- experimentation of the DVB-T2 system, capable of disseminating up to 3-4 HDTV programmes for every television frequency (multiplex), thus improving the performance of first generation DVB-T. An experimental multiplex has been activated in Valle d'Aosta;
- Digital Radio and Hybrid Radio, with the consolidation of the platforms that disburse multimedia contents associated with radiophonic contents that can be made available not only on the DAB/DMB broadcasting platform, but also on new devices equipped with broadband connectivity (smartphone, Internet Radio etc.);
- archives, with the creation of an automated digitalisation system of

Betacom cassettes and tests for a system for the digitalisation of 16 mm films;

- 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, satellite and broadband, 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.

The worldwide web and the orientation towards business

The CRIT holds prestigious roles within various international entities:

- the Presidency of the Technical Committee of the EBU (European Broadcasting Union);
- participation in the technical groups DVB-T2, C2, NGH, 3DTV;
- participation in the Guide Committee of DigiTAG (Association for the development of DTT).

As has happened for several years now, the CRIT achieved significant aims in the financing of research, maximising the presence in projects financed by the European Union and the Regions, focusing its activity on the development of patents and the exploitation of intellectual property.

Intercompany transactions

In 2011, 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 (in millions of euros)

Company	Revenues		Gross operating margin		Operating result		Net result	
	2011	2010	2011	2010	2011	2010	2011	2010
Rai Cinema	357.2	399.3	283.9	338.3	35.6	90.1	18.0	58.7
Rai Corporation (a)	12.9	17.8	0.5	0.4	(1.4)	(0.6)	(1.6)	(0.7)
RaiNet	15.7	14.7	2.6	2.0	1.9	1.7	1.7	1.5
Rai Way	225.6	223.9	89.0	81.9	31.1	35.4	16.9	22.1
Rai World	5.3	5.2	1.6	0.4	1.0	(3.0)	0.9	(3.0)
Sipra	972.3	1.039.4	17.4	16.8	12.3	7.5	6.2	4.2

(a) in millions of dollars. In 2011 the Parent Company resolved the closure of the subsidiary; therefore the company's financial statements reflect the charges envisaged for entry into liquidation.

Equity highlights of subsidiaries (in millions of euros)

Company	Shareholders' equity		Net financial position		Investment		Staff	
	2011	2010	2011	2010	2011	2010	2011	2010
Rai Cinema	241.7	277.9	(153.8)	(104.8)	240.4	227.7	90	60
Rai Corporation (a)	2.1	8.9	7.4	5.1	0.1	0.1	40	47
RaiNet	10.2	8.5	3.0	2.1	0.4	0.9	46	46
Rai Way	121.8	125.6	(153.9)	(106.0)	88.4	90.5	637	644
Rai World	4.0	3.0	4.1	1.5	-	-	2	2
Sipra	31.9	29.7	28.5	48.0	1.9	4.2	439	435

(a) in millions of dollars. In 2011 the Parent Company resolved the closure of the subsidiary; therefore the company's financial statements reflect the charges envisaged for entry into liquidation.

(b) includes staff on temporary contracts, new hires and apprentices.

Transactions between Rai and Group companies (in thousands of euros)

	Miscellaneous trading relations				Financial relationships				Memorandum accounts		
	Receivables	Payables	Costs (a)	Revenues	Receivables	Payables	Expenses	Income	Guarantees	Commitments	Other
Rai Corporation	37	2,000	8,979	212	-	5,453	..	-	2,009	-	-
Sipra	321,461	7,098	474	887,422	2,164	30,586	355	4,014	56,978	-	2,164
Rai Way	28,568	100,835	190,621	16,986	152,260	-	-	23,493	2,468	-	-
RaiNet	2,431	10,815	10,606	2,147	-	2,969	26	-	-	-	-
Rai Cinema	43,008	10,050	294,291	11,299	154,063	217	8	59,662	-	45,454	-
Rai World	1,809	3,130	5,302	2,010	-	4,128	27	-	259	-	-
San Marino RTV	105	3,106	1	229	-	438	6	-	-	-	516
Auditel	-	5	6,063	-	-	-	5	-	2,582	-	-
Audiradio	-	-	-	1,419	-	-	-	35	-	-	-
Secemie	1	-	1,730	-	-	-	-	55	-	-	-
Tivù	233	707	2,355	453	-	-	-	-	-	-	-
	397,653	137,746	520,422	922,177	308,487	43,791	427	87,259	64,296	45,454	2,680

(a) of which capitalised:

- Rai Cinema
- Sipra

4
20

Significant post-period events

From 1 January 2012, the licence fee was set at 112.00 euros, rising by 1.50 euros on the previous year's fee.

Outlook

2012 is a year of recession for the Italian economy.

However, we can expect that the improvement in the European governance process, together with the reinforcement of financial stabilisation instruments on one hand and important manoeuvres to correct public accounts for 2012 – 2014 with the relative structural reforms, on the other, may lead to an albeit slow and gradual improvement in prospects.

The latest forecasts estimate a stabilisation of the productive activity from the second half of the year, and a return to a growth in revenue in 2013.

The macro-economic picture, characterised by considerable uncertainty and volatility, may have negative repercussions for Rai in terms of advertising revenues, confirmed by the market trend in the first quarter.

In a year influenced by the cost of big international sports events (London Olympics and the European Football Championships in Poland and the Ukraine, with the cost of broadcasting rights equating to 135 million euros) and activities connected to the completion of the switch-off process, or the final passage to DTT of the whole of Italy, Rai is committed to pursuing the consolidation of the economic progress made in 2011, with the aim of confirming – albeit in the presence of a strongly criticised context – the breakeven of accounts also in 2012.

The structural recovery of the economic and financial situation is the essential basis for enabling the relaunch of the Public Service and the development of Rai.

This fundamental aim will be pursued in observance of some essential priorities:

- requalification of the general-interest and specialised television offering;
- rethinking and relaunch of the Internet offering in order to reduce the distances with respect to other broadcasting operators active in the different competitive contexts;
- development of a publishing and business strategy for the presidia of the new Network Media Services market, also through partnerships with other players in the sector.

Consequently Rai has set up an in-depth spending review of all company divisions and of the subsidiaries, along with a further reinforcement of the spending rationalisation policies.

This logic comprises, as favoured by a review of the organisational structure and of the decision-making processes, important initiatives to rationalise the production models, aimed at achieving economic benefits and operational flexibility, with the most efficient use of in-house staff.

Once again in 2012, the per-unit licence fee has been increased in line with inflation.

Consequently, as in 2011 and considering the forecasts of the main financial institutions, not even the erosion of buying power can reasonably be recuperated.

In the absence, at the moment, of interventions to solve the problems relating to the collection of the ordinary licence fee, characterised by evasion of around 500 million euros, benefits are expected – although certainly not of comparable dimensions – from the

recent law obliging companies and businesses to indicate the ID number of the special licence fee in their tax returns.

This is an important piece in the puzzle of the review of public financing of the Concession Holder, which is fundamental to the stability of the company's recovery.

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 administrative liability introduced by Legislative Decree no. 231/2001, subsequently integrated by numerous legislative instructions, Rai has, for some time now, applied the Organisational, Management and Control Model and set up, in accordance with the law, an Oversight Committee, with independent powers of initiative and control, with the task of overseeing the implementation of the 'model' and updating it.

During 2011, in relation to the considerable increase in the number of 'presumed crimes' determined by the amendments and integrations introduced by the Legislator, Rai has greatly expanded and updated its 'Model': at the same time, it has launched the procedures for its complete review.

As regards privacy and data security, the Company 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 of the 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 net profit of 39,338,513.88 euros, as well as the approval of the Report on Operations;
- to allocate the net profit of 39,338,513.88 euros as follows;
 - 1,966,925.69 euros, equating to 5% of the net result, to the Legal Reserve;
 - 927,923.16 euros, as Reserve to cover gains on exchange rates pursuant to article 2426 paragraph 8 bis of the Civil Code;
 - the remainder, equating to 36,443,665.03 euros, to *Other Reserves*.





Parent Company Financial Statements at 31 December 2011

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**Parent Company Balance Sheet
and Income Statement**
(Statutory form)

Balance Sheet - Assets (in euros)

	31.12.2011	31.12.2010
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	222,442,674	220,800,982
4.- Concessions, licences, trademarks and similar rights	14,676,797	17,998,162
6.- Intangible assets under development and payments on account	184,710,701	202,091,282
7.- Other	11,723,864	10,490,564
TOTAL INTANGIBLE ASSETS	433,554,036	451,380,990
II. TANGIBLE ASSETS		
1.- Land and buildings	176,342,782	129,897,990
2.- Plant and machinery	99,569,532	108,079,744
3.- Industrial and sales equipment	4,346,222	5,144,534
4.- Other assets	26,625,667	28,561,209
5.- Tangible assets under construction and payments on account	55,699,017	50,031,153
TOTAL TANGIBLE ASSETS	362,583,220	321,714,630
III. NON-CURRENT FINANCIAL ASSETS		
1.- Equity investments in		
a) subsidiaries	297,344,601	304,851,398
b) associated companies	1,610,557	1,611,662
d) other companies	812,650	749,607
	299,767,808	307,212,667
2.- Receivables		
a) subsidiaries		
due within 1 year	10,800	-
due after 1 year	-	-
	10,800	-
d) others		
due within 1 year	218,764	202,804
due after 1 year	8,211,052	4,997,675
	8,429,816	5,200,479
	8,440,616	5,200,479
3.- Other securities	3,737,101	3,749,842
TOTAL NON-CURRENT FINANCIAL ASSETS	311,945,525	316,162,988
TOTAL NON-CURRENT ASSETS	1,108,082,781	1,089,258,608

follows

Balance Sheet - Assets (in euros)

	31.12.2011	31.12.2010
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	586,749	646,288
4.- Finished goods and merchandise	778,817	279,963
TOTAL INVENTORIES	1,365,566	926,251
II. RECEIVABLES		
1.- customers	351,883,203	283,231,226
2.- subsidiaries	705,699,297	595,131,259
3.- associated companies	339,539	127,397
4.bis- tax receivables	48,631,676	54,968,196
4.ter- deferred tax assets		
due within 1 year	26,163,000	39,904,000
due after 1 year	1,752,000	1,364,000
5.- others		
due within 1 year	151,377,766	43,406,773
due after 1 year	5,782,823	20,093,166
TOTAL RECEIVABLES	1,291,629,304	1,038,226,017
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	18,239,489	1,841,691
2.- Cheques	21,382	27,452
3.- Cash and cash equivalents on hand	399,527	408,995
TOTAL CASH AND CASH EQUIVALENTS	18,660,398	2,278,138
TOTAL CURRENT ASSETS	1,311,655,268	1,041,430,406
D) ACCRUED INCOME AND PREPAID EXPENSES	44,358,755	41,139,560
TOTAL ASSETS	2,464,096,804	2,171,828,574

Balance Sheet - Liabilities (in euros)

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	242,518,100	242,518,100
IV. LEGAL RESERVE	6,977,058	6,977,058
VII. OTHER RESERVES	138,714,212	253,774,561
IX. PROFIT (LOSS) FOR THE YEAR	39,338,514	(128,467,320)
TOTAL SHAREHOLDERS' EQUITY	427,547,884	374,802,399
B) PROVISIONS FOR RISKS AND CHARGES		
1.- provision for pension and similar liabilities	154,820,669	150,502,166
2.- current and deferred taxes	7,215,261	9,889,261
3.- other provisions	225,930,624	227,357,247
TOTAL PROVISIONS FOR RISKS AND CHARGES	387,966,554	387,748,674
C) PROVISION FOR STAFF SEVERANCE PAY	296,113,533	305,141,618
D) PAYABLES		
4.- Due to banks		
. due within 1 year	72,526,668	147,978,594
. due after 1 year	210,000,000	-
6.- Advances	3,076,630	746,602
7.- Suppliers	658,685,665	557,103,389
9.- Subsidiaries	177,281,408	166,656,837
10.- Associated companies	4,256,274	5,646,301
12.- Taxes payable	67,664,870	71,805,970
13.- Welfare and social security institutions	47,824,626	45,030,025
14.- Other payables	66,389,045	60,495,081
TOTAL PAYABLES	1,307,705,186	1,055,462,799
E) ACCRUED EXPENSES AND DEFERRED INCOME	44,763,647	48,673,084
TOTAL LIABILITIES	2,464,096,804	2,171,828,574

Memorandum accounts (in euros)

	31.12.2011	31.12.2010
1.- Unsecured guarantees granted		
a) Sureties:		
- in favour of subsidiaries	59,704,916	82,346,106
- in favour of associated companies	2,582,285	2,582,285
- in favour of others	89,466	134,200
- other sureties	1,920,111	-
	64,296,778	85,062,591
c) Other:		
- in favour of subsidiaries	2,009,429	1,945,817
	2,009,429	1,945,817
Total unsecured guarantees granted	66,306,207	87,008,408
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	45,453,656	112,357,454
4.- Other	383,880,665	283,535,614
	549,931,658	537,192,606

Income Statement (in euros)

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,751,712,367	2,740,322,528
2.- Changes in inventories of work in progress, semifinished and finished goods	54,890	58,634
3.- Changes in contract work in progress	(8,849)	-
4.- Internal cost capitalisations	13,998,715	14,200,193
5.- Other production-related income		
a) operating grants	7,662,772	6,632,712
b) gains on disposal of assets	216,897	1,704,382
c) other	100,718,435	123,155,139
	<u>108,598,104</u>	<u>131,492,233</u>
TOTAL PRODUCTION VALUE	2,874,355,227	2,886,073,588
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(22,606,691)	(22,702,964)
7.- Services	(796,076,537)	(811,621,123)
8.- Use of third-party assets	(683,584,442)	(827,564,408)
9.- Personnel		
a) wages and salaries	(667,317,613)	(652,641,661)
b) social security contributions	(188,537,942)	(184,260,706)
c) staff severance pay provision	(49,674,007)	(47,391,288)
d) pension and similar costs	(14,488,781)	(12,771,510)
e) other costs	(15,229,757)	(13,980,139)
	<u>(935,248,100)</u>	<u>(911,045,304)</u>
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(262,041,525)	(278,044,896)
b) depreciation of tangible assets	(59,008,617)	(59,977,592)
c) other non-current asset writedowns	(29,185,628)	(34,695,039)
d) writedowns of current receivables and cash and cash equivalents	(6,368,205)	(1,926,477)
	<u>(356,603,975)</u>	<u>(374,644,004)</u>
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(59,539)	241,832
12.- Provisions for risks	(9,560,966)	(15,611,421)
13.- Other provisions	(1,401,090)	(515,350)
14.- Other operating costs		
a) capital losses on disposal of assets	(3,587,370)	(1,075,628)
b) concession fee	(28,006,817)	(28,206,290)
c) other	(60,895,076)	(53,621,337)
	<u>(92,489,263)</u>	<u>(82,903,255)</u>
TOTAL PRODUCTION COSTS	(2,897,630,603)	(3,046,365,997)
Operating result	(23,275,376)	(160,292,409)

follows

Income Statement (in euros)

	31.12.2011	31.12.2010
C) FINANCIAL INCOME AND EXPENSE		
15.- Income from equity investments		
a) dividends from subsidiaries	80,098,357	57,601,686
b) dividends from associated companies	55,271	41,453
d) other income from equity investments	35,258	4,764,211
	<u>80,188,886</u>	<u>62,407,350</u>
16.- Other financial income		
a) from non-current receivables		
. other	35,431	11,292
	<u>35,431</u>	<u>11,292</u>
b) from non-current securities other than equity investments	87,875	73,201
d) financial income other than the above		
. interest and commissions from subsidiaries	7,070,152	4,179,022
. interest and commissions from others and miscellaneous income	591,886	341,824
	<u>7,662,038</u>	<u>4,520,846</u>
	<u>7,785,344</u>	<u>4,605,339</u>
17.- Interest and other financial expenses		
a) interest and commissions payable to subsidiaries	(408,535)	(146,506)
b) interest and commissions payable to associated companies	(6,379)	(1,523)
d) interest and commissions payable to others and miscellaneous charges	(9,399,666)	(4,924,452)
	<u>(9,814,580)</u>	<u>(5,072,481)</u>
17 bis.- Foreign exchange gains and losses	1,415,321	2,401,420
TOTAL FINANCIAL INCOME AND EXPENSES	79,574,971	64,341,628
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) of equity investments	2,676,671	465,456
	<u>2,676,671</u>	<u>465,456</u>
19.- Writedowns		
a) of equity investments	(6,434,045)	(3,051,490)
b) of non-current securities other than equity investments	(219,856)	(10,472)
	<u>(6,653,901)</u>	<u>(3,061,962)</u>
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	(3,977,230)	(2,596,506)
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
b) out-of-period gains and reversal of non-existent liabilities	14,443	415,357
	<u>14,443</u>	<u>415,357</u>
21.- Exceptional expense		
b) prior years' taxes	(410,386)	(171,649)
c) other	(4,375,908)	(45,298,000)
	<u>(4,786,294)</u>	<u>(45,469,649)</u>
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(4,771,851)	(45,054,292)
Result before taxes	47,550,514	(143,601,579)
22.- Current income taxes for the year, and deferred tax assets and liabilities	(8,212,000)	15,134,259
23.- Profit (loss) for the year	39,338,514	(128,467,320)





**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.

The company may enlist the aid of subsidiaries for activities relating to the performance of the pertinent services. Rai is also allowed to perform commercial and publishing activities connected to the dissemination of pictures, sound and data, as well as other related activities, either directly or through associated companies, as long as these activities do not influence the best pursuit of the public services for which it holds the concession and contribute to balanced company operation.

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 Consolidated Law governing audio-visual and radio media services, 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 and was approved with ministerial decree of 27 April 2011, published in Official Gazette of 27 June 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 2011 are prepared in accordance with to 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 Rai Trade SpA, which took place during the year, detailed schedules 41 and 42 have been drawn up.

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 sports 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, 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 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 non-current 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 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 conformity 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 the provision for bad debts 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 that 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		
31.12.2010 (a)				Changes during the year							31.12.2011				
	Costs	Amortisat.	Book value	Rai Trade merger			Increases and capitalis.	Reclassif.	Writedowns, eliminations and disposals	Amortisat.	Costs	Amortisat.	Book value		
				Costs	Amort.	Total									
Industrial patents and intellectual property rights:															
programmes	(b) 505,422	(250,448)	254,974	542	(419)	123	159,386	125,850	(3,486) (l)	(278,333)	779,265	(520,751)	258,514		
provision for impairment of programmes being amortised	(35,995)	-	(35,995)	-	-	-	-	-	25,406	(64,561)	25,406	(39,155)			
	469,427	(250,448)	218,979	542	(419)	123	159,386	125,850	(32,052)	(252,927)	714,704	(495,345)	219,359		
software licences	(c) 3,290	(1,468)	1,822	118	(44)	74	3,480	5	-	(2,297)	6,893	(3,809)	3,084		
	472,717	(251,916)	220,801	660	(463)	197	162,866	125,855	(32,052)	(255,224)	721,597	(499,154)	222,443		
Concessions, licences, trademarks and similar rights															
Digital terrestrial	(d) 199	(141)	58	132	(47)	85	11	-	-	(53)	342	(241)	101		
	40,537	(22,597)	17,940	-	-	-	-	-	-	(3,364)	40,537	(25,961)	14,576		
	40,736	(22,738)	17,998	132	(47)	85	11	-	-	(3,417)	40,879	(26,202)	14,677		
Intangible assets under development and payments on account:															
programmes	(e) 197,732	-	197,732	816	-	816	109,025	(125,850)	(618)	-	181,105	-	181,105		
software licences	891	-	891	-	-	-	319	(5)	-	-	1,205	-	1,205		
long-term costs relating to third-party property	1,618	-	1,618	-	-	-	110	(1,377) (h)	-	-	351	-	351		
other rights	1,850	-	1,850	-	-	-	200	-	-	-	2,050	-	2,050		
	202,091	-	202,091	816	-	816	109,654	(127,232)	(618)	-	184,711	-	184,711		
Other															
long-term costs relating to third-party property	(f) 47,336	(37,518)	9,818	858	(717)	141	3,381	(1,198) (i)	- (m)	(2,532)	37,165	(27,555)	9,610		
accessory charges on loans	(g) 1,610	(987)	623	-	-	-	2,310	-	-	(819)	3,920	(1,806)	2,114		
other rights	250	(200)	50	-	-	-	-	-	-	(50)	250	(250)	-		
	49,196	(38,705)	10,491	858	(717)	141	5,691	(1,198)	-	(3,401)	41,335	(29,611)	11,724		
	764,740	(313,359)	451,381	2,466	(1,227)	1,239	278,222	(2,575)	(32,670)	(262,042)	988,522	(554,967)	433,555		

(a) Includes only those values which 31.12.2010 have not been fully amortised, apart from the writedown provision for programmes under amortisation, disclosed net of the portion of use and of the 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 505,422 (250,448) 254,974 525,568 (267,054) 258,514
 . fully amortised 349,138 (349,138) - 253,697 (253,697) -
854,560 (599,586) 254,974 779,265 (520,751) 258,514

(c) Book values:
 . not fully amortised 3,290 (1,468) 1,822 5,777 (2,693) 3,084
 . fully amortised 710 (710) - 1,116 (1,116) -
4,000 (2,178) 1,822 6,893 (3,809) 3,084

(d) Book values:
 . not fully amortised 199 (141) 58 228 (127) 101
 . fully amortised 545 (545) - 114 (114) -
744 (686) 58 342 (241) 101

(e) Costs for the right to use intellectual property under production at 31 December 2010 and not yet transferred by the end of December 2011 to non-current assets under amortisation, refer to rights becoming valid after 31 December 2011 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 46,350 (36,532) 9,818 30,361 (20,751) 9,610
 . fully amortised - with contract in progress 986 (986) - 6,804 (6,804) -
47,336 (37,518) 9,818 37,165 (27,555) 9,610
 . fully amortised - with contract expired 24 (24) - - - -
47,360 (37,542) 9,818 37,165 (27,555) 9,610

(g) Book values:
 . not fully amortised 1,610 (987) 623 3,840 (1,726) 2,114
 . fully amortised 250 (200) 50 80 (80) -
1,860 (1,187) 673 3,920 (1,806) 2,114

(h) Reclassification:
 . to other intangible assets - long-term charges . costs (1,200)
 . to tangible assets . costs (177)
(1,377)

(i) Reclassification:
 . from non-current assets in progress and payments on account . costs 1,200
 . to tangible assets . costs (15,580)
 . amortisation 13,182
(1,198)

(l) Sales of which:
 . costs (11,935)
 . amortisation 8,449
(3,486)

(m) Eliminations, of which:
 . costs (30)
 . amortisation 30
-

Industrial patents and intellectual property rights. As indicated in Schedule 1, they amount to 222,443 thousand euros, as follows:

- 219,359 thousand euros for the cost of television programmes available for use, and compared with the figure as at 31 December 2010, shows a net increase of 380 thousand euros. This aforementioned increase is represented by the balance between the increase determined by the merger by incorporation of Rai Trade SpA (123 thousand euros), new assets for 285,236 thousand euros (of which 125,850 thousand euros transferred from *non-current assets under development and payments on account* for rights that became available during the year), sales (3,486 thousand euros), a writedown against the risk of non-transmission, repeatability or exploitation of certain programmes (28,566 thousand euros) and the amortisation charge for the year (252,927 thousand euros);
- 3,084 thousand euros refer to software licences, 1,822 thousand euros as at 31 December 2010, with a net increase of 1,262 thousand euros.

This value represents the balance between the increase determined by the merger by incorporation of Rai Trade SpA (74 thousand euros), new assets for 3,485 thousand euros (of which 5 thousand euros transferred from *Non-current assets under development and payments on account* for products that became available for use during the year), and the amortisation charge for the year (2,297 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 230,898 thousand euros (at 31 December 2010: 218,500 thousand euros);
- rights to television programmes owned or held under fixed-term licences amounting to 27,616 thousand euros (at 31 December 2010: 36,474 thousand euros).

Overall investments in television programmes made in 2011 amount to 268,411 thousand euros, including 109,025 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 2011, 205,355 thousand euros was invested in fiction programmes (series, miniseries, TV movies, soap operas etc.), 13,083 thousand euros in documentaries, 14,064 thousand euros in cartoons and comedy programmes, 24,200 thousand euros in football libraries and 11,709 thousand euros in other categories.

Concessions, licences, trademarks and similar rights. The item, which is stated net of accumulated amortisation, includes costs incurred on the acquisition of licences for digital terrestrial frequencies, and own trademarks. They total 14,677 thousand euros, of which 14,576 thousand euros relating to digital network frequencies.

Non-current assets under development and payments on account. The item amounts to 184,711 thousand euros, including:

- 181,105 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 2010, showing a net reduction of 16,627 thousand euros, as indicated in Schedule 1. Specifically, the aforementioned decrease is represented by the balance between the increase determined by the merger by incorporation of Rai Trade SpA (816 thousand euros), increases for new assets (109,025 thousand euros) and reductions 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 (125,850 thousand euros) and eliminations for programmes that were not made or were unusable (618 thousand euros);
- 1,205 thousand euros refer to software licences and, compared with the figure as at 31 December 2010, show a net increase of 314 thousand euros. The aforementioned increase is equal to the balance between increases for new assets (319 thousand euros) and reductions for items transferred to *Industrial patents and intellectual property rights* in that they relate to products that became usable during the year (5 thousand euros);
- 351 thousand euros refer to alterations and improvements underway on property under leasehold or concession and, compared with the figure as at 31 December 2010, show a net reduction of 1,267 thousand euros;
- 2,050 thousand euros refer 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 2010, show a net increase of 200 thousand euros.

For television programmes that have not yet become available, the total of 181,105 thousand euros includes:

- 122,229 thousand euros for television programmes owned by the Company that were not ready at 31 December 2011 or for which usage rights began after 31 December 2011 (at 31 December 2010: 151,957 thousand euros). These comprise costs of 9,039 thousand euros relating to the production of a long-running fiction series which has been interrupted for the moment following production problems with the company responsible for production;
- 58,876 thousand euros regarding third-party television programmes held on fixed-term licence beginning after 31 December 2011 (at 31 December 2010: 45,775 thousand euros).

Other intangible assets. The amount of 11,724 thousand euros includes:

- 9,610 thousand euros for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (at 31 December 2010: 9,818 thousand euros);
- 2,114 thousand euros for costs incurred, net of accumulated amortisation, on long-term loan agreements to be distributed throughout their duration (at 31 December 2010: 623 thousand euros);

The amount relating to 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 2010: 50 thousand euros) has been zeroed.

Tangible assets

These comprise the costs and related revaluations of non-current tangible assets with an economic 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 annual 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 2011 amount to 362,584 thousand euros, showing an overall net increase of 40,869 thousand euros on 31 December 2010. The aforementioned increase represents the balance between increases determined by the merger by incorporation of Rai Trade SpA (819 thousand euros) and new assets for 102,885 thousand euros, and reductions of 62,835 thousand euros, as detailed in Schedule 2.

Tangible assets and accumulated depreciation (thousands of euros)

Schedule 2

	31.12.2010					Changes during the year					31.12.2011						
	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value	Rai Trade Merger			Increases and capitalis.	Reclassif. (b)	Net eliminat. and transfers (a)	Standard depreciat.	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value
						Costs	Amort.	Total									
Land and buildings	452,504	605,101	(36,529)	(891,178)	129,898	-	-	-	55,705	5,518	(3,378)	(11,400)	516,033	562,010	(36,529)	(865,171)	176,343
Plant and machinery	1,219,892	13,685	-	(1,125,497)	108,080	3,510	(2,999)	511	18,658	12,331	(271)	(39,739)	1,205,395	8,292	-	(1,114,117)	99,570
Industrial and sales equipment	89,434	3,297	-	(87,586)	5,145	9	(9)	-	984	198	(15)	(1,966)	81,238	2,985	-	(79,877)	4,346
Other assets	101,071	1,014	-	(73,524)	28,561	2,109	(1,801)	308	3,125	577	(41)	(5,904)	100,363	983	-	(74,720)	26,626
Tangible assets under construction and payments on account	50,031	-	-	-	50,031	-	-	-	21,838	(16,049)	(121)	-	55,699	-	-	-	55,699
	1,912,932	623,097	(36,529)	(2,177,785)	321,715	5,628	(4,809)	819	100,310	2,575	(3,826)	(59,009)	1,958,728	574,270	(36,529)	(2,133,885)	362,584

(a) including:

. Costs - tangible assets	(75,898)
. Revaluations - tangible assets	(48,827)
. Depreciation - tangible assets	120,899
	<u>(3,826)</u>

(b) changes for reclassification from intangible assets under development

. Costs	15,756
. Depreciation	(13,181)
	<u>2,575</u>

It should be noted that new tangible assets recorded, which reflect investments made in the year, comprise 4,048 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, 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	3,745	Instalment payments of financial leases charged against income	814
+ Assets acquired under financial leases during the year	-	Financial charges on financial lease transactions	(35)
- Assets under financial leases acquired through end-lease purchase option during the year	-	Depreciation charge on outstanding contracts	(360)
- Depreciation for the year	(360)	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	3,385	Effect on result before taxes	419
		Tax effect	(137)
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	282
c) Liabilities:			
Implicit debt for financial leases at end of previous year	(1,992)		
+ Implicit debt arising during the year	-		
- Repayment of principal and exercise of purchase option during the year	779		
Implicit debt for financial leases at the end of the year	(1,213)		
d) Total gross effect at end of the year (a+b+c)	2,172		
e) Tax effect	(779)		
f) Effect on equity	1,393		

The gross value of revaluations recorded under *non-current tangible assets* is reported below, listed according to the applicable regulations:

- 36,514 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 45,250 thousand euros. This comprises property acquired by 31 December 1946, the gross value of which, amounting to 424 thousand euros, includes revaluation pursuant to Law 74 of 11 February 1952;
- 52,298 thousand euros gross in implementation of Law 413 of 30 December 1991;
- 485,458 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.

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 299,768 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 Schedules 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

	31.12.2010			Changes during the year					31.12.2011			
	Costs	Writedowns (a)	Book value	Acquisitions Subscript.	Disposals	Reclassific.	Writedowns (-) Writebacks (+)	Mergers/ Incorporat.	Loss coverage and share capital replenishment	Costs	Writedowns (a)	Book value
Subsidiaries												
Rai World SpA	5,297	(2,263)	3,034	-	-	-	940	3	-	5,300	(1,323)	3,977
Rai Cinema SpA	200,098	-	200,098	-	-	-	-	5	-	200,103	-	200,103
Rai Corporation	8,713	(2,042)	6,671	-	-	-	(5,015)	-	-	8,713	(7,057)	1,656
RaiNet SpA	47,900	(39,369)	8,531	-	-	-	1,720	-	-	47,900	(37,649)	10,251
Rai Trade SpA	5,165	-	5,165	-	-	-	-	(5,165)	-	-	-	-
Rai Way SpA	70,238	-	70,238	-	-	-	-	6	-	70,244	-	70,244
Sipra SpA	11,114	-	11,114	-	-	-	-	-	-	11,114	-	11,114
	348,525	(43,674)	304,851	-	-	-	(2,355)	(5,151)	-	343,374	(46,029)	297,345
Associated companies												
Audiradio Srl in liquidation	10	-	10	1,419	(1)	-	(1,419)	-	-	1,428	(1,419)	9
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	1,419	(1)	-	(1,419)	-	-	3,030	(1,419)	1,611
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)	-
Inf. Multimedia University Umbria SpA	52	(52)	-	-	-	-	-	-	-	52	(52)	-
Immobiliare Editori Giornali Srl	-	-	-	-	-	-	-	12	-	12	-	12
Ist. Enciclopedia Treccani SpA	478	(53)	425	35	-	-	15	-	-	513	(38)	475
	913	(163)	750	35	-	-	15	12	-	960	(148)	812

(a) Net of capital replenishment.

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 SpA	Rome	1,300	3,977	940	100.00%	3,977	3,977
Rai Cinema SpA	Rome	200,000	241,732	17,960	100.00%	241,732	200,103
Rai Corporation (1)	New York (USA)	386 (2)	1,656 (3)	(1,232) (4)	100.00%	1,656	1,656
RaiNet SpA	Milan	5,160	10,251	1,720	100.00%	10,251	10,251
Rai Way SpA	Rome	70,176	121,845	16,883	100.00%	121,845	70,244
Sipra SpA	Turin	10,000	31,892	6,162	100.00%	31,892	11,114
							297,345
Associated companies							
Audiradio Srl in liquidation	Milan	258	539 (5)	(432) (5)	27.00%	146 (5)	9
Auditel Srl	Milan	300	1,263 (6)	7 (6)	33.00%	417	10
San Marino RTV SpA	S. Marino (RSM)	516	5,387	(368)	50.00%	2,694	258
Euronews	Ecully (F)	3,849	21,330	1,309	21.54%	4,594	851
Tivù Srl	Rome	1,002	3,852	1,655	48.16%	1,855	483
							1,611

(1) The above values consider the charges connected to the closure of the company resolved on 29 November 2011.

(2) USD 500,000.00 at the exchange rate as at 31.12.2011 of 0.77286 euros

(3) USD 2,142,493 at the exchange rate as at 31.12.2011 of 0.77286 euros

(4) USD -1,593,611 at the exchange rate as at 31.12.2011 of 0.77286 euros

(5) The shareholding was valued with reference to the latest financial situation available, i.e. as at 30.09.2011, and to the subsequent determinations approved by the shareholders on 1 December 2011.

(6) Resulting from the financial statements as at 31.12.2010

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 (100% 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 company closed 2011 with a profit of 940 thousand euros and released part of the writedown provision to align the value of the investment to the company shareholders equity. Due to the merger by incorporation of Rai Trade into Rai, the latter acquired 100% ownership of the subsidiary.
- **Rai Cinema SpA (100% 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 2011, the company paid a dividend for 2010 of 55,426 thousand euros, which Rai recorded under *Income from equity investments*. 2011 ended with a net profit of 17,960 thousand euros. Due to the merger by incorporation of Rai Trade into Rai, the latter acquired 100% ownership of the subsidiary.
- **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 investment is carried at a gross value of 8,713 thousand euros, in that this includes the payment on account of share capital in US\$ 10,000,000 which was made during 2005. On 29 November 2011, Rai's Board of Directors resolved the closure of the company. Consequently, at 31 December 2011 the value of the holding, already written down at 31 December 2010 for 2,042 thousand euros, was further written down for 5,015 thousand euros to adjust it to the equity held in the company, at the exchange rate in force on 31 December 2011. The value of the company's equity considers the charges envisaged for the closure of the company.
- **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. At 31 December 2011 the gross value of the holding, 47,900 thousand euros which had been written down at 31 December 2010 by 39,369 thousand euros, was revalued by 1,720 thousand euros in view of the profit earned by the company in 2011. By resolution of 28-29 July 2010, Rai's Board of Directors approved the insourcing of the activities of RaiNet in Rai. The merger project was approved on 25 January 2011 by RaiNet's Board of Directors and

on 27 January 2011 by Rai's Board of the Directors. By resolution of 23-24 November 2011, Rai's Board of Directors confirmed the intention to go ahead with the merger by incorporation.

- *Rai Trade SpA* (100% Rai) With the deed of merger dated 23 February 2011, the resolution of the Board of Directors of Rai, passed in the meeting held on 1 December 2010, and the resolution of the Extraordinary Shareholders' Meeting of Rai Trade SpA, passed on 29 November 2010, were implemented, proceeding with the merger of the two companies by incorporation of Rai Trade SpA into RAI-Radiotelevisione Italiana SpA on the basis of the respective financial statements as at 30 June 2010, effective in economic and fiscal terms from 1 January 2011.
- *Rai Way SpA* (100% 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 2011 with a profit of 16,883 thousand euros. During 2011, the company paid a dividend for 2010 of 20,672 thousand euros, which Rai recorded under *Income from equity investments*. Due to the merger by incorporation of Rai Trade into Rai, the latter acquired 100% ownership of the subsidiary.
- *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 2011 with a profit of 6,162 thousand euros. During 2011 it paid a dividend of 4,000 thousand euros on the result for 2010, which was taken to *Income from equity investments*.

Equity investments in associated companies

- *Audiradio Srl* in liquidation (27% Rai): the share capital of 258 thousand euros is represented by 258,000 shares with a par value of 1 euro each. In January 2011, Rai sold part of its shares in compliance with the resolution passed by Rai's Board of Directors on 17 November 2010. Consequently, the share owned fell from 30.23% to 27%. The company Shareholders' Meeting held on 11 July 2011 resolved the early closure of the company. On 1 December 2011, the Shareholders' Meeting approved the company financial statements as at 31 December 2010, which highlight a 4,262 thousand euro reduction in shareholders' equity. During the same Meeting the shareholders resolved the settlement of the company losses, waiving their accounts receivable. This implied a 1,419 thousand euro increase of the gross value of the investment and the simultaneous writedown of this amount. The shareholding was valued with reference to the latest financial situation available, as at 30.09.2011, and to the subsequent determinations approved by the Shareholders in the Meeting held on 1 December 2011.
- *Auditel Srl* (33% Rai): the company's last approved financial statements date back to 31 December 2010. On said date, the share capital amounted to 300 thousand euros and consisted of 300,000 shares 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 2011 with a loss of 368 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* (21.54% Rai) : The share capital of 3,849 thousand euros is represented by 256,574 shares with a par value of 15 euros each. On 25 February 2011, the capital increase was resolved and subscribed by a single shareholder. Consequently the percentage owned by Rai fell from 22.84% to 21.54%. The company ended 2011 with a profit of 1,309 thousand euros.
- *Tivù Srl* (48.16% Rai): the company ended 2011 with a profit of 1,655 thousand euros. The share capital of 1,002 thousand euros was subscribed by Rai and by R.T.I. – Reti Televisive Italiane SpA – with equal holdings of 48.16%, by TI Media – Telecom Italia Media SpA – 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 2010, 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 liquidation – Consortium for the switchover from analogue to DTT in the Valle d'Aosta region*. The company, was put into liquidation by deed of 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.
- *Immobiliare Editori Giornali Srl (1.75% Rai)*: due to the merger by incorporation of Rai Trade into Rai, the latter acquired the value of the holding disclosed in the subsidiary's financial statements as at 31 December 2010. The investment consists of 23,815 pay shares and of 4,306 free share for a total of 28,121 shares with a par value of 0.51 euro each, out of a total of 1,608,000 shares making up the Share Capital of 1.75%.
- *Istituto Enciclopedia Treccani SpA (0.83% Rai)*: the company Shareholders' Meeting held on 28 April 2011 resolved the stock split by reducing the par value of the shares and increasing the share capital from 38,735,500 euros to 43,000,000 euros, offered by option to shareholders, which Rai subscribed. Following these resolutions, Rai became owner of 358,191 shares with a par value of 1 euro each and a script of 0.25 euro. The investment is carried at a gross value of 513 thousand euros, written down on 31 December 2010 by 53 thousand euros and revalued by 15 thousand euros thanks to the profit made by the company in 2011. The share capital is represented by 43,000,000 shares with a par value of 1.00 euro each.

Receivables

Receivables total 8,440 thousand euros, showing an increase of 3,240 thousand euros on 31 December 2010, net of a provision for bad debts amounting to 12,364 thousand euros, as can be seen in Schedule 5. In relation to this provision for bad debts, 11,936 thousand euros are allocated against the risk of failure to achieve commercial recovery of the advance payments made as the guaranteed minimum. Schedule 9 details their distribution by maturity and Schedule 10 by geographic area.

Receivables from subsidiaries: these consist of 11 thousand euros in guaranteed minimum towards Rai Cinema SpA relating to mandates for the sale of rights.

Receivables from others: disclosed for 8,429 thousand euros, they consist of 6,492 thousand euros of guaranteed minimums relating to mandates for the sale of rights and other commercial initiatives, 1,566 thousand euros of cautionary deposits and 371 thousand euros of loans disbursed to employees.

Non-current financial assets - Receivables (thousands of euros)

Schedule 5

	31.12.2010			Changes during the year						31.12.2011		
	Nominal value	Bad-debts provisions	Book value	Rai Trade Merger			Disbursements	Refunds	Writedowns (-) Writebacks (+)	Nominal value	Bad-debts provisions	Book value
				Costs	Writedowns	Total						
Due from Subsidiaries:												
- Rai Cinema - Guaranteed minimums on marketing mandates	-	-	-	178	(156)	22	..	(3)	(8)	175	(164)	11
	-	-	-	178	(156)	22	-	(3)	(8)	175	(164)	11
Due from others:												
- guaranteed minimums on marketing mandates	3,000	-	3,000	12,832	(12,474)	358	4,172	(1,740)	702 (a)	18,264	(11,772)	6,492
- employees	613	(179)	434	-	-	-	48	(111)	-	550	(179)	371
- guarantee deposits	1,766	-	1,766	-	-	-	88	(288)	-	1,566	-	1,566
- Ponteco	249	(249)	-	-	-	-	-	-	-	249	(249)	-
	5,628	(428)	5,200	12,832	(12,474)	358	4,308	(2,139)	702	20,629	(12,200)	8,429
	5,628	(428)	5,200	13,010	(12,630)	380	4,308	(2,142)	694	20,804	(12,364)	8,440

(a) of which:

- use	914
- allocations to provisions	(212)
	702

Other securities: these are carried at 3,737 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

	31.12.2010			Changes during the year					31.12.2011			Book value
	Costs	Revaluations (a)	Writedowns (a)	Book value	Acquisitions	Refunds	Revaluations (a)	Writedowns (-) Writebacks (+) (a)	Costs	Revaluations (a)	Writedowns (a)	
Fixed-income securities:												
- B.T.P.	2,322	-	(15)	2,307	-	-	-	(12)	2,322	-	(27)	2,295
- C.C.T.	1,501	4	(62)	1,443	-	-	-	(1)	1,501	4	(63)	1,442
	3,823	4	(77)	3,750	-	-	-	(13)	3,823	4	(90)	3,737
(a) issue and trading discounts		4	(77)					(13)		4	(90)	

Current assets

Inventories

Inventories amount to 1,366 thousand euros net of the inventory provision (at 31 December 2010: 926 thousand euros). As shown in Schedule 7, they comprise:

- *Raw materials, supplies and consumables*: these amount to 587 thousand euros net of the inventory provision for 13,660 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 products and merchandise*: these consist of inventories associated with the book and periodicals publishing business, amounting to 279 thousand euros net of a writedown of 578 thousand euros to bring them into line with their estimated realisable value, and by inventories associated with the commercial activity, amounting to 500 thousand euros net of a writedown of 133 thousand euros to bring them into line with their estimated realisable value.

Inventories (thousands of euros)					Schedule 7
	31.12.2010	Changes during the year			31.12.2011
		Rai Trade Merger	Increases (+) Decreases (-)	Balance of provisions made (-) and released (+)	
Raw materials, supplies and consumables	14,994	-	(747)	-	14,247
Inventory writedown provision	(14,348)	-	-	688	(13,660)
	646	-	(747)	688	587
Contract work in progress	-	9	(9)	-	-
Final inventories of finished products	280	444	55	-	779
	280	453	46	-	779
Total	926	453	(701)	688	1,366

Receivables

Receivables total 1,291,629 thousand euros, showing an increase of 253,403 thousand euros on 31 December 2010, as can be seen in Schedule 8, which gives a breakdown of receivables, components of value and the contribution deriving from the merger with Rai Trade 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
	31.12.2010			Changes during the year			31.12.2011	
	Rai Trade	Rai Trade Merger Derecognition	Rai + Rai Trade 01.01.2011	Balance of entries (+) repayments (-)	Utilisations/ releases	Allocation to provisions		
Customers								
. Government and other public entities for public broadcasting services	83,761	-	-	83,761	23,326	-	107,087	
. net receivables for licence fees	34,237	-	-	34,237	(22,084)	-	12,153	
. other receivables	181,976	54,284	-	236,260	21,530	-	257,790	
<i>less</i>								
. bad debt provision	(16,743)	(4,264)	-	(21,007)	-	2,228	(25,147)	
	283,231	50,020	-	333,251	22,772	2,228	351,883	
Subsidiaries								
. 01 Distribution Srl	455	-	-	455	(455)	-	-	
. Rai Corporation	146	-	-	146	(109)	-	37	
. Rai Trade SpA	12,522	-	(12,522)	-	-	-	-	
. Sipra SpA	320,596	555	-	321,151	2,474	-	323,625	
. Rai Way SpA	119,905	-	-	119,905	60,822	-	180,727	
. RaiNet SpA	1,222	-	-	1,222	1,208	-	2,430	
. Rai Cinema SpA	138,990	216	-	139,206	57,931	-	197,137	
. Rai World SpA	1,295	18	-	1,313	496	-	1,809	
<i>less</i>								
. bad debt provision (Rai Cinema)	-	(96)	-	(96)	-	30	(66)	
	595,131	693	(12,522)	583,302	122,367	30	705,699	
Associated companies								
. Tivù Srl	72	-	-	72	161	-	233	
. San Marino RTV	53	-	-	53	53	-	106	
. Auditel Srl	3	-	-	3	(3)	-	-	
. Euronews SA	-	-	-	-	1	-	1	
	128	-	-	128	212	-	340	
Holding companies								
	-	9,625	(9,625)	-	-	-	-	
Tax receivables	54,968	81	-	55,049	(6,417)	-	48,632	
Deferred tax assets	41,268	2	-	41,270	(13,355)	-	27,915	
Others								
. future sports events	35,765	-	-	35,765	87,638	-	123,403	
. payments on account to social security and welfare	10,831	-	-	10,831	3,205	-	14,036	
. payments on account to suppliers, collaborators, agents	7,835	-	-	7,835	1,414	-	9,249	
. personnel	6,073	-	-	6,073	288	-	6,361	
. other	4,968	1,399	-	6,367	(259)	-	6,108	
<i>less</i>								
. bad debt provision	(1,972)	(101)	-	(2,073)	-	76	(1,997)	
	63,500	1,298	-	64,798	92,286	76	157,160	
Total	1,038,226	61,719	(22,147)	1,077,798	217,865	2,334	1,291,629	

**Receivables, accrued income and prepaid expenses,
distributed by maturity and type** (thousands of euros)

Schedule 9

	31.12.2011				31.12.2010			
	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								
subsidiaries	11	-	-	11	-	-	-	-
others	218	7,273	938	8,429	203	3,948	1,049	5,200
	229	7,273	938	8,440	203	3,948	1,049	5,200
CURRENT RECEIVABLES								
Financial receivables								
subsidiaries	308,487	-	-	308,487	211,840	-	-	211,840
	308,487	-	-	308,487	211,840	-	-	211,840
Trade and other receivables								
customers	351,883	-	-	351,883	283,231	-	-	283,231
subsidiaries	397,212	-	-	397,212	383,291	-	-	383,291
associated companies	340	-	-	340	128	-	-	128
tax receivables	48,632	-	-	48,632	54,968	-	-	54,968
deferred tax assets	26,163	1,752	-	27,915	39,904	1,364	-	41,268
other:								
- future sports events	117,620	5,783	-	123,403	15,672	20,093	-	35,765
- other	33,757	-	-	33,757	27,735	-	-	27,735
	975,607	7,535	-	983,142	804,929	21,457	-	826,386
TOTAL CURRENT RECEIVABLES	1,284,094	7,535	-	1,291,629	1,016,769	21,457	-	1,038,226
Accrued income	32	-	-	32	58	-	-	58
Prepaid expenses	44,327	-	-	44,327	41,082	-	-	41,082
Total	1,328,682	14,808	938	1,344,428	1,058,112	25,405	1,049	1,084,566

Receivables - Distribution by geographical area (thousands of euros)

Schedule 10

	31.12.2011				31.12.2010			
	Italy	Other EU countries	Other countries	Book value	Italy	Other EU countries	Other countries	Book value
Non-current financial receivables								
subsidiaries	11	-	-	11	-	-	-	-
others	8,297	119	13	8,429	5,102	85	13	5,200
	8,308	119	13	8,440	5,102	85	13	5,200
Current receivables								
customers	338,106	10,519	3,258	351,883	277,254	5,416	561	283,231
subsidiaries	705,662	-	37	705,699	594,985	-	146	595,131
associated companies	233	1	106	340	75	-	53	128
tax receivables	48,632	-	-	48,632	54,968	-	-	54,968
deferred tax assets	27,915	-	-	27,915	41,268	-	-	41,268
other:								
- future sports events	26,782	9,595	87,025	123,402	18,420	10,614	6,731	35,765
- other	32,187	1,267	304	33,758	24,577	3,158	-	27,735
	1,179,517	21,382	90,730	1,291,629	1,011,547	19,188	7,491	1,038,226

Receivables, cash and equivalents and accrued income in foreign currency or exposed to exchange rate risk (thousands of euros)

Schedule 11

	31.12.2011				31.12.2010			
	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								
subsidiaries	175	-	(164)	11	-	-	-	-
others	20,623	6	(12,200)	8,429	5,622	6	(428)	5,200
	20,798	6	(12,364)	8,440	5,622	6	(428)	5,200
Current receivables								
customers	372,453	4,577	(25,147)	351,883	299,275	699	(16,743)	283,231
subsidiaries	705,728	37	(66)	705,699	594,985	146	-	595,131
associated companies	340	-	-	340	128	-	-	128
tax receivables	48,632	-	-	48,632	54,968	-	-	54,968
deferred tax assets	27,915	-	-	27,915	41,268	-	-	41,268
other:								
- future sports events	112,086	11,316		123,402	18,088	17,677		35,765
- other	35,364	391	(1,997)	33,758	29,549	158	(1,972)	27,735
	1,302,518	16,321	(27,210)	1,291,629	1,038,261	18,680	(18,715)	1,038,226
Cash and cash equivalents								
Bank and post office deposits	16,616	1,623	-	18,239	616	1,226	-	1,842
Cheques	21	-	-	21	27	-	-	27
Cash and cash equivalents on hand	400	-	-	400	409	-	-	409
	17,037	1,623	-	18,660	1,052	1,226	-	2,278
Accrued income								
	32	-	-	32	58	-	-	58
Total	1,340,385	17,950	(39,574)	1,318,761	1,044,993	19,912	(19,143)	1,045,762

Receivables from customers: these relate to trade receivables, excluding those from subsidiaries and associated companies, which are carried under separate headings. They total 351,883 thousand euros, with a nominal value of 377,030 thousand euros which has been written down by 25,147 thousand euros to bring them to their estimated realisable value and compared with 31 December 2010 they show an increase of 68,652 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 107,087 thousand euros, up 23,326 thousand euros on 31 December 2010, equivalent to the balance between the increase in invoices issued and for amounts accrued for 2011 less collections.

(thousands of euros)		
	2011	2010
Prime Minister's Office:		
- Operating grant to be transferred to San Marino RTV	3,099	3,099
- Radio, television and multimedia offering for the foreign market	45,192	24,039
- Broadcasting from Trieste in Slovenian	6,501	19,603
- Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	1,954	1,934
- 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	30,190	14,797
- Extension of the Rai 1 signal to Tunisia and subsequent maintenance	1	519
Total Prime Minister's Office	86,937	63,991
Ministries:		
- Economy and Finance: management of television licence fee collection	11,145	11,215
Regions:		
- Autonomous Region of Valle d'Aosta: management of equipment for reception of programmes from the French-speaking area	9,005	8,555
	107,087	83,761

The following should be noted in connection with the above receivables:

- Prime Minister's Office: receivables deriving from the television, radio and multimedia offering for broadcasting abroad refer to services rendered in 2010 for 25,000 euros and in 2011 for 20,192 thousand euros; receivables from broadcasts in Slovenian and French refer to services rendered in 2011, and those from broadcasts in German and Ladin relate to services rendered in 2010 for 15,389 euros and in 2011 for 14,801 thousand euros;
- Ministry of the Economy and Finance: in relation to the management of television licence fee collection, the receivable refers only to 2011;
- Autonomous Region of Valle d'Aosta: the receivable of 9,005 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 2011.
- *Net receivables for licence fees:* these amount to 12,153 thousand euros, down 22,084 thousand euros on 31 December 2010, representing licence fees not yet transferred to Rai. Activities, already successfully pursued in the previous year, will be launched 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 2012, in order to allow recovery, with liquidation of the fourth instalment of transfer of the fees, envisaged to take place in December 2012.
- *Other receivables:* these amount to nominal value 257,790 thousand euros, up 75,814 thousand Euros on 31 December 2010. They relate to the sale of rights, services of varying nature, etc.

Receivables from subsidiaries: these amount to nominal value 705,699 thousand euros (595,131 thousand euros at 31 December 2010) net of a provision for bad debts of 66 thousand euros, set up against the risk of non-recoverability of costs sustained in relation to commercial initiatives. They represent the year-end balance of transactions with subsidiaries, as shown in Schedule 8. They include financial receivables of 308,487 thousand euros (211,840 thousand euros at 31 December 2010) and non-financial receivables of 397,212 thousand euros (383,291 thousand euros at 31 December 2010).

Receivables from associated companies: these amount to 340 thousand euros (128 thousand euros at 31 December 2010) and represent the balance of non-financial transactions with Tivù (233 thousand euros), San Marino Rtv (106 thousand euros) and Euronews (1 thousand euros).

Tax receivables: these are carried at nominal value of 48,632 thousand euros (54,968 thousand euros at 31 December 2010). They comprise 41,040 thousand euros for the balance of Group VAT credits for tax refunds requested (including credit for IRES following the introduction of law which made the IRAP paid during previous tax years partly deductible) of 7,352 thousand euros and the remainder relating to minor items.

Deferred tax assets: these amount to 27,915 thousand euros and represent the credit deriving from items deductible on a deferred basis for tax purposes, as explained more fully in the section dealing with *income taxes*.

Details of deferred tax assets, regarding movements in 2011, 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 4.86% (average)	Total
Situation at 31 December 2010:					
- Tax loss	137,000	37,675	==	==	37,675
- Writedown of programmes	-	-	35,995	1,644	1,644
- Statutory/fiscal difference on amortisation of programmes	-	-	-	-	-
- Other timing differences	-	-	39,954	1,824	1,824
Total	137,000	37,675	75,949	3,468	41,143
- Deferred tax assets coming from Group companies	==	125	==	==	125
Deferred tax assets at start of year	137,000	37,800	75,949	3,468	41,268
Contribution of Rai Trade	-	-	44	2	2
Movements in the year:					
- Alignment of prior year tax loss	2,432	669	==	==	669
- Tax loss	57,500	15,813	==	==	15,813
- Writedown of programmes	19,717	5,422	3,160	260	5,682
- Statutory/fiscal difference on amortisation of programmes	11,344	3,120	==	==	3,120
- Other timing differences	-	-	(5,903)	(170)	(170)
Changes having effect on income	90,993	25,024	(2,743)	90	25,114
Compensation of taxable amounts by effect of the consolidated taxation arrangement	(139,432)	(38,469)	-	0	(38,469)
Total changes in the year	(48,439)	(13,445)	(2,743)	90	(13,355)
Balance at 31 December 2011:					
- Tax loss	57,500	15,813	==	==	15,813
- Writedown of programmes	19,717	5,422	39,155	1,903	7,325
- Statutory/fiscal difference on amortisation of programmes	11,344	3,120	==	==	3,120
- Other timing differences	-	-	34,096	1,657	1,657
Total	88,561	24,355	73,251	3,560	27,915
- Deferred tax assets coming from Group companies	==	-	==	==	-
Deferred tax assets at end of year	88,561	24,355	73,251	3,560	27,915

Receivables from others: these amount to 157,160 thousand euros (63,500 thousand euros at 31 December 2010). Net of writedowns of 1,997 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 123,403 thousand euros;
- *advances to Social Security Institutions* on contributions payable for artistic activities and other, carried at nominal value of 14,036 thousand euros;
- *miscellaneous advances to suppliers* carried at nominal value of 9,249 thousand euros;
- *receivables from personnel* carried at nominal 6,361 thousand euros. They are entirely composed of advances of various types, mainly for travel expenses (2,488 thousand euros) and production expenses (1,574 thousand euros);
- *receivables from the European Union for subsidies and grants* for nominal 835 thousand euros, consisting entirely of receivables for research projects;
- *receivables from others*, carried at nominal value of 5,273 thousand euros.

Cash and cash equivalents

These are listed in Schedule 12, and comprise:

- Bank and post office deposits: these amount to 18,239 thousand euros (1,842 thousand euros at 31 December 2010). They represent sight or short-term balances on deposit or current accounts with banks, financial institutions and the Post Office.
- Cheques: these amount to 21 thousand euros (27 thousand euros at 31 December 2010).
- Cash and cash equivalents on hand: these amount to 400 thousand euros (409 thousand euros at 31 December 2010) 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 2011.

Schedule 11 gives a breakdown of the caption by 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
	31.12.2010	Changes during the year			Balance of movements	31.12.2011
		Rai Trade	Rai Trade Merger Derecognition	Rai + Rai Trade 01.01.2011		
Bank and post office deposits	1,842	..	-	1,842	16,397	18,239
Cheques	27	-	-	27	(6)	21
Cash and cash equivalents on hand	409	1	-	410	(10)	400
Total	2,278	1	-	2,279	16,381	18,660

Accrued income and prepaid expenses

Accrued income and prepaid expenses total 44,359 thousand euros. They are detailed in Schedule 13.

Accrued income and prepaid expenses (thousands of euros)						Schedule 13
	31.12.2010	Changes during the year			Balance of movements	31.12.2011
		Rai Trade	Derecognition	Rai + Rai Trade 01.01.2010		
Prepaid expenses:						
. sports event filming rights	34,005	-	-	34,005	1,150	35,155
. hire costs	2,707	-	-	2,707	816	3,523
. software licenses	2,120	-	-	2,120	531	2,651
. association dues	-	-	-	-	770	770
. various production services	700	-	-	700	(172)	528
. programme production exclusives	775	-	-	775	(300)	475
. EDP	50	-	-	50	153	203
. insurance and accident prevention	29	-	-	29	146	175
. commissions on guarantee policies	63	-	-	63	54	117
. rent	107	-	-	107	(1)	106
. maintenance and repairs	45	-	-	45	61	106
. Rai Way service costs	185	-	-	185	(84)	101
. premiums payable on currency hedges	262	-	-	262	(200)	62
. documentation and information services	-	-	-	-	5	5
. telephone bills	1	-	-	1	(1)	-
. other	33	923	-	956	(606)	350
	41,082	923	-	42,005	2,322	44,327
Accrued income:						
. premiums earned on foreign currency hedges	58	-	-	58	(33)	25
. interest income on securities deposited for cautionary purposes	-	-	-	-	6	6
. interest income on current accounts	-	-	-	-	1	1
	58	-	-	58	(26)	32
Total	41,140	923	-	42,063	2,296	44,359

Liabilities

Shareholders' equity

Shareholders' equity totals 427,548 thousand euros.

The components of shareholders' equity and the effects of operations carried out in 2011 and the previous year are shown in Schedule 14.

Schedule 15 presents the classification of the shareholders' equity items in compliance with 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

	31.12.2009	Changes during the year			31.12.2010	Changes during the year			31.12.2011
		RaiSat Merger	Loss coverage for the year	Loss for the year		Rai Trade 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:									
- merger surplus	327,544	6,160	(79,930)	-	253,774	13,407	(128,467)	-	138,714
Profit / (Loss) for the year	(79,930)	-	79,930	(128,467)	(128,467)	-	128,467	39,339	39,339
	497,109	6,160	-	(128,467)	374,802	13,407	-	39,339	427,548
(a) number of 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 three 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	138,714	1-2-3	138,714	222,246	-
- other reserves	-			16,039	
Profits brought forward	-			5,860	
Profit for the year	39,339	1-2-3	39,339		
Total available			185,030	245,407	-
Non-distributable share:					
Legal reserve			(6,977)		
5% profit for the period			(1,967)		
Exchange valuation gains			(928)		
Total distributable			175,158		

Key:

1: for capital increase – 2: for coverage of losses – 3: for distribution to Shareholders

Share Capital

At 31 December 2011 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 138,714 thousand euros which refer entirely to the merger surplus. The merger by incorporation of Rai Trade determined the booking of a merger surplus of 13,407 thousand euros, broken down as follows:

thousands of euros	
Rai Trade Shareholders' Equity at 31 December 2010	18,572
– Book value of Rai Trade in Rai at 31 December 2010	(5,165)
Merger surplus	13,407

Profit for the year

This amounts to 39,338,513.88 euros.

Provisions for risks and charges

These amount to 387,967 thousand euros, down 218 thousand euros net on 31 December 2010. The breakdown of these items and details of the reduction 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

	31.12.2010	Rai Trade Merger	Provisions made	Direct utilisations	Transferred to income statement	Reclassifications	31.12.2011
Provision for pension and similar liabilities:							
- supplementary seniority benefits	1,350	-	53 (a)	(247)	(85) (h)	-	1,071
- retirement benefits	286	-	7 (a)	(13)	-	(41)	239
- supplementary company pension fund	148,866	-	16,034 (b)	(11,429)	-	40	153,511
	150,502	-	16,094	(11,689)	(85)	(1)	154,821
Provision for taxes	9,889	-	-	(2,674)	-	-	7,215
Other:							
- litigation	103,000	2,839	14,702 (c)	(14,741)	-	-	105,800
- doubtful receivables from concession holders Sipra and Rai Trade for Rai share (*)	22,000	-	-	(4,438)	(3,462) (h)	-	14,100
- renovation and restructuring of properties	21,647	-	-	(1,281)	-	-	20,366
- staff resignation incentives	17,792	-	-	(12,306)	-	(5,486)	-
- litigation with social security institutions	17,000	-	-	-	-	-	17,000
- accrued costs	7,615	-	26,968 (g)	(3,575)	-	-	31,008
- lease disputes	3,283	-	82 (e)	(8)	-	-	3,357
- disputes with controlling bodies	3,000	-	-	(112)	(1,388) (h)	-	1,500
- risks of non-usability of non-current assets (**)	2,400	-	-	-	(200) (h)	-	2,200
- miscellaneous:							
. for liabilities	16,090	-	1,820 (d)	(407)	(1,484) (i)	-	16,019
. for risks	13,531	2,953	5,244 (f)	(5,039)	(2,108) (h)	-	14,581
	227,358	5,792	48,816	(41,907)	(8,642)	(5,486)	225,931
Total	387,749	5,792	64,910	(56,270)	(8,727)	(5,487)	387,967

(*) the provision as at 31 December 2011 relates exclusively to Sipra

(**) including:	- programmes under development	611	(d) contra-accounts:	item B 9 a) personnel costs	419
	- technical	1,589		item B 13 other provisions	1,401
(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	2,190	(f) contra-accounts:	item B 12 provisions for risks	5,228
	item B 14 c) other operating costs	13,844		item C 17 d) various financial charges	16
(c) contra-accounts:	item B 9 e) other personnel costs	10,451	(g) contra-accounts:	item B 9 a) wages and salaries	21,315
	item B 12 provisions for risks	4,251		item B 9 b) welfare and social security charges	5,653
			(h) contra-account:	item A 5 c) other production-related income	
			(i) contra-accounts:	item A 5 c) other revenues and income	1,483
				item D 18 a) revaluation of equity investments	1

Provision for pension and similar liabilities: this amounts to 154,821 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 1,071 thousand euros (1,350 thousand euros at 31 December 2010): 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 239 thousand euros (286 thousand euros at 31 December 2010), 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 153,511 thousand euros (148,866 thousand euros at 31 December 2010) and includes:
 - 144,578 thousand euros for supplementary pension benefits currently being paid (139,638 thousand euros at 31 December 2010). It consists 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;
 - 8,933 thousand euros (9,228 thousand euros at 31 December 2010) 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 7,215 thousand euros (9,889 thousand euros at 31 December 2010). The following table shows a breakdown of the item and changes during 2011.

Deferred tax reserve (thousands of euros)

	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.86% (average)	Total
Balance 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 amortisation on programmes	-	-	34,260	1,564	1,564
- Accelerated depreciation for tax purposes non-current tangible assets	24,794	6,818	21,876	999	7,817
Deferred tax provision at beginning of year	25,560	7,029	56,136	2,563	9,889
Movements in the year					
- Tax assessment 1975					0
- Tax charge for long-term loan	319	88	==	==	88
- Neutralisation of foreign exchange valuations	217	59	==	==	59
- Higher tax amortisation on programmes	-	-	(11,420)	(454)	(454)
- Accelerated depreciation for tax purposes non-current tangible assets	(7,554)	(2,077)	(7,292)	(290)	(2,367)
Total changes in the year	(7,018)	(1,930)	(18,712)	(744)	(2,674)
Balance at 31 December 2011:					
- Tax assessment 1975					297
- Tax charge for long-term loan	512	141	==	==	141
- Neutralisation of foreign exchange valuations	790	217	==	==	217
- Higher tax amortisation on programmes	-	-	22,840	1,110	1,110
- Accelerated depreciation for tax purposes non-current tangible assets	17,240	4,741	14,584	709	5,450
Deferred tax provision at end of year	18,542	5,099	37,424	1,819	7,215

Other provisions: these amount to 225,931 thousand euros (227,358 thousand euros at 31 December 2010). 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 risks and charges* is the best estimate of the likely charges based on the most up-to-date information available.

Provision for staff severance pay

The provision totals 296,114 thousand euros (305,142 thousand euros at 31 December 2010). 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 Budget Law 2007 (Law 296 of 27 December), 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 breakdown of the caption and changes during the year are shown in Schedule 17.

Provision for staff severance pay (thousands of euros)							Schedule 17
		Changes during the year					
31.12.2010	Rai Trade Merger	Provisions	Severance pay disbursed	Staff transfers	Transfer to INPS supplementary retirement funds	Other movements	31.12.2011
305,142	1,465	49,674	(20,824)	97	(38,248)	(1,192)	296,114

Payables

These amount to 1,307,705 thousand euros, down 252,242 thousand euros on 31 December 2010.

More specifically, amounts due to banks total 282,527 thousand euros, with a net increase of 134,548 thousand euros on the figure disclosed in the 2010 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 Rai Trade 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 89% relates to Italian residents and about 9% relates to non-EU residents.

Payables (thousands of euros)

Schedule 18

	31.12.2010	Changes during the year			Balance of new positions (+) and repayments (-)	31.12.2011
		Rai Trade Merger Rai Trade	Derecognition	Rai + Rai Trade 01.01.2011		
Due to banks	147,979	-	-	147,979	134,548	282,527
Advances	747	2,643	-	3,390	(313)	3,077
Suppliers	557,103	21,411	-	578,514	80,172	658,686
Subsidiaries	(a) 166,657	905	(9,625)	157,937	19,344	177,281
Associated companies	(b) 5,646	-	-	5,646	(1,390)	4,256
Holding companies	-	12,522	(12,522)	-	-	-
Taxes payable	71,806	289	-	72,095	(4,430)	67,665
Welfare and social security institutions	45,030	351	-	45,381	2,444	47,825
Other payables	60,495	1,581	-	62,076	4,312	66,388
	1,055.463	39,702	(22,147)	1,073.018	234,687	1,307.705
(a) including:						
- Rai Cinema	4,399	807	-	5,206	5,062	10,268
- Rai Corporation	6,698	-	-	6,698	755	7,453
- RaiNet	10,753	8	-	10,761	3,023	13,784
- Rai Way	73,315	90	-	73,405	27,430	100,835
- Rai World	5,255	-	-	5,255	2,003	7,258
- Sipra	53,948	-	-	53,948	(16,265)	37,683
- Rai Trade	9,625	-	(9,625)	-	-	-
- 01 Distribution	2,664	-	-	2,664	(2,664)	-
	166,657	905	(9,625)	157,937	19,344	177,281
(b) including:						
- Auditel	-	-	-	-	5	5
- San Marino RTV	4,660	-	-	4,660	(1,116)	3,544
- Tivù	690	-	-	690	17	707
- Audiradio	296	-	-	296	(296)	-
	5,646	-	-	5,646	(1,390)	4,256

**Payables, and accrued expenses and deferred income,
by maturity and type** (thousands of euros)

Schedule 19

	31.12.2011				31.12.2010			
	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:								
Due to banks	-	210,000	-	210,000	-	-	-	-
Short-term financial debt:								
Due to banks	72,527	-	-	72,527	147,979	-	-	147,979
Suppliers	-	-	-	-	123	-	-	123
Subsidiaries	43,353	-	-	43,353	60,676	-	-	60,676
Associated companies	438	-	-	438	1,560	-	-	1,560
	116,318	-	-	116,318	210,338	-	-	210,338
Trade and other payables:								
Advances	3,077	-	-	3,077	747	-	-	747
Suppliers	658,686	-	-	658,686	556,980	-	-	556,980
Subsidiaries	133,928	-	-	133,928	105,981	-	-	105,981
Associated companies	3,818	-	-	3,818	4,086	-	-	4,086
Taxes payable	67,665	-	-	67,665	71,806	-	-	71,806
Welfare and social security institutions	47,825	-	-	47,825	45,030	-	-	45,030
Other payables	66,388	-	-	66,388	60,495	-	-	60,495
	981,387	-	-	981,387	845,125	-	-	845,125
Total payables	1,097,705	210,000	-	1,307,705	1,055,463	-	-	1,055,463
Accrued expenses	37	-	-	37	91	-	-	91
Deferred income	44,727	-	-	44,727	48,582	-	-	48,582
Total	1,142,469	210,000	-	1,352,469	1,104,136	-	-	1,104,136

**Payables and accrued expenses in foreign currency or exposed
to exchange rate risk** (thousands of euros)

Schedule 20

	31.12.2011			31.12.2010		
	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	282,489	38	282,527	147,958	21	147,979
Suppliers	646,325	12,361	658,686	542,161	14,942	557,103
Subsidiaries	169,828	7,453	177,281	159,959	6,698	166,657
Associated companies	4,256	-	4,256	5,646	-	5,646
Taxes payable	67,665	-	67,665	71,806	-	71,806
Welfare and social security institutions	47,825	-	47,825	45,030	-	45,030
Other payables	66,340	48	66,388	60,486	9	60,495
Total payables (a)	1,284,728	19,900	1,304,628	1,033,046	21,670	1,054,716
Accrued expenses	37	-	37	91	-	91
Total	1,284,765	19,900	1,304,665	1,033,137	21,670	1,054,807

(a) Does not include Advances.

The notes indicated hereunder provide further details on the contents of the individual items.

Due to banks: these amount to 282,527 thousand euros (147,979 thousand euros at 31 December 2010) and consist of:

- 210,000 thousand euros of *amounts payable after the next year*, belonging to an unsecured loan taken out in May 2011 with five banks. The loan, which can be extended up to a maximum of 295 million euros, envisages full repayment by 31.12.2015, amortisable from June 2013, in constant six-monthly instalments. This loan, converted in observance of the company policy for about 70% at a fixed rate through an *Interest Rate Swap* is destined to hedge investments in Digital Terrestrial and on the radio and television offering, as well as other production investments. The loan envisages the observance of two parametric/equity indexes to calculate on the consolidated financial statements, and they have been fully observed.
- 72,527 thousand euros, representing the negative balance of current account overdrafts with certain banks.

Advances: these amount to 3,077 thousand euros (747 thousand euros at 31 December 2010), relating entirely to miscellaneous advances.

Due to suppliers: these amount to 658,686 thousand euros (557,103 thousand euros at 31 December 2010). They refer entirely to non-financial payables (556,980 thousand euros at 31 December 2010). Financial payables were zeroed during the year (123 thousand euros at 31 December 2010).

Accounts payable to subsidiaries: these amount to 177,281 thousand euros (166,657 thousand euros at 31 December 2010), as detailed in Schedule 18. They include financial debt for 43,353 thousand euros (60,676 thousand euros at 31 December 2010) and non-financial payables of 133,928 thousand euros (105,981 thousand euros at 31 December 2010).

Accounts payable to associated companies: these amount to 4,256 thousand euros (5,646 thousand euros at 31 December 2010), as detailed in Schedule 18. They include financial debt for 438 thousand euros (1,560 thousand euros at 31 December 2010) and non-financial payables of 3,818 thousand euros (4,086 thousand euros at 31 December 2010).

Taxes payable: these amount to 67,665 thousand euros (71,806 thousand euros at 31 December 2010). They consist of:

(thousands of euros)		
	2011	2010
- Tax withholdings on earnings of employees and free-lance workers to be paid over	30,442	30,745
- IRES under taxation arrangements on consolidated basis	21,894	38,070
- IRAP relating to the year	9,316	-
- Deferred VAT	5,400	2,478
- Other withholdings and "substitute" taxes	613	513
Total	67,665	71,806

As regards debt in relation to IRES, as reported in the accounting policies, the company has opted for group taxation, transferring to the itself, as the consolidating entity, the activities inherent in the liquidation and payment of the tax with regard to the following companies: Rai World, Rai Cinema, Rai Way, Rai Net and Sipra, within the consolidated taxation arrangement. The national tax consolidation option was renewed for all the companies until the tax year ending 31 December 2012, with the exception of Sipra, for which the option is exercised until 31 December 2013.

Welfare and social security institutions: these payables amount to 47,825 thousand euros (45,030 thousand euros at 31 December 2010). 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)		
	2011	2010
- ENPALS	16,449	14,170
- INPGI	17,194	16,305
- Contributions on assessed remuneration	6,814	6,963
- INPS	5,637	5,810
- Other	1,731	1,782
Total	47,825	45,030

Other payables: these amount to 66,388 thousand euros (60,495 thousand euros at 31 December 2010) and consist of:

(thousands of euros)		
	2011	2010
- Employees for assessed remuneration	46,133	40,506
- Other for assessed pertinent remuneration	5,753	5,550
- FCPGI	9,685	9,896
- FIPDRAI	-	5
- Other	4,817	4,538
Total	66,388	60,495

Accrued expenses and deferred income

This caption totals 44,764 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		
	31.12.2010	Balance of movements	31.12.2011
Deferred income:			
. contribution for switchover to digital terrestrial broadcasting	46,758	(4,128)	42,630
. transmission and related rights on own productions	535	885	1,420
. special subscriptions	379	53	432
. sponsorship of minor FIFA events	208	(46)	162
. teletext services	76	(8)	68
. repayment of programme production costs	616	(616)	-
. other	10	5	15
	48,582	(3,855)	44,727
Accrued expenses:			
. commitment fees on credit lines	20	1	21
. interest on rate hedging operations	-	8	8
. interest on short-term loans	41	(36)	5
. premiums payable on currency hedges	30	(27)	3
	91	(54)	37
Total	48,673	(3,909)	44,764

The caption contains the entire amount contributed of 42,630 thousand euros, net of the amount already booked to the income statement, disbursed by the Ministry for Communications since 2007 in support of initiatives to accelerate the switchover 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 549,932 thousand euros. A breakdown by type is provided in the table attached to the Parent Company balance sheet.

Unsecured guarantees granted (thousands of euros)		Schedule 22
	31.12.2011	31.12.2010
Unsecured guarantees granted for sureties:		
In favour of subsidiaries		
- for Group VAT	57,237	77,826
- other	2,468	4,520
	59,705	82,346
In favour of associated companies	2,582	2,582
In favour of others	2,010	134
	64,297	85,062
Unsecured guarantees granted - others		
In favour of subsidiaries	2,009	1,946
	2,009	1,946
Total	66,306	87,008

Secured guarantees granted (thousands of euros)		follows Schedule 22
	31.12.2011	31.12.2010
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		
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
	31.12.2011	31.12.2010
Purchase commitments:		
- Dear property complex - Rome	-	50,500
	-	50,500
Sales commitments		
	-	-
Derivative financial contracts on behalf of Rai Cinema:		
- future currency purchases	5,915	18,342
- options strategies acquired in foreign currencies (collars)	39,539	43,515
	45,454	61,857
Total	45,454	112,357

The terms of the hedge contracts covering the specific company commitments or those taken on for the subsidiary Rai Cinema SpA relating to its 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.

Other memorandum accounts (thousands of euros)

Schedule 24

	31.12.2011	31.12.2010
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) 36,873	27,231
- Banca 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) 151,668	133,874
- Banca San Paolo IMI covering advance granted to Michele Alberico	(a) 10	10
- 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 the Municipality of Genoa	(a) 37	37
- Credito Bergamasco-guarantee for Sky Italia	(a) 21,600	10,800
- Banca Popolare di Sondrio covering the obligations undertaken with the subscription of the contractual renewal relating to the Auditorium Foro Italico	(a) 285	285
- Banca Intesa San Paolo - guarantee for Andrea Bosco	(a) 52	-
Other:		
- E.RAS. comfort letters issued on behalf of San Marino RTV for credit line agreed by us	(a) 516	516
	214,814	176,526
Leased assets received	1,255	2,129
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	2,429	2,633
Third party assets held under free loan for use, custody, leased or for similar reasons	1,361	1,257
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	13,500	40,500
- UniCredit for guarantee granted to UEFA for sports rights relating to the 2010 European Football Championship	20,980	-
- 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	23,673	23,838
- Banca Popolare di Novara for guarantee granted to Enipower Trading SpA	-	520
- Banca Intesa - Cariplo for guarantee granted to Enel Trade guaranteeing electricity supply	697	697
- Banca Intesa - for guarantee granted to Dear Srl	35,036	-
- Banca Intesa San Paolo SpA for guarantees granted to different companies for presentation of bids for tender	21,827	27
- San Paolo IMI for guarantee granted to FIFA covering payment of sporting rights relating to the 2010 World Football Championships	35,000	17,500
- Other guarantees	5,048	10,460
	160,620	98,401
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	1,079	422
- Sums not available at Bancoposta due to restriction by attachments	155	1
- Sums not available in correspondence current account with the subsidiary Sipra due to restriction by attachment	2,164	2,164
	3,400	2,589
Total	383,879	283,535

(a) against obligations of others

(b) against receivables

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.

At 31 December 2011 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 31.12.2011 thousands of USD	Fair value at 31.12.2011 thousands of euros
Derivative financial instruments for hedges		
- on exchange rates (1):		
. futures purchased and swaps	2,850	71
. optional currency purchase strategies (collars)	43,650	3,737
. currency options	3,700	208
	50,200	4,016
- on interest rates (2)		
. Interest Rate Swap	see note (3)	(6,065)
		(6,065)
Hedges for the account of Rai Cinema		
- on exchange rates (4):		
. futures purchased and swaps	7,700	25
. optional currency purchase strategies (collars)	54,000	2,299
. currency options	-	-
	61,700	2,324

(1) The transactions are carried out to hedge commercial agreements in USD, in observance of the Group policy.

(2) Irs transactions to hedge the medium-term loan of Rai SpA.

(3) Reference notional 205 million euros

(4) The transactions are carried out on behalf of Rai Cinema under a specific mandate, to hedge commercial agreements entered into by the company in USD, in observance of the Group policy.

6) Income Statement

Production value

Revenues from sales and services: these amount to 2,751,712 thousand euros (2,740,323 thousand euros at 31 December 2010). 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 2011	Year 2010
Revenues from sales	891	835
Revenues from services:		
- Licence fees:		
. private subscriptions	1,624,874	1,600,498
. special subscriptions	64,178	60,947
	1,689,052	1,661,445
- General-interest TV advertising:		
. tabular	734,749	791,923
. TV promotions	31,053	39,225
. sponsorships	32,456	39,052
. product placement	1,709	227
	799,967	870,427
- Radio advertising:		
. tabular	34,439	38,813
. radio promotions	929	910
. sponsorships	5,117	6,256
	40,485	45,979
- Specialist channel TV advertising	41,280	24,085
- Other advertising	2,162	1,918
	883,894	942,409
- Special services under agreements	54,907	58,799
- Other services:		
. sale of transmission rights and distribution of programmes	103,468	52,706
. telephone facilities	5,059	5,986
. production services	1,151	4,783
. television broadcasting services through digital terrestrial techniques	4,494	4,537
. teletext services	350	739
. miscellaneous	8,446	8,084
	122,968	76,835
	2,750,821	2,739,488
Total	2,751,712	2,740,323

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 2010, totalling over 1.7 billion euros, of which more than 300 million euros refer to 2010 alone. In 2011, Rai requested, issuing warnings to such effect, the payment of the sums owing to it, as highlighted on the separate accounting forms, as well as interest matured and to mature.

For 2011, 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: the positive amount of 55 thousand euros (up 59 thousand euros on 31 December 2010) expresses the increase in the value of inventories associated with the commercial activity.

Changes in work contracts in progress: the amount of 9 thousand euros refers to costs deferred in 2010, deriving from the merger of Rai Trade.

Internal cost capitalisations: the amount of 13,999 thousand euros (14,200 thousand euros at 31 December 2010) 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 2011	Year 2010	
Intangible assets	9,951	8,276	
Tangible assets	4,048	5,924	
Total	13,999	14,200	

Other production-related income: this amounts to 108,598 thousand euros (131,492 thousand euros at 31 December 2010), as detailed in Schedule 28.

Other production-related income (thousands of euros)		Schedule 28	
	Year 2011	Year 2010	
Operating grants	7,663	6,633	
Gains on disposals	217	1,704	
Other			
Recovery and reimbursement of expenses	15,822	20,863	
Prior-year license fees	19,291	23,972	
Other out-of-period gains	26,462	32,823	
Provisions released	8,810	16,376	
Income from real estate investments	238	587	
Other income from equity investments:			
- Rai Way service contract	15,702	15,680	
- Rai Cinema service contract	10,010	8,651	
- RaiNet service contract	1,117	1,368	
- other	2,389	2,045	
Miscellaneous	877	790	
	100,718	123,155	
Total	108,598	131,492	

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 22,607 thousand euros (22,703 thousand euros at 31 December 2010), 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, consumable materials and goods (thousands of euros)

Schedule 29

	Year 2011	Year 2010
Technical materials for inventory	3,657	3,900
Miscellaneous production materials	5,178	5,149
Miscellaneous non-production materials	11,277	11,372
Other materials	2,510	2,293
Discounts, allowances and premiums on purchases of goods	(15)	(11)
Total	22,607	22,703

Services: these amount to 796,077 thousand euros (811,621 thousand euros at 31 December 2010) 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 2011	Year 2010
Freelance services	138,608	140,977
Services for acquisition and production of programmes	154,632	165,037
Ancillary services for the acquisition and production of programmes	61,791	61,721
Allowances, travel expenses and transfer of personnel	24,397	28,926
Ancillary personnel service costs	11,017	10,929
Maintenance and repairs	19,222	20,098
Documentation and information services	43,121	44,731
Insurance and accident prevention	17,906	18,396
Advertising and promotion	7,034	7,666
General services	68,622	72,886
Supply services	22,170	19,427
Expenses for the promotion and distribution of our products	4,040	6,444
Signal broadcasting and transport under service contract and other Rai Way costs	190,335	184,909
Services under RaiNet contract	6,806	6,706
Other	26,376	22,768
Total	796,077	811,621

Among other things, they include emoluments, remuneration for special functions and reimbursement of expenses paid to Directors for 1,901 thousand euros and to Statutory Auditors for 189 thousand euros. To provide a complete picture of the situation, following the merger by incorporation of Rai Trade Spa into Rai SpA, the caption discloses costs of 19 thousand euros for the directors of the incorporated company.

They also include 88 thousand euros of expenses for the annual independent audit, 132 thousand euros for other independent auditing services, and 16 thousand euros for other services.

Use of third-party assets: these amount to 683,584 thousand euros (827,564 thousand euros at 31 December 2010) and include 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 2011	Year 2010
Lease instalments	814	784
Rent and hire costs	65,818	65,967
Usage rights	101,487	107,125
Filming rights	212,600	293,146
Acquisition of viewing rights from Rai Cinema	294,049	345,784
Acquisition of viewing rights to serious music and theatrical events from Rai Trade	-	6,762
Other rights	8,816	7,996
Total	683,584	827,564

Personnel costs: employee-related costs amount to 935,248 thousand euros (911,045 thousand euros at 31 December 2010), broken down as indicated in the income statement. The average number of employees on the payroll in 2011 was 11,829, including employees on fixed-term contracts (11,857 thousand euros at 31 December 2010), distributed as detailed in Schedule 32.

Average number of employees

Schedule 32

	Year 2011			Year 2010 (*)		
	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	252	-	252	257	-	257
- Junior managers and supervisors	1,119	-	1,119	1,149	-	1,149
- Journalists	1,641	331	1,972	1,674	344	2,018
- Office staff, production employees, camera staff, film directors' staff, technicians	6,122	1,127	7,249	5,965	1,189	7,154
- Blue-collars	906	192	1,098	932	206	1,138
- Orchestra members and other artistic staff	119	9	128	122	8	130
- Medical staff	11	-	11	11	-	11
Total	10,170	1,659	11,829	10,110	1,747	11,857

(*) does not include Rai Trade staff amounting to (average number of units):

87	9	96
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Amortisation, depreciation and writedowns: these amount to 356,604 thousand euros (374,644 thousand euros at 31 December 2010). 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 255,224 thousand euros (271,106 thousand euros at 31 December 2010), while Schedules 33 and 34 provide details of depreciation of tangible assets and writedowns in relation to non-current assets. They include the writedown of capitalised programmes amounting to 28,566 thousand euros, which was made to take account of the risk that certain programmes may not be transmitted, re-broadcast or commercially exploited.

Depreciation of tangible assets (thousands of euros)

Schedule 33

	Year 2011	Year 2010
Land and buildings	11,400	11,453
Plant and machinery	39,739	40,229
Industrial and sales equipment	1,966	2,114
Other assets	5,904	6,182
Total	59,009	59,978

Other writedowns on non-current assets (thousands of euros)

Schedule 34

	Year 2011	Year 2010
Intangible assets under development	618	5,709
Programmes being amortised	28,566	28,986
Total	29,184	34,695

Changes in inventories of raw materials, supplies, consumables and merchandise: the amount of 60 thousand euros (increase of 241 thousand euros at 31 December 2010) represents the reduction in the value of net *inventories* carried under current assets at 31 December 2011 with respect to the previous year.

Provisions for risks: these amount to 9,561 thousand euros (15,611 thousand euros at 31 December 2010) and indicate allocations to provisions for risks. The most significant items are detailed in Schedule 16.

Other provisions: these amount to 1,401 thousand euros (515 thousand euros at 31 December 2010). The main items are shown in Schedule 16.

Other operating costs: these amount to 92,489 thousand euros (82,903 thousand euros at 31 December 2010). 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 2011	Year 2010
Capital losses		
Non-current tangible assets:		
- land and buildings	3,378	48
- plant and machinery	83	229
- industrial and sales equipment	15	4
- other assets	30	157
- tangible assets under construction	81	627
Non-current intangible assets:		
- under amortisation	-	5
- in progress	-	6
	3,587	1,076
Concession fee	28,007	28,206
Other costs:		
- gifts, prize contests and entertainment expenses	11,792	11,324
- association dues	3,132	2,985
- municipal property tax	3,677	3,578
- other indirect taxes and contributions	8,638	7,481
- contribution to the Authority - Min. Decr. 16/07/99	5,307	4,423
- payment of uninsured damages, fines and penalties	1,048	683
- newspapers, books, periodicals, specific documentation and publications	2,749	3,116
- prior-year charges and reversal of non-existent assets	8,395	7,803
- provision for pension fund - former employees	13,844	9,695
- other	2,313	2,533
	60,895	53,621
Total	92,489	82,903

Financial income and expense

Income from equity investments: these amount to 80,189 thousand euros (62,407 thousand euros at 31 December 2010). They are represented by 80,153 thousand euros of dividends distributed in 2011 by investee companies and 36 thousand euros of capital gain deriving from the sale of shares held in Audiradio, as shown in Schedule 36.

Income from equity investments (thousands of euros)	Schedule 36	
	Year 2011	Year 2010
Dividends from subsidiaries:		
- Rai Cinema SpA	55,426	38,759
- Rai Way SpA	20,672	14,144
- Sipra SpA	4,000	1,400
- Rai Trade SpA	-	2,300
- RaiNet SpA	-	999
	80,098	57,602
Dividends from associated companies:		
- Euronews SA	55	41
Other income from equity investments:		
- Capital gain from sale of shares of Audiradio Srl in liquidation	36	-
- Capital gain from liquidation of Sacis SpA	-	4,764
Total	80,189	62,407

Other financial income: this amounts to 7,785 thousand euros (4,605 thousand euros at 31 December 2010) broken down as follows:

- from *non-current receivables*: booked for 35 thousand euros for interest income on guarantee deposits;
- from *non-current securities other than equity investments*: booked for 88 thousand euros and referring to interest earned;
- *financial income other than the above*: this amounts to 7,662 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 2011	Year 2010
Interest and commissions receivable from subsidiaries	7,070	4,179
Interest and commissions receivable from others and miscellaneous income:		
- interest from banks, post office current accounts and other financial institutions	382	204
- default interest on customer receivables	1	27
- interest from others	209	111
	592	342
Total	7,662	4,521

Interest and other financial charges: these amount to 9,815 thousand euros (5,072 thousand euros at 31 December 2010). 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 expenses (thousands of euros)

Schedule 38

	Year 2011	Year 2010
Interest and commissions payable to subsidiaries	409	146
Interest and commissions payable to associated companies	6	2
Interest and commissions payable to others and miscellaneous charges:		
- interest and commissions payable to banks and other financial institutions	8,810	4,879
- interest to suppliers	535	16
- provision to fund for interest expense risks	16	11
- other interest expense and miscellaneous charges	39	18
	9,400	4,924
Total	9,815	5,072

Foreign exchange gains and losses: these show a gain of 1,415 million euros (2,401 thousand euros at 31 December 2010), 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 2011	Year 2010
Foreign exchange gains from valuation	928	573
Other foreign exchange gains	487	1,828
Total	1,415	2,401

Value adjustments to financial assets

Revaluations: these amount to 2,677 thousand euros (465 thousand euros at 31 December 2010) and reflect the recovery of losses incurred by subsidiaries in previous years.

Writedowns: these total 6,654 thousand euros (3,062 thousand euros at 31 December 2010). They comprise writedowns of *non-current financial assets* following losses incurred for the year by the subsidiaries for 6,434 thousand euros, and of value adjustments of non-current assets for 220 thousand euros.

Exceptional income and expense

The caption is comprised of expenses for 4,786 thousand euros (45,470 thousand euros at 31 December 2010) and income of 14 thousand euros (415 thousand euros at 31 December 2010) as detailed in Schedule 40.

Exceptional income (thousands of euros)

Schedule 40

	Year 2011	Year 2010
Lower taxes for previous years	14	412
Other out-of-period gains	-	3
Total	14	415

Exceptional expense (thousands of euros)

	Year 2011	Year 2010
Costs connected with the staff voluntary resignation incentives scheme	4,376	45,000
Prior years' taxes	410	172
Contingent liabilities	-	298
Total	4,786	45,470

Current income taxes for the year, and deferred tax assets and liabilities

These amount to 8,212 thousand Euros. They represent the total tax charge for the year and are made up as follows:

(thousands of euros)				
	Current	Deferred tax liabilities	Deferred tax assets	Total
IRES	-	1,930	25,024	26,954
IRAP	(36,000)	744	90	(35,166)
	(36,000)	2,674	25,114	(8,212)

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 4.86% (average)	Total
DEFERRED TAX ASSETS					
Movements in the year:					
- Adjustment of prior year tax loss	2,432	669	==	==	669
- Tax loss	57,500	15,813	==	==	15,813
- Writedown of programmes	19,717	5,422	3,160	259	5,681
- Statutory/fiscal difference on amortisation of programmes	11,344	3,120	==	==	3,120
- Other timing differences	-	-	(5,902)	(169)	(169)
Total	90,993	25,024	(2,742)	90	25,114
DEFERRED TAX LIABILITIES					
Movements in the year:					
- Tax charge for long-term loan	(319)	(88)	==	==	(88)
- Neutralisation of foreign exchange valuations	(217)	(59)	==	==	(59)
- Tax-purpose accelerated depreciation on fixed asset programmes	-	-	11,420	454	454
- Accelerated depreciation for tax purposes non-current tangible assets	7,554	2,077	7,292	290	2,367
Total	7,018	1,930	18,712	744	2,674

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 4.86%
Profit before taxes	47,551	Production value	2,874,355
Reversal of depreciation on tangible assets from EC framework	7,554	Raw materials, supplies, consumables and merchandise	(22,607)
Non-deducted provisions – balance of movements	1,707	Service costs	(796,077)
Non-deductible contingent liabilities	2,857	Cost of use of third-party assets	(683,584)
Municipal property tax	3,676	Amortisation of intangible assets	(262,042)
Non-deductible vehicle costs	3,312	Depreciation of tangible assets	(59,009)
Non-deductible portion of telephone expenses	2,921	Changes in inventories of raw materials, supplies, consumables and merchandise	(60)
Writedown on non-deductible investments	6,434	Other operating costs	(92,489)
Hotel and restaurant expenses – non deductible portion	1,035	Costs similar to employee costs (ongoing coordinated and occasional contracts)	12,100
Other changes – increase	4,418	Reversal of amortisation on intangible assets from EC framework	11,420
Amortisation of programmes – balance of changes	(3,506)	Provision for pension fund of former employees	13,845
Deductible portion of IRAP for the year	(2,676)	Reversal of depreciation on tangible assets from EC framework	7,292
Exempted portion of dividends	(76,146)	Municipal property tax	3,677
Re-adjustments of value of shareholdings	(2,677)	Other changes – increase	4,082
Other changes – decrease	(2,464)	Prior years' labour cost	(531)
Loss for the year	(6,004)	Income from staff secondment and reimbursement of emoluments	(3,647)
Remaining loss from 2009	(11,192)	Utilisation/release of taxed provisions	(51,081)
Remaining loss from 2010	(40,304)	Tax wedge	(210,576)
		Other changes – decrease	(4,329)
Fiscal Loss	(57,500)	Taxable amount	740,739

On the taxable amount for IRAP, current taxes of 36,000 thousand euros have been calculated.

7) Result for the year

The year closed with a profit of 39,338,513.88 euros.

8) Other information

As regards related party disclosures, no significant transactions took place outside the normal market conditions. For details on relations with Group companies, see the Report on operations.

As regards the rulings with which 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, against which all those implicated decided to appeal, it is noted that, in relation to the request for the non-application of the tax regulations presented by some of those implicated in relation to one of the rulings, after the Chamber of Council of the Court of Auditors held on 18 January 2012, the Board accepted the application for reduction, quantifying the sum those implicated are obliged to pay to Rai as 20% of the original sum of the ruling. The positive effects on the financial statements of Rai shall be disclosed in 2012.

For important events occurring after the closing date, see the Report on operations.

Balance Sheet - Assets (thousands of euros)

Schedule 41

	Rai SpA at 31.12.2010	Rai Trade at 01.01.2011	Eliminations/ Reclassifications	Rai + Rai Trade	Rai Trade values measurable in Rai at 31.12.2011 (*)
A) SUBSCRIBED CAPITAL UNPAID	-	-	-	-	-
B) ASSETS					
I. INTANGIBLE ASSETS					
3.- Industrial patents and intellectual property rights	220,801	197	-	220,998	35
4.- Concessions, licences, trademarks and similar rights	17,998	84	-	18,082	48
6.- Intangible assets under development and payments on account	202,091	816	-	202,907	-
7.- Other assets	10,491	141	-	10,632	94
TOTAL INTANGIBLE ASSETS	451,381	1,238	-	452,619	177
II. TANGIBLE ASSETS					
1.- Land and buildings	129,898	-	-	129,898	-
2.- Plant and machinery	108,080	511	(3)	108,588	241
3.- Industrial and sales equipment	5,145	-	-	5,145	-
4.- Other assets	28,561	308	3	28,872	225
5.- Tangible assets under construction and payments on account.	50,031	-	-	50,031	-
TOTAL TANGIBLE ASSETS	321,715	819	-	322,534	466
III. FINANCIAL ASSETS					
1.- Equity investments in					
a) subsidiaries	304,851	-	(5,151)	299,700	14
b) associated companies	1,612	-	-	1,612	-
d) other companies	750	26	(14)	762	12
	307,213	26	(5,165)	302,074	26
2.- Receivables					
a) from subsidiaries	-	-	22	22	11
d) from others					
maturing within 12 months	203	283	5	491	31
maturing after 12 months	4,997	69	-	5,066	15
	5,200	352	27	5,579	57
3.- Other securities	3,750	-	-	3,750	-
TOTAL FINANCIAL ASSETS	316,163	378	(5,138)	311,403	83
TOTAL NON-CURRENT ASSETS	1,089,259	2,435	(5,138)	1,086,556	726

(*) Values contributed by Rai Trade which can be found, without too much difficulty, in the Rai financial statements.

follows

Balance Sheet - Assets (thousands of euros)

Schedule 41

	Rai SpA at 31.12.2010	Rai Trade at 01.01.2011	Eliminations/ Reclassifications	Rai + Rai Trade	Rai Trade values measurable in Rai at 31.12.2011 (*)
C) CURRENT ASSETS					
I. INVENTORIES					
1.- Raw materials, supplies and consumables	646	-	-	646	-
3.- Contract work in progress	-	9	-	9	-
4.- Finished products and merchandise	280	444	-	724	-
TOTAL INVENTORIES	926	453	-	1,379	-
II. RECEIVABLES					
1.- customers	283,231	50,713	(2,989)	330,955	769
2.- subsidiaries	595,131	-	(11,733)	583,398	-
3.- associated companies	128	-	-	128	-
4.- holding companies	-	9,625	(9,625)	-	-
4.bis- tax receivables	54,968	81	-	55,049	81
4.ter- deferred tax assets					
due within 12 months	39,904	2	-	39,906	-
due after 12 months	1,364	-	-	1,364	-
5.- other					
due within 12 months	43,407	1,173	(27)	44,553	103
due after 12 months	20,093	125	-	20,218	-
TOTAL RECEIVABLES	1,038,226	61,719	(24,374)	1,075,571	953
III. CURRENT FINANCIAL ASSETS	-	-	-	-	-
IV. CASH AND CASH EQUIVALENTS					
1.- Bank and post office deposits	1,842	..	-	1,842	-
2.- Cheques	27	-	-	27	-
3.- Cash and cash equivalents on hand	409	1	-	410	-
TOTAL CASH AND CASH EQUIVALENTS	2,278	1	-	2,279	-
TOTAL CURRENT ASSETS	1,041,430	62,173	(24,374)	1,079,229	953
D) ACCRUED INCOME AND PREPAID EXPENSES	41,140	923	-	42,063	720
TOTAL ASSETS	2,171,829	65,531	(29,512)	2,207,848	2,399

(*) Values contributed by Rai Trade which can be found, without too much difficulty, in the Rai financial statements.

Balance Sheet - Liabilities (thousands of euros)

Schedule 41

	Rai SpA at 31.12.2010	Rai Trade at 01.01.2011	Eliminations/ Reclassifications	Rai + Rai Trade	Rai Trade values measurable in Rai at 31.12.2011 (*)
A) SHAREHOLDERS' EQUITY					
I. SHARE CAPITAL	242,518	8,000	(8,000)	242,518	-
IV. LEGAL RESERVE	6,977	1,600	(1,600)	6,977	-
VII. OTHER RESERVES	253,774	6,265	7,142	267,181	13,407
VIII. PROFITS (LOSSES) BROUGHT FORWARD	-	-	-	-	-
IX. PROFIT (LOSS) FOR THE YEAR	(128,467)	2,707	(2,707)	(128,467)	-
TOTAL SHAREHOLDERS' EQUITY	374,802	18,572	(5,165)	388,209	13,407
B) PROVISIONS FOR RISKS AND CHARGES					
1.- for pension and similar liabilities	150,502	-	-	150,502	-
2.- for taxes (also deferred)	9,889	-	-	9,889	-
3.- other	227,358	5,792	(2,200)	230,950	-
TOTAL PROVISIONS FOR RISKS AND CHARGES	387,749	5,792	(2,200)	391,341	-
C) PROVISION FOR STAFF SEVERANCE PAY	305,142	1,465	-	306,607	-
D) PAYABLES					
4.- Due to banks	147,979	-	-	147,979	-
6.- Advances	747	2,643	-	3,390	262
7.- Suppliers	557,103	22,316	(906)	578,513	6,202
9.- Subsidiaries	166,657	-	(8,719)	157,938	458
10.- Associated companies	5,646	-	-	5,646	-
11.- Holding companies	-	12,522	(12,522)	-	-
12.- Taxes payable	71,806	289	-	72,095	-
13.- Welfare and social security institutions	45,030	351	-	45,381	-
14.- Other payables	60,495	1,581	-	62,076	79
TOTAL PAYABLES	1,055,463	39,702	(22,147)	1,073,018	7,001
E) ACCRUED INCOME AND PREPAID EXPENSES	48,673	-	-	48,673	-
TOTAL LIABILITIES	2,171,829	65,531	(29,512)	2,207,848	20,408

(*) Values contributed by Rai Trade which can be found, without too much difficulty, in the Rai financial statements.

Memorandum accounts (thousands of euros)

Schedule 41

	Rai SpA at 31.12.2010	Rai Trade at 01.01.2011	Eliminations/ Reclassifications	Rai + Rai Trade	Rai Trade values measurable in Rai at 31.12.2011 (*)
1.- Unsecured guarantees granted					
a) Sureties:					
- for subsidiaries	82,346	-	-	82,346	-
- for associated companies	2,582	-	-	2,582	-
- for others	134	-	1,920	2,054	1,920
	85,062	-	1,920	86,982	1,920
c) Other:					
- for subsidiaries	1,946	-	-	1,946	-
	1,946	-	-	1,946	-
Total unsecured guarantees granted	87,008	-	1,920	88,928	1,920
2.- Secured guarantees granted					
b) for own commitments other than payables	3,730	-	-	3,730	-
c) for debts recorded in the balance sheet	50,561	-	-	50,561	-
Total secured guarantees granted	54,291	-	-	54,291	-
3.- Purchase and sale commitments	112,357	-	-	112,357	-
4.- Other	283,535	1,920	(1,920)	283,535	-
	537,191	1,920	-	539,111	1,920

(*) Values contributed by Rai Trade which can be found, without too much difficulty, in the Rai financial statements.

Income Statement (thousands of euros)

Schedule 42

	Rai SpA 31.12.2010	Rai Trade SpA 31.12.2010	Eliminations 31.12.2010	Total pro-forma
A) PRODUCTION VALUE				
1.- Revenues from sales and services	2,740,323	69,280	(27,478)	2,782,125
2.- Changes in inventories of work in progress, semifinished and finished goods	59	155	-	214
3.- Changes in contract work in progress	-	..	-	-
4.- Internal cost capitalisations	14,200	-	3,561	17,761
5.- Other production-related income				
a) operating grants	6,633	-	-	6,633
b) gains on disposal of assets	1,704	-	-	1,704
c) other	123,155	3,262	(4,532)	121,885
	131,492	3,262	(4,532)	130,222
TOTAL PRODUCTION VALUE	2,886,074	72,697	(28,449)	2,930,322
B) PRODUCTION COSTS				
6.- Raw materials, supplies, consumables and merchandise	(22,703)	(883)	236	(23,350)
7.- Services	(811,621)	(36,713)	17,610	(830,724)
8.- Use of third-party assets	(827,564)	(9,157)	10,242	(826,479)
9.- Personnel				
a) wages and salaries	(652,642)	(4,573)	-	(657,215)
b) social security contributions	(184,261)	(1,452)	-	(185,713)
c) staff severance pay provision	(47,391)	(362)	-	(47,753)
d) pension and similar costs	(12,772)	(105)	-	(12,877)
e) other costs	(13,980)	(509)	(2)	(14,491)
	(911,046)	(7,001)	(2)	(918,049)
10.- Amortisation, depreciation and writedowns				
a) amortisation of intangible assets	(278,045)	(9,360)	-	(287,405)
b) depreciation of tangible assets	(59,978)	(317)	-	(60,295)
c) other non-current asset writedowns	(34,695)	(12)	-	(34,707)
d) writedown of current receivables and cash and cash equivalents	(1,926)	(1,190)	(911)	(4,027)
	(374,644)	(10,879)	(911)	(386,434)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	242	-	-	242
12.- Provisions for risks	(15,611)	(439)	911	(15,139)
13.- Other provisions	(515)	-	-	(515)
14.- Other operating costs				
a) capital losses on disposal of assets	(1,076)	(17)	-	(1,093)
b) concession fee	(28,206)	-	-	(28,206)
c) other	(53,621)	(1,981)	369	(55,233)
	(82,903)	(1,998)	369	(84,532)
TOTAL PRODUCTION COSTS	(3,046,365)	(67,070)	28,455	(3,084,980)
Difference between production value and costs	(160,291)	5,627	6	(154,658)

follows

Income Statement (thousands of euros)

Schedule 42

	Rai SpA 31.12.2010	Rai Trade SpA 31.12.2010	Eliminations 31.12.2010	Total pro-forma
C) FINANCIAL INCOME AND EXPENSE				
15.- Income from equity investments				
a) income from investments in subsidiaries	62,366	-	(2,293)	60,073
b) income from investments in associated companies	41	-	-	41
c) income from investments in other companies	-	66	(66)	-
	62,407	66	(2,359)	60,114
16.- Other financial income.				
a) from non-current receivables				
. other	11	-	-	11
	11	-	-	11
b) from non-current securities other than equity investments	73	-	-	73
d) financial income other than the above				
. interest and commissions from subsidiaries	4,179	-	..	4,179
. interest and commissions from holding companies	-	9	(9)	-
. interest and commissions from others and miscellaneous income	342	552	-	894
	4,521	561	(9)	5,073
	4,605	561	(9)	5,157
17.- Interest and other financial expenses				
a) interest and commissions payable to subsidiaries	(146)	-	9	(137)
b) interest and commissions payable to associated companies	(2)	-	-	(2)
c) interest and commissions payable to holding companies	-	..	..	-
d) interest and commissions payable to others and miscellaneous charges	(4,924)	(17)	-	(4,941)
	(5,072)	(17)	9	(5,080)
17bis.- Foreign exchange gains and losses - net	2,401	269	-	2,670
TOTAL FINANCIAL INCOME AND EXPENSES	64,341	879	(2,359)	62,861
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS				
18.- Revaluations				
a) of equity investments	465	-	-	465
b) of non-current securities other than equity investments	-	6	(6)	-
	465	6	(6)	465
19.- Writedowns				
a) of equity investments	(3,051)	(1)	-	(3,052)
b) of non-current securities other than equity investments	(10)	(87)	-	(97)
	(3,061)	(88)	-	(3,149)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	(2,596)	(82)	(6)	(2,684)
E) EXCEPTIONAL INCOME AND EXPENSE				
20.- Exceptional income				
b) out-of-period gains and reversal of non-existent liabilities	415	15	-	430
c) differences from round off to the nearest euro	-	-	-	-
	415	15	-	430
21.- Exceptional expense				
b) prior years' taxes	(172)	-	-	(172)
c) contingent liabilities and reversal of non-existent assets	(298)	-	-	(298)
e) other	(45,000)	-	-	(45,000)
	(45,470)	-	-	(45,470)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(45,055)	15	-	(45,040)
Result before taxes	(143,601)	6,439	(2,359)	(139,521)
22.- Current income taxes for the year, and deferred tax assets and liabilities	15,134	(3,732)	-	11,402
23.- Profit (loss) for the year	(128,467)	2,707	(2,359)	(128,119)





**Parent Company
supplementary schedules**

Following the merger by incorporation of the subsidiary Rai Trade into Rai, which took place during the year, backdating the accounting effects to 1 January 2011, 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 have been drawn up for reference.

Balance sheet reclassified in vertical form (thousands of euros)

	31.12.2011		31.12.2010			
		Rai	Rai Trade	Eliminations	Total	
A.- NON-CURRENT ASSETS						
Intangible assets	433,554	451,381	1,238	0	452,619	
Tangible assets	362,583	321,715	818	0	322,533	
Financial assets	311,946	316,163	379	(5,165)	311,377	
	1,108,083	1,089,259	2,435	(5,165)	1,086,529	
B.- WORKING CAPITAL						
Inventories	1,366	926	453	0	1,379	
Trade receivables	750,270	667,072	59,864	(23,873)	703,063	
Other assets	277,232	200,453	2,304		202,757	
Trade payables	(799,509)	(667,794)	(37,480)	21,673	(683,601)	
Provisions for risks and charges	(387,967)	(387,749)	(5,792)	2,200	(391,341)	
Other liabilities	(226,642)	(226,004)	(2,221)		(228,225)	
	(385,250)	(413,096)	17,128	0	(395,968)	
C.- INVESTED CAPITAL						
net of current liabilities	(A+B)	722,833	676,163	19,563	(5,165)	690,561
D.- PROVISION FOR STAFF SEVERANCE PAY		296,114	305,142	1,466	0	306,608
E.- INVESTED CAPITAL						
net of current liabilities and provision for staff severance pay	(C-D)	426,719	371,021	18,097	(5,165)	383,953
financed by:						
F.- EQUITY						
Share capital paid up	242,518	242,518	8,000	(8,000)	242,518	
Reserves and results brought forward	145,691	260,751	7,865	5,194	273,810	
Net profit (loss) for the year	39,339	(128,467)	2,707	(2,359)	(128,119)	
	427,548	374,802	18,572	(5,165)	388,209	
G.- NET MEDIUM/LONG-TERM FINANCIAL DEBT		210,000	0	0	0	
H.- NET SHORT-TERM DEBT (NET CASH FUNDS)						
. net short-term debt	116,318	210,337	0	(474)	209,863	
. cash and short-term financial receivables	(327,147)	(214,118)	(475)	474	(214,119)	
	(210,829)	(3,781)	(475)	0	(4,256)	
I.- TOTAL NET FINANCIAL DEBT	(G+H)	(829)	(3,781)	(475)	0	(4,256)
L.- TOTAL, AS IN E	(F+I)	426,719	371,021	18,097	(5,165)	383,953

Income statement reclassified in vertical form (thousands of euros)

	31.12.2011		31.12.2010		
		Rai	Rai Trade	Eliminations	Total
A.- REVENUES	2,824,821	2,820,911	69,450	(31,717)	2,858,644
Change in inventories of work in progress semifinished and finished goods	55	59	155	0	214
Internal cost capitalisations	13,999	14,200	0	3,561	17,761
Changes in work contracts in progress	(9)		0	0	0
B.- "TYPICAL" PRODUCTION VALUE	2,838,866	2,835,170	69,605	(28,156)	2,876,619
Cost of materials and external services	(1,581,787)	(1,738,873)	(47,000)	28,172	(1,757,701)
C.- VALUE ADDED	1,257,079	1,096,297	22,605	16	1,118,918
Personnel costs	(935,248)	(911,045)	(7,002)	(2)	(918,049)
D.- GROSS OPERATING MARGIN	321,831	185,252	15,603	14	200,869
Amortisation of programmes	(240,274)	(257,382)	(9,215)	0	(266,597)
Other amortisation/depreciation	(68,123)	(68,014)	(462)	0	(68,476)
Other value adjustments	(35,774)	(36,621)	(1,201)	(911)	(38,733)
Provisions for risks and charges	(10,817)	(15,857)	(439)	911	(15,385)
Miscellaneous income and charges - net	9,662	32,330	1,340	(8)	33,662
E.- OPERATING RESULT	(23,495)	(160,292)	5,626	6	(154,660)
Financial income and expense	(614)	1,924	732	(6)	2,650
Income from equity investments	76,431	59,821	66	(2,359)	57,528
F.- RESULT BEFORE EXCEPTIONAL ITEMS AND TAXES	52,322	(98,547)	6,424	(2,359)	(94,482)
Exceptional income and expense - net	(4,771)	(45,054)	15	0	(45,039)
G.- RESULT BEFORE TAXES	47,551	(143,601)	6,439	(2,359)	(139,521)
Income taxes for the year	(8,212)	15,134	(3,732)	0	11,402
H.- NET PROFIT (LOSS) FOR THE YEAR	39,339	(128,467)	2,707	(2,359)	(128,119)

Cash flow statement (thousands of euros)

	31.12.2011	31.12.2010
A.- NET OPENING CASH FUNDS (NET OPENING SHORT- TERM FINANCIAL DEBT)	4,257	46,070
B.- CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the year	39,339	(128,119)
Amortisation and depreciation	308,397	335,073
(Gains) losses on disposal of non-current assets	3,336	(5,374)
(Revaluations) writedowns of non-current assets	33,177	37,405
Change in working capital	(10,718)	76,070
Net change in staff severance pay provision	(10,493)	(18,412)
	363,038	296,643
C.- CASH FLOW FROM INVESTING ACTIVITIES IN NON-CURRENT ASSETS		
Investment in non-current assets:		
. intangible assets	(265,138)	(287,084)
. tangible assets	(100,310)	(49,062)
. financial assets	(5,762)	(10,309)
Sale proceeds, or reimbursement value, of non-current assets	4,744	8,258
	(366,466)	(338,197)
D.- CASH FLOW FROM FINANCING ACTIVITIES		
New loans	210,000	
Contributions by shareholders	-	
Merger surplus	-	
Capital grants	-	
Loan repayments	0	
Equity repayments	-	
	210,000	0
E.- PROFIT DISTRIBUTION	-	(260)
F.- CASH FLOW FOR THE YEAR	(B+C+D+E)	(41,814)
G.- NET CLOSING CASH FUNDS (NET CLOSING SHORT- TERM FINANCIAL DEBT)	(A+F)	4,256





**Report of the Board
of Statutory Auditors**

Report on Parent Company financial statements

Shareholders,

during the year which ended 31 December 2011, as regards **the activity of the Board of Statutory Auditors**, we performed our duties in compliance with the laws in force, 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 (2011-2013) was resolved by the Shareholders' Meeting held on 3 August 2011.

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 duties set down in the Corporate Law, the Board met with the company executives in charge of certain Corporate Divisions to obtain the information required to assess the adequacy and the operation of the organisational structure, the internal auditing system and the administrative-accounting system, as well as the reliability of the latter to correctly portray the company's operations.

49 audit visits were carried out during the year; 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. On this matter, the updating of the whole set of procedures still requires constant commitment for its completion, considering the evolution of the relative context.

The Board was informed, through quarterly reports by the Supervisory Board and during two meetings with the members of said Board, of the status of the completion and update of the Parent Company's Organisation, Management and Control Model pursuant to Legislative Decree 231/2001. It acknowledged that new Sections of the Model have been adopted following amendments and additions of the provisions of the aforementioned Legislative Decree 231/01 and that a complete and organic review of the Model has been launched, in order to take into consideration the numerous organisation changes introduced by the Company recently, also taking into account the merger of subsidiaries.

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 2011, the Statutory Auditors attended all the meetings of the Board of Directors (42 over 51 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. On the basis of the information available, there were no breaches of the law or of the articles of association, nor were there any manifestly imprudent or rash operations in potential contrast with interests, or such as to compromise the integrity of the assets.

During the year, 4 Shareholders' Meetings were held, all of which were attended by the Board of Statutory Auditors.

We report, in addition, that the Board of Directors, in accordance with Law 244/07, as of July 2010 had suspended the two Committees previously set up. 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.

In 2011, the Board of Directors resolved the merger of the subsidiary Rai Trade, beginning 1 January 2011 (merger surplus of 13.4 million euros).

Moving on to the Rai Financial Statements as at 31 December 2011 – delivered to us by the Board on 22 March 2012 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 have examined the draft of the financial statements closed as at 31 December 2011, placed at our disposal within the terms of article 2429 of the Civil Code, and are able to report as follows.

As we were not assigned the statutory audit of the financial statements, we monitored their general layout, and – their general compliance with the law in terms of formation and structure and to this end – also on the basis of our meetings with “PwC” – have nothing of significance to report.

The **Notes to the Parent Company Financial Statements** provide, with the supplementary schedules presented, the other disclosures required under article 2427 of the Civil Code; specifically, in accordance with the various regulations, information is given on revaluations made to tangible fixed assets still carried in the balance sheet.

All the Balance Sheet and Income Statement items are presented in comparison, pursuant to article 2423 *ter* (5) of the Civil Code, to those of the Financial Statements as at 31 December 2010, also providing information on the reasons for the differences.

As regards the evaluation of accounts, as far as this falls within the sphere of competence of the Board of Statutory Auditors, we wish to point out that we concur on the valuation methods reported for the individual financial statement components, which have remained unchanged from 2010, 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 of the Civil Code.

In addition, we wish to report 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 – disclosed within the limits of fiscal benefits obtainable in future years– are largely related to the year's negative taxable income and that of previous years which is fully offset by the taxable income of the subsidiaries within the scope of the consolidated taxation arrangement for 2011; temporary differences which will reverse in the next year are also considered, within the limits of the Group's fiscal benefits envisaged for said year;
- there have been no “exceptional cases” during the year which would entail making derogations as permitted under article 2423 (4) of the Civil Code.

We have verified the observance of the laws on preparing the report on operations and have no particular comments to make on this matter.

In the **Report on Operations**, which should be referred to for further details, the Directors describe, first and foremost, that both the Rai's statutory financial statements and Group's consolidated financial statements as at 31 December 2011 present a profit of 39.3 million and 4.1 million euros respectively, against a loss of 126.1 and 98.2 million euros in 2010. The Group's debt rose to 272.4 million euros (150.4 million in 2010).

The Report closely analyses the economic performance.

In terms of revenues, as regards the per-unit ordinary licence fee, the Ministry of Economic Development established an increase of 1.5 euros for 2011, almost in line with the programmed rate of inflation, taking the fee to 110.5 euros; for advertising, on the other hand, after the heavy drop of about 230 million in 2008-2009 and the recovery of just over 30 million euros in 2010, a further decline of almost 60 million euros was recorded in 2011, corresponding to just over 6 percentage points for Rai.

In terms of costs, while taking into account the absence – as in every other odd year – of costs linked to big sports events, the tendency towards a reduction in expenditure was more marked, within a constant setting – i.e.: a substantial invariance of production layouts, – thanks to a combination of coordinated projects in all company areas, including product and investments.

As regards elements characterising Rai's operation in terms of revenues, the Directors highlight – in addition to the aforementioned decline in advertising revenues – also the ongoing penalisation deriving from extensive evasion of the payment of the ordinary licence fee, estimated at about 27% (almost 19 percent higher than the European average), with about 500 million euros less in annual income. Also particularly high is the evasion of payment of the special licence fee, against which a special regulation was introduced into Law no. 214 of 22 December 2011, which imposes indication of the television licence number in the tax returns – in order to check payment of the special licence fee.

The Board has already intervened several times to point out the need to rebalance Rai's primary revenue; especially considering the remarkable decline in advertising, it believes that, in order to structurally and permanently restore the concession holder's accounts, there have to be further legislative provisions to effectively contrast evasion of payment of the licence fee, the effects of which could generate benefits which would eliminate the need for annual increases in the per-unit amount in the near future.

An improvement in the effectiveness of these initiatives would allow Rai, in the opinion of the Directors, as shared several times by the Board, to pursue its public service mission, enabling it to make indispensable investments in technology and an offering imposed increasingly by the development of the media setting.

Lastly, the Directors outline the positive results in terms of share achieved by Rai's 14 free channels in 2011, both with regard to the general-interest and specialised offering, highlighting the tendency to move relevant portions of share from the former to the latter segment.

In this framework, it is also highlighted that, on the basis of the results of "Separate accounting" for 2010, certified by an Independent Auditor, the imbalance between public resources (fee) and the costs sustained by Rai for the public services rendered amounts to 364 million after allocation of the specific portion of advertising revenues collected on the relative programming.

Remember that the law envisages a mechanism to ensure full coverage, by resources from the licence fee, of the costs sustained for the public service activities assigned to the concession holder. To date this law has not been applied and since 2005, the year in which Separate accounting was introduced, the overall imbalance has been of over 1.7 billion euros, not subject to coverage.

On this aspect, the Board of Statutory Auditors wishes to emphasise that the Board of Directors, in the session held on 20 October 2011, unanimously resolved to ask the Ministry of Economic Development to pay the price for performance of the Public radio and television broadcasting service in compliance with article 47 of Legislative Decree 177/2005, in the measure resulting from the separate accounting.

The Directors report that the 2012-2014 Business Plan is being drawn up and is close to be finalised. The document will contain the initiatives required to continue moving in a virtuous direction towards a sustainable and durable economic balance in the future, which is vital to the Company's cultural and technical relaunch and development.

On this matter, we would like to remind you of the considerable programme of deferred return investments made in a particularly difficult market situation, which has already been dedicated for several years to the construction of the DTT network infrastructure. This project – which, upon completion, envisaged for 2012, will have used company financial resources of about 500 million euros – was undertaken without adequate public funding which took into account the specific nature of the Concession holder and the particular configuration of the network connected to the obligations of the Public Service.

The Board notes that the investment in question was made to implement the specific instructions of the Service Agreement (art. 6 par. 3); in exchange for this considerable commitment, Rai benefited exclusively from extra-contractual contributions (pursuant to Legislative Decree 296 of 2006) progressively reduced over time to the sum of 2.5 million in 2011, for a total of 59.5 million, addressed to the switch-off activity, including communication to users, etc.

The huge imbalance accumulated between contractual obligations deriving from the Agreement and the relative price of 1.7 billion euros, as mentioned earlier, forced Rai to use third-party funding for this strategic project, generating the significant increase in year-end debt already mentioned, of an entity that can still be sustained in terms of financial costs.

The Directors focused their attention considerably on the new Service Agreement for 2010-2012, approved with the Ministerial Decree of 27 April 2011, disclosing the main elements that qualify it in relation to past editions. They focused particularly on defensive clauses, which allow Rai to propose amendments to the Agreement in the event of significant changes to the proportionality ratio between Public Service costs and revenues.

The Board reports that activities to re-establish the above-mentioned proportionality ratio have not yet been formalised.

The outlook for this year, subject to the normalisation of the financial and lending markets, look positive, considering the possible tensions linked to the performance of advertising, confirmed by the market trend in the first quarter and also the continuation of interventions to rationalise spending.

The Directors also supply, as envisaged by article 2428 of the Civil Code, information on Company activity, also with reference to the single sectors monitored by its structures and with subsidiaries. Moreover, news is supplied on research and development activities, on relations with subsidiaries and associated companies, on the foreseeable outlook of the operations, on important events occurring after the end of the year and on the objectives and policies regarding the management of financial risk, exposure to the interest rate, lending and liquidity risk, thus fulfilling the reporting obligations relating to the main risks for the company and the Group.

Specific chapters of the Report analyse the television market setting, resources, the framework of reference and, particularly, the analysis of Rai's offering and the performances of the TV product.

In this way, the financial statements become, among other things, an effective communication tool with which Rai reports the pursuit of its Public service mission and the other activities that it performs.

The Report is completed by the commented exposure of a review of the balance sheet, income statement and financial position, stating the reasons for the differences compared to the previous year.

Pursuant to article 2429 (paragraph 3) of the Civil Code, complete copies of the latest financial statements of subsidiaries have been deposited at the Company's registered office together with the reports of the relative Boards of Statutory Auditors and Independent Auditors, as well as a summary statement of the key data from the latest financial statements of the associated companies.

.....

In the light of all the matters described and considered above, within the scope of our competence and also considering the results of the activity carried out by the independent auditors in charge of the statutory audit of the accounts as set out their report on the financial statements, we express our favour for the approval of the Parent Company financial statements at 31 December 2011, as proposed by the Board of Directors, closing with a profit of 39,338,513.88 euros. We also agree with the further proposal, contained in the same resolution, regarding the profit allocation, as follows:

- 1,966,925.69 euros, 5% of the net result, to the Legal Reserve;
- 927,923.16 euros, as reserve for foreign exchange gains pursuant to art. 2426 paragraph 8 bis of the Civil Code;
- the remaining 36,443,665.03 euros to Other reserves.

Rome, 19 April 2012

THE 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 financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2011. 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 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 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 financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 3 June 2011.

- 3 In our opinion, the financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2011 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 result 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 Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion the report on operations is

PricewaterhouseCoopers SpA

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consistent with the financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2011.

Rome, 19 April 2012

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

The Rai Shareholders' Meeting, held on 4 May 2012, unanimously resolved:

- to approve the Statutory Financial Statements of RAI–Radiotelevisione Italiana SpA as at 31 December 2011, consisting of the balance sheet, income statement and notes to the financial statements, closing with a net profit of 39,338,513.88 euros, as well as the report on operations;
- to allocate the net profit of 39,338,513.88 euros as follows:
 - 1,966,925.69 euros, equal to 5% of the net result, to the Legal Reserve;
 - 927,923.16 euros as Reserve for foreign exchange gains under art. 2426, para. 8 bis of the Italian Civil Code;
 - the remainder, amounting to 36,443,665.03, to the Other Reserves;
- to take cognizance of the Consolidated Financial Statements of the Group for 2011 (consisting of the balance sheet, income statement, and explanatory notes) showing a profit of 4.1 million of euros, together with the report on operations.





Consolidated Financial Statements at 31 December 2011

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Directors' Report on the Group

Shareholders,

The consolidated financial statements of the Rai Group closed with a profit of 4.1 million euros and a negative net financial position of 272.4 million euros

The result for 2011 is better than that for 2010 (loss of 98.2 million euros), largely due to the actions to rationalise spending, as well as to the favourable dynamics in the number of subscribers.

The adjustment of the unit licence fee, which was in line with the historical trend, anchored to the rate of inflation, determined – partly due to the effect of the positive contribution of coercive collection – higher public resources for 23 million euros.

This result was favourably influenced by the dynamics in new subscribers, despite the decline on 2010: paying users have now exceeded the 16-million family mark.

Following the significant drop – of about 247 million euros – suffered in 2008-2009 and the recovery of just over 40 million euros in 2010, revenues from advertising lost about 64 million euros in 2011, corresponding to just over 6 percentage points. The constant deterioration of the economic prospects, together with difficulty in forecasting the spending intentions of advertisers, made it necessary to constantly mark down the initial estimates, with a decline of almost 90 million euros.

Other revenues, those of a typically commercial nature, present a slight recovery on the previous year, of around 3 million euros.

In terms of operating costs, taking into account the absence – as in every other odd year – of costs linked to big sports events, the tendency towards a reduction in expenditure was strengthened, within a constant setting – i.e.: a substantial invariance of production layouts –, thanks to a combination of coordinated projects.

Actions to improve rationalisation and efficiency, and reductions in spending across all areas of the company, including product and related investment, had an immediate positive impact and created the conditions to consolidate the benefits permanently.

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, with dynamics settling under the rate of inflation. Managerial operations entered into, including early retirement incentives and the substantial blockage of retribution policies, made it possible to reinstate the retributive component linked to the achievement of specific targets/objectives, not examined in the previous year due to a lack of the necessary requirements.

The marketplace in the Eurozone was rather weak, with a negative accentuation in the last part of the year, leading to a mark-down of the growth prospects for 2012. Product dynamics were affected by the rise in the cost of funding, due to the deterioration of the sovereign debt crisis and the deceleration of global trade, which continues, nevertheless, to support economic activity. The reduction in domestic demand was also due to corrections in public funding, indispensable to avoid more serious consequences on economic activity and financial stability.

In this context, the advertising market, following the decline of over 13% in 2009 and the recovery of almost 4% in 2010, posted a decline of about 4% in 2011, with television advertising falling by just over 3%.

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, which has almost been completed; between free channels and pay-TV channels; between the operators active within the two market segments.

The main drivers of the evolution in the competitive context are the switchover to digital television and the consolidation of the Internet.

The switch-over to digital television initially determined the extensive development of pay-TV and subsequently the creation of interesting market spaces for the affirmation of new specialised free offerings, determining a strong acceleration in the audience breakdown process to the detriment of the general-interest offerings.

The consolidation of the Internet in terms of volumes and frequency of use, and the relative capacity to attract advertising investments, have made the Internet indispensable for individuals and advertisers. Moreover, thanks to innovations in content/services and the performance of broadcasting infrastructures and devices for fruition, the foundations were laid for the final affirmation of a new market, characterised by the powerful entry of global players, often of a non-broadcasting origin. The Internet is, in fact, becoming a platform in direct competition with the traditional communication media.

With the affirmation of digital terrestrial TV, free-TV has changed immensely: no longer just general interest channels, but a wide and varied offering of over 60 channels, and this number looks set to rise even further. After enduring the competition of pay-TV channels, the general-interest channels are now enduring the rapid climb of the new free channels, boosted by the semi-general interest channels and those dedicated to children.

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.

Rai is Radio, Rai is Television. Thanks to constant commitment to the development of presidia of new distribution channels on the Ip protocol, Rai is increasingly present on the Internet.

In such a complex and increasingly open market, Rai confirmed its role as undisputed leader of the television market once again in 2011: with a 40.2% share over the 24 hours and with 41.3% in primetime, Rai prevails over the Mediaset Group, with an advantage of about 4 percentage points.

Rai is also leader in the specialized offering. With an offering of 11 semi-general interest and specialized channels, Rai totals a 4.8% average share, bypassing Mediaset (4.4%) and Sky (4.0%).

Not only does Rai lead the viewing figures, it also enjoys an excellent corporate reputation. The overall judgement of the work of Rai as a Public Service has grown for the second half-year running, reaching a value of 7.1 points on an assessment scale of 1-10 (it was 6.9 in June 2011).

The increase is linked particularly to the growth of the specific contribution of Rai's activity on the various platforms and to the attention dedicated to programming for the disabled.

In the presence of a structural weakness of resources and the need to strengthen the products on offer, in order to maintain a leading role in the traditional media and web media service system, Rai is developing the 2012-2014 Industrial Plan, which will contain the initiatives necessary to pursue to virtuous activities successfully begun in 2011, heading towards a sustainable and durable prospective economic balance.

The most intense effort, in terms of investments, has been dedicated in recent years to the development of DTT, to respect the switch-off by technical areas decreed by the pertinent Ministry. This is a project which requires a consistent financial commitment, starting with that for the construction of the network infrastructure which, by the time it has been completed, will have absorbed resources of about 500 million euros, as well as significant commitments and investments in the area of contents to expand the offering.

Rai is facing this considerable investment programme, characterised by decidedly deferred profitability, with its own resources, without the support of public funding which takes into account the specific role of the concession holder and its particular network configuration, in a market phase which is particularly difficult.

The evident insufficiency of resources from the licence fee in relation to the costs sustained for the Public Service activities assigned to the Concession Holder is joined by continuing uncertainties relating to the dynamics of advertising revenues. The weakness of the economic cycle and the deterioration of growth prospects with the continuation of the recession coincide with an already extremely critical phase for Rai's advertising sales, with the risk of amplifying the negative effects.

Prospects for 2012 – relying on a return to normality (which is partly underway) by the financial market and lending conditions, which would limit the decline of manufacturing activities, and on the positive impact of structural measures for the relaunch of the economy, with the consequent benefits also on household spending decisions – look quite positive.

In fact, possible tensions in terms of advertising revenues will be offset both by the benefits expected from income connected to so-called "special licence fees" and, above all, by improvements deriving from programmed and increasingly extensive and incisive interventions to rationalise spending. To increase efficiency and specialisation, recent important organisational revisions, including the establishment of the Entertainment Function, within the scope of the review by Genres/Channels and the reconfiguring of responsibilities connected to the TV Fiction genre will also have an influence. An evolution of personnel costs that are increasingly consistent with market dynamics will also contribute to defending levels of employment.

A considerable contribution in terms of income is expected from special licence fees, in relation to which evasion is very high. A special regulation was introduced into Law no. 214 of 22 December 2011, by which businesses and companies are required to indicate their television licence number in the tax returns – in order to check payment of the special radio and television licence fee.

Due to the orientation expressed in certain legal provisions, Rai is 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 an increasingly competitive market, having to contend important advertising resources – is required, in order to satisfy its requirements, the only operator in the sector to do so, 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.

This is a particularity which also characterizes technological investments linked to the switch-off process, rigidly regulated by the timing of the ministerial calendar and permanent assignments of the relative frequencies, often unfortunately delayed in relation to planning needs.

Rai, the Public Service Concession Holder is – to use a turn of phrase – an integrated part of Italy's institutions, because the Government has assigned it fundamental tasks which it would otherwise have to perform itself.

Rai, the Public Service and Company – is aware of this responsibility, which simultaneously means proximity and independence: interpretation of the hopes and needs of citizens-users, translated into a rich and varied proposal of high-quality information, entertainment, divulgation and in plural and pluralist culture and vision.

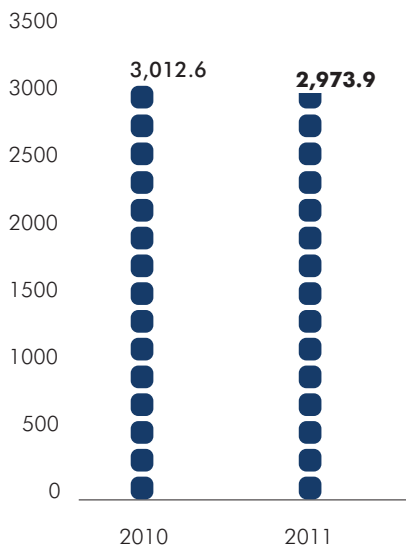
Rai has to be – and intends to be – synonymous with an integral Public Service offering, because being a Public Service doesn't just condition the types of subjects presented, but also requires a constant effort to achieve quality, innovation and distinction, in terms of the modalities and language used to represent the editorial, radio, television and multiplatform product.

Undeniably, the challenges – also in terms of cultural approach and social responsibility – awaiting Rai require considerable commitment from the technological and offering viewpoint. Every one of us is personally seeing just how much our consumer habits and use of the different communication media are radically changing.

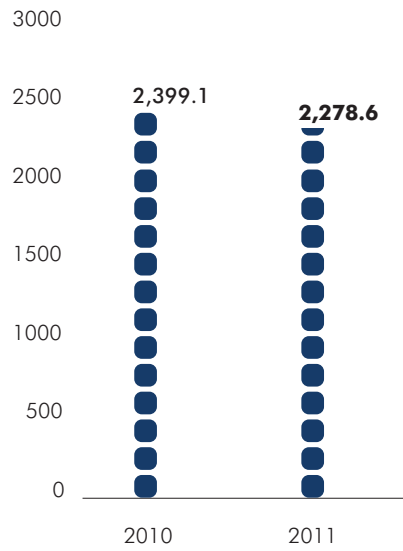
The desire to be in line with the country and keep abreast of the changes taking place on the market cannot do without a financial, regulatory and institutional framework which is as clear and stable as possible.

Highlights (in millions of euros)

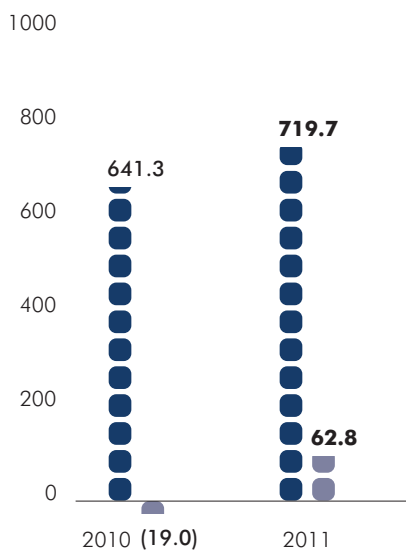
Revenues



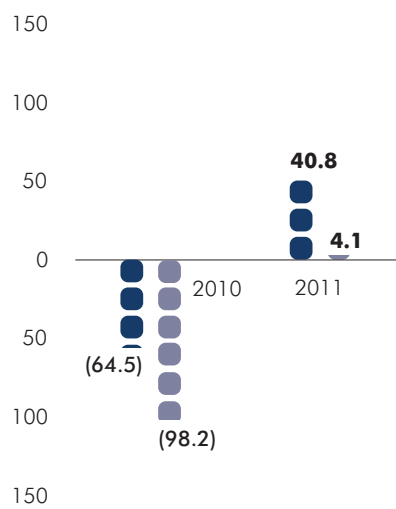
Operating Costs



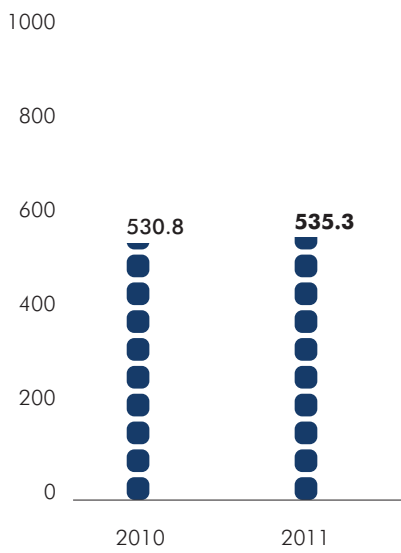
GOM - Operating Result



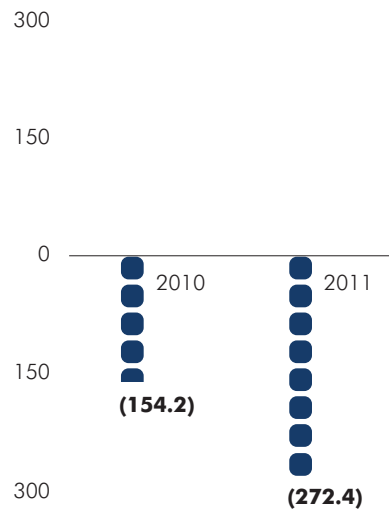
Result before Taxes - Profit (Loss) for the year



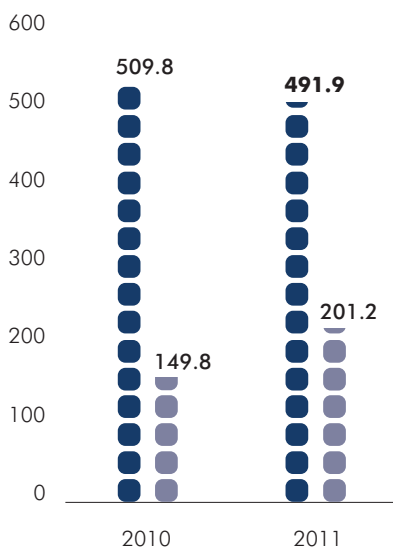
Shareholders' equity



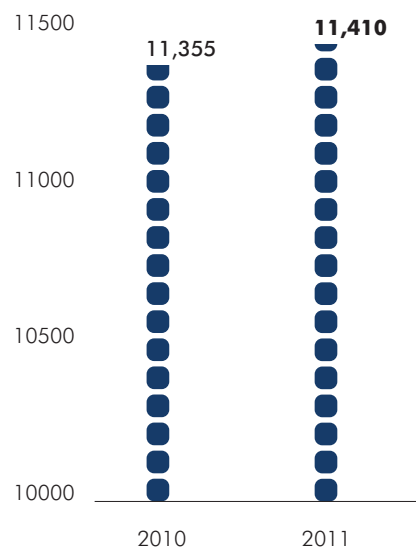
Net Financial Position



Investments (in programmes and other)



Workforce at 31 December



Reclassified consolidated financial statements

Consolidated Income Statement (millions of euros)

	2011	2010	Deconsol. Rai Corporation	2010 homogeneous	Change	Change %
Revenues from sales and services	2,973.9	3,012.1	0.5	3,012.6	(38.7)	-1.3
Change in inventories of work in progress, semi-finished and finished products	-	0.2	0.0	0.2	(0.2)	-100.0
Internal cost capitalisations	24.4	27.6	0.0	27.6	(3.2)	-11.6
Total revenues	2,998.3	3,039.9	0.5	3,040.4	(42.1)	-1.4
Cost of materials and external services	(1,250.8)	(1,383.7)	(5.5)	(1,389.2)	138.4	-10.0
Personnel costs	(1,027.8)	(1,014.5)	4.6	(1,009.9)	(17.9)	1.8
Total operating costs	(2,278.6)	(2,398.2)	(0.9)	(2,399.1)	120.5	-5.0
Gross operating margin	719.7	641.7	(0.4)	641.3	78.4	12.2
Amortisation of programmes	(487.1)	(507.0)	0.0	(507.0)	19.9	-3.9
Other amortisation and depreciation	(130.2)	(121.9)	0.7	(121.2)	(9.0)	7.4
Other net income (expense)	(39.6)	(32.2)	0.1	(32.1)	(7.5)	23.4
Operating result	62.8	(19.4)	0.4	(19.0)	81.8	==
Net financial expense	(9.5)	(0.4)	0.0	(0.4)	(9.1)	2275.0
Income from equity investments	(5.7)	1.0	(0.5)	0.5	(6.2)	==
Result before exceptional items	47.6	(18.8)	(0.1)	(18.9)	66.5	==
Net exceptional expense	(6.8)	(45.6)	0.0	(45.6)	38.8	-85.1
Result before taxes	40.8	(64.4)	(0.1)	(64.5)	105.3	==
Income taxes for the year	(36.7)	(33.8)	0.1	(33.7)	(3.0)	8.9
Profit (loss) for the year	4.1	(98.2)	0.0	(98.2)	102.3	==
<i>of which portion pertaining to minority interests</i>	0.0	0.0	0.0	0.0	0.0	==

Balance Sheet aggregates (millions of euros)

	31.12.2011	31.12.2010	Deconsol. Rai Corporation	31.12.2010 homogeneous	Change	Change %
Non-current assets	1,639.7	1,597.7	3.5	1,601.2	38.5	2.4
Working capital	(505.1)	(577.1)	(1.0)	(578.1)	73.0	-12.6
Staff severance pay provision	(326.9)	(339.4)	1.3	(338.1)	11.2	-3.3
Net invested capital	807.7	681.2	3.8	685.0	122.7	17.9
Net equity	535.3	530.8	0.0	530.8	4.5	0.8
Net financial debt	272.4	150.4	3.8	154.2	118.2	76.7
	807.7	681.2	3.8	685.0	122.7	17.9

Review of consolidated Balance Sheet, Income Statement and Financial position

Income Statement

The Rai Group income statement for 2011 shows a **net profit of 4.1 million euros**, against a loss of 98.2 million euros for 2010. The difference with the result of the Parent Company Rai S.p.A., which presents a net profit of 39.3 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 2011 year-end.

In relation to the decision made by the Parent Company in 2011 to close down Rai Corporation, the condition by which the company must be considered as a going concern ceased to exist. Consequently, Rai Corporation, besides booking the charges envisaged for the liquidation of the company, is no longer consolidated using the line-by-line method from this year. In order to ensure a consistent comparison between the results of this year and the previous one, an income statement and a balance sheet resulting from the deconsolidation of Rai Corporation have been drawn up as the term of reference for 2010, as highlighted by the reclassified statements at the side.

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 2,973.9 million euros, down 38.7 million euros (-1.3%) on 2010.

Revenues (millions of euros)

	2011	2010	Change	Change %
Licence fees	1,708.4	1,685.4	23,0	1.4
Advertising	964,8	1,028.9	(64,1)	-6.2
Other revenues	300,7	298,3	2,4	0.8
Total revenues	2,973.9	3,012.6	(38,7)	-1.3

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)

	2011	%	2010	%
Rai	1,905.7	64.1	1,824.1	60.5
Rai Cinema	62.9	2.1	14.6	0.5
RaiNet	1.1	0.0	0.7	0.0
Rai Trade	0.0	0.0	54.6	1.8
Rai Way	35.1	1.2	38.2	1.3
Sipra	969.1	32.6	1,035.6	34.4
01 Distribution	0.0	0.0	44.7	1.5
Other companies	0.0	0.0	0.1	0.0
Total	2,973.9	100.0	3,012.6	100.0

Licence fees (1,708.4 million euros). These include licence fees for the current year as well as those for previous years, collected through coercive payment following legal registration. Uncollected fees from those exempted from payment of the licence fee are also included, albeit for a residual amount.

Licence fees (millions of euros)

	2011	2010	Change	Change %
Fees for the year	1,687.8	1,660.5	27.3	1.6
Fees from coercive payment	19.3	22.9	(3.6)	-15.7
Fees for exempted subscription holders	1.3	2.0	(0.7)	-35.0
Total	1,708.4	1,685.4	23.0	1.4

The overall increase (+1.4%) refers to the increase in the per-unit licence fee from 109.00 euros to 110.50 euros (+1.4%). There has also been an increase in the number of paying subscribers (+0.2%) and a drop in new subscribers (-3.1%), returning to the level of 2009.

Advertising revenues. In a framework characterised by the deceleration of the economy and the drop in consumption, advertising revenues also recorded evident signs of difficulty in 2011.

Overall, the revenue trend in 2011 should be interpreted not only in the light of the deceleration of the global economy, which induced a generalised downsizing of the advertising budget, but also of the comparison with 2010, a year characterised by the presence of big sports events, such as the South Africa World Cup and the Vancouver Winter Olympics.

The figures of Nielsen allow the estimate of a comprehensive market reduction of almost 4%, with significant reductions on all media, apart from the Internet, which closes at 12.3%. Television and radio advertising investments in particular show a decline of 3.1% and 7.8% respectively.

In this context, the Rai Group's **advertising revenues** (964.8 million euros) highlight a reduction of 64.1 million euros (-6.2%) compared with 2011, as shown in the table below.

Revenues from advertising on specialised channels continue to show significant growth (+21.4 million euros, +71.1%).

Advertising (millions of euros)

	2011	2010	Change	Change %
On general-interest channels:				
- television	766.4	825.2	(58.8)	-7.1
- radio	38.6	43.5	(4.9)	-11.3
- promotions and sponsorship	78.5	97.8	(19.3)	-19.7
On specialist channels	51.5	30.1	21.4	71.1
Other advertising	29.8	32.3	(2.5)	-7.7
Total	964.8	1,028.9	(64.1)	-6.2

Other revenues show an increase of 2.4 million Euros (+0.8%), due to a number of opposing factors, as highlighted in the table below.

Other revenues (millions of euros)

	2011	2010	Change	Change %
Sale of rights, musical publications	69.9	85.7	(15.8)	-18.4
Special services under agreement	54.9	58.8	(3.9)	-6.6
Sale of rights to utilise archive materials to football clubs	45.0	18.7	26.3	140.6
Film and home video distribution	43.4	41.4	2.0	4.8
Fees for hosting plant and equipment	31.0	30.1	0.9	3.0
Different services, performed mainly for public entities	8.3	8.9	(0.6)	-6.7
Signal broadcasting, circuit hire, radio bridge and link services	8.0	12.7	(4.7)	-37.0
Telephone services	5.1	6.4	(1.3)	-20.3
Repayment of programme production costs	1.9	7.6	(5.7)	-75.0
Other	33.2	28.0	5.2	18.6
Total	300.7	298.3	2.4	0.8

The main discrepancy factors include the Sale of rights to utilise archive materials to football clubs caption, which presents an increase of 26.3 million euros as a consequence of the various agreements entered into by the Parent Company during the two years, while Sale of rights and musical publications (-15.8 million euros) was negative, the reduction being largely due to the sale of rights for foreign broadcasts of the matches of the Italian football championship in relation to different types of agreements for these operations (-5.4 million euros), without significant net effects on the income statement, and to Musical publications (-3.1 million euros).

Other, less important reduction factors are Special services under agreement (-3.9 million euros) as a consequence of the reorganisation of activities envisaged under the foreign broadcasting agreement, Repayment of programme production costs (-5.7 million euros), mainly due to the absence of income related to the production of a long-running TV fiction series, and Signal broadcasting, circuit hire, radio bridge and link services (-4.7 million euros) determined mainly by the absence of income following the termination of a satellite broadcasting agreement, with similar effects on costs.

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)

	2011	%	2010	%
Rai	196.6	65.4	138.7	46.5
Rai Cinema	62.9	20.9	14.6	4.9
RaiNet	0.2	0.1	0.7	0.2
Rai Trade	0.0	0.0	53.5	17.9
Rai Way	35.0	11.6	38.2	12.8
Sipra	6.0	2.0	7.8	2.6
01 Distribution	0.0	0.0	44.7	15.0
Other companies	0.0	0.0	0.1	0.0
Total	300.7	100.0	298.3	100.0

As indicated in the table below, the incidence of revenues from licence fees is about 57% of the total, while the advertising and other revenues component is about 43%.

% of revenues

	2011	2010
Licence fees	57.4	55.9
Advertising	32.4	34.2
Other revenues	10.1	9.9
Total	100.0	100.0

Operating costs

These total 2,278.6 million euros, falling 120.5 million euros compared with 2010, equating to 5.0%, the reasons for which are listed below.

The item includes internal costs (labour cost) and external costs, regarding ordinary business activities, according to the following classification.

Cost 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 highlighted in the table, in comparison with the previous year, the caption presents a reduction of 138.4 million euros (-10.0%), largely deriving from the reduction in costs to purchase broadcasting rights, mainly for sports events (-85.9 million euros). As in all even numbered years, 2010 was characterised by the presence of important four-yearly sports events (World Cup Football Championships and Winter Olympic Games) which had influenced the 2010 income statement by 107.8 million euros. This reduction is partly offset by higher costs for the purchase of the rights to the Italian National football team's friendly matches and the qualifiers for the 2012 European Championship.

In addition to that highlighted above, widespread savings have been observed in other components of the caption, confirming the continuation of cost containment policies.

Consumption of goods and external services (millions of euros)

	2011	2010	Change	Change %
Materials purchased	28.0	29.0	(1.0)	-3.4
External services:				
Freelance services	141.8	147.8	(6.0)	-4.1
Services for acquisition and production of programmes	224.6	242.6	(18.0)	-7.4
Staff allowances, travel and accessory costs	40.5	45.4	(4.9)	-10.8
General services (postage, telephones, transport, maintenance, cleaning, archive services etc.)	183.9	190.7	(6.8)	-3.6
Other	109.4	119.6	(10.2)	-8.5
	700.2	746.1	(45.9)	-6.2
Use of third-party assets:				
Rent and hire costs	112.3	115.8	(3.5)	-3.0
Filming rights (mainly relating to the rights for sports event and Sanremo Festival)	212.6	298.5	(85.9)	-28.8
Utilisation rights	111.6	116.1	(4.5)	-3.9
	436.5	530.4	(93.9)	-17.7
Change in inventories	1.1	0.1	1.0	1000.0
Concession fee	28.0	28.2	(0.2)	-0.7
Other operating costs:				
Prizes and winnings	10.2	9.7	0.5	5.2
Authority contribution	6.1	5.1	1.0	19.6
Municipal property tax	4.5	4.4	0.1	2.3
Other indirect taxes and contributions	11.3	10.2	1.1	10.8
Newspapers, magazines, books and publications	2.9	3.2	(0.3)	-9.4
Membership fees	3.5	3.5	0.0	0.0
Other	5.7	6.4	(0.7)	-10.9
	44.2	42.5	1.7	4.0
Other	12.8	12.9	(0.1)	-0.8
Total	1,250.8	1,389.2	(138.4)	-10.0

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)

	2011	%	2010	%
Rai	1,079.6	86.3	1,175.3	84.6
Rai Cinema	56.2	4.5	20.6	1.5
RaiNet	6.7	0.5	6.6	0.5
Rai Trade	0.0	0.0	30.5	2.2
Rai Way	72.2	5.8	77.9	5.6
Sipra	34.6	2.8	39.3	2.8
01 Distribution	0.0	0.0	36.1	2.6
Other companies	1.5	0.1	2.9	0.2
Total	1,250.8	100.0	1,389.2	100.0

Personnel costs – These amount to 1,027.8 million euros, up by a total of 17.9 million euros on the total at 31 December 2010 (+1.8%), as detailed in the table below.

Personnel costs (millions of euros)

	2011	2010	Change	Change %
Wages and salaries	733.1	722.2	10.9	1.5
Social security contributions	207.9	204.7	3.2	1.6
Staff severance pay	55.0	52.8	2.2	4.2
Pension and similar costs	15.2	14.0	1.2	8.6
Other	16.6	16.2	0.4	2.5
Total	1,027.8	1,009.9	17.9	1.8

The growth of personnel costs is justified by the allocation of funds for the bonus systems applied to executives, middle management, white and blue collars, not envisaged in the previous year as no bonuses were paid. In addition to this component, personnel costs for 2011 close at a very similar value to 2010.

This result derives from a series of operational manoeuvres aimed at offsetting the economic growth deriving from contractual automatism, the stabilisation of staff on temporary contracts, the rise in the severance pay revaluation index and provisions to cover contractual holiday periods for middle management, blue and white collars and orchestra staff.

Among the actions taken, the most significant weight can be attributed to incentives for resignation and the substantial blockage of management policies.

A breakdown of personnel costs by individual Group company is given in the following table.

Personnel costs by Group company (millions of euros)

	2011	%	2010	%
Rai	934.8	91.0	911.1	90.2
Rai Cinema	8.5	0.8	4.9	0.5
RaiNet	4.2	0.4	3.6	0.4
Rai Trade	0.0	0.0	7.0	0.7
Rai Way	51.1	5.0	50.1	5.0
Sipra	29.0	2.8	30.6	3.0
Other companies	0.2	0.0	2.6	0.3
Total	1,027.8	100.0	1,009.9	100.0

Personnel on payroll at 31 December 2011 (including 66 work-introduction and apprenticeship contracts) amounted to 11,410, up 55 on the same date of the previous year. In detail, Group company leavers numbered 331, of whom 156 left under resignation incentives, while engagements numbered 386, 317 of which following the signing of permanent employment contracts by temporary workers in application of trade union agreements, 20 returns to work following legal action and 3 compulsory placements.

The **average number of employees**, including those on fixed-term contracts, came to 13,133, down 115 from the previous year due to a reduction of 30 in the number of staff on permanent contracts and reduction of 85 in the number of staff on fixed-term contracts.

Gross Operating Margin

The Gross Operating Margin, as a consequence of the above, is positive for 719.7 million euros, up 78.4 million euros, or 12.2%, on the previous year.

Amortisation of programmes

This caption is related to **investments in programmes** which, during 2011, amounted to 491.9 million euros, down 17.9 million euros (-3.5%), mainly regarding TV fiction series, as highlighted in the following table.

Investment in programmes (millions of euros)

	2011	2010	Change	Change %
Programmes:				
- TV fiction series	298.9	324.0	(25.1)	-7.7
- Films	125.2	123.0	2.2	1.8
- Other programmes	67.8	62.8	5.0	8.0
Total	491.9	509.8	(17.9)	-3.5

A breakdown of investments in programmes by each individual company is shown in the following table:

Investment in programmes by company (millions of euros)

	2011	%	2010	%
Rai	251.8	51.2	273.0	53.6
Rai Cinema	240.1	48.8	227.6	44.6
Rai Trade	-	0.0	9.2	1.8
Total	491.9	100.0	509.8	100.0

Amortisation charged to the above captions for the year, 487.1 million euros, shows a reduction of 19.9 million euros (-3.9%) compared with the previous year, related to the performance of investments.

Amortisation of programmes (millions of euros)

	2011	2010	Change	Change %
Programmes:				
- TV fiction series	289.6	299.6	(10.0)	-3.3
- Films	145.4	150.2	(4.8)	-3.2
- Other programmes	52.1	57.2	(5.1)	-8.9
Total	487.1	507.0	(19.9)	-3.9

Other amortisation and depreciation

The 2011 movement in this caption, shown in the following table, is linked to **investments in non-current tangible assets and other investments**, and presents a total increase of 51.4 million euros (-34.3%), largely determined by the acquisition of the DEAR property complex by the Parent Company for an amount of 52.5 million euros.

The tables below show the breakdown by company and type:

Other investments (millions of euros)

	2011	2010	Change	Change %
Tangible assets	189.1	142.3	46.8	32.9
Other intangible assets	12.1	7.5	4.6	61.3
Total	201.2	149.8	51.4	34.3
including, for the development of the digital network:	79.3	76.6	2.7	3.5

Other investments by company (millions of euros)

	2011	%	2010	%
Rai	110.1	54.7	53.7	35.8
Rai Cinema	0.4	0.2	0.2	0.1
Rai Trade	0.0	0.0	0.3	0.2
Rai Way	88.4	43.9	90.5	60.4
Sipra	1.9	0.9	4.1	2.7
Other companies	0.4	0.2	1.0	0.7
Total	201.2	100.0	149.8	100.0

Amortisation and depreciation for the period referring to the captions mentioned above amount to 130.2 million euros, with an increase of 9.0 million euros compared to 2010, referring mainly to non-current tangible assets.

Depreciation and amortisation of other non-current assets (millions of euros)

	2011	2010	Change	Change %
Tangible assets	117.1	108.2	8.9	8.2
Other intangible assets	13.1	13.0	0.1	0.8
Total	130.2	121.2	9.0	7.4

Other net income (expense)

The caption comprises costs/revenues not directly related to the Company's core business and, in 2011, highlights net expenses of 39.6 million euros (32.1 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 for 29.9 million euros (at 31 December 2010, 42.8 million euros), provisions for risks and charges for 18.1 million euros (at 31 December 2010, 19.0 million euros), provision for bad debts for 6.3 million euros (at 31 December 2010, 8.4 million euros), provision to the supplementary pension fund for former employees for 13.9 million euros (at 31 December 2010, 9.7 million euros), partly offset by net prior-year income for 21.2 million euros (at 31 December 2010, 29.2 million euros) and releases of provisions allocated in previous years for 8.8 million euros (at 31 December 2010, 20.0 million euros).

Operating result

The results described above for operating revenues and costs led to an improvement in the operating result, from -19.0 million euros in the previous year to +62.8 million euros this year, with an increase of 81.8 million euros.

Net financial expense

Net financial expense shows a negative 9.5 million euros, down on 2010 (-0.4 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)

	2011	2010	Change
Net interest expense from banks and other lenders	(7.7)	(4.0)	(3.7)
Net charges in relation to exchange rates	(0.9)	3.0	(3.9)
Other net financial expense	(0.9)	0.6	(1.5)
Total	(9.5)	(0.4)	(9.1)

The details show a drop in net interest payable to banks of 3.7 million euros against higher financial exposure to third parties and an increase in the rates applied.

Net charges on exchanges, of 0.9 million euros, are down 3.9 million euros on the previous year. This result is particularly determined by exchange rate differences on Rai Cinema contracts in US Dollars, for which, compliant with company policy, insurance coverage was provided in previous years. Other financial charges are down due to higher bank commissions and interest payable to suppliers for payment extensions established by contract.

The average cost of loans, consisting of current account credit lines, "hot cash", stand-by and medium-term loans, settled at 2.8% (1.9% in the previous year), up in relation to the increase in the spreads applied to bank loans.

Net exceptional expense

This caption amounts to 6.8 million euros (45.6 million euros in 2010), relating mainly to expenses sustained for the pursuit of incentivised early staff resignation launched in the previous year.

Income taxes

These amount to 36.7 million euros and represent the balance between current and deferred taxes as shown in the table.

Income taxes (millions of euros)

	2011	2010	Change
IRES	(22.5)	(38.3)	15.8
IRAP	(42.8)	(35.6)	(7.2)
Deferred tax liabilities:			
- from Group company financial statements	2.1	2.6	(0.5)
- from consolidation adjustments	(0.1)	(0.1)	0.0
Deferred tax assets:			
- from Group company financial statements	27.3	37.8	(10.5)
- from consolidation adjustments	(0.7)	(0.1)	(0.6)
Total	(36.7)	(33.7)	(3.0)

IRES of 22.5 million euros presents a reduction of 15.8 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 42.8 million euros is up on the previous year, due to the higher taxable amount of the Parent Company.

Deferred tax liabilities in 2011 determine a positive effect equating to 2.1 million euros (2.6 million euros in 2010), largely as a consequence of the reversal of the temporary differences in income deriving from higher amortisation applied by the Parent Company in previous years, purely for tax purposes.

Deferred tax assets (27.3 million euros) originated from the booking of IRES credit deriving from:

- the negative taxable base of the Parent Company, which was offset by the positive taxable amounts of the subsidiaries, included within the scope of consolidation for the 2011 tax year for 16.5 million euros;
- temporary differences in income of the Parent Company which will be accrued to the next year and were determined largely on the basis of the Group's expected taxable income for that year, for an amount of 8.5 million euros;
- other changes for 2.3 million euros.

Balance Sheet aggregates

Non-current assets

Non-current assets (millions of euros)				
	31.12.2011	31.12.2010	Change	Change %
Tangible assets	682.3	613.2	69.1	11.3
Programmes	895.3	921.0	(25.7)	-2.8
Equity investments	12.2	16.2	(4.0)	-24.7
Other non-current assets	49.9	50.8	(0.9)	-1.8
Total	1,639.7	1,601.2	38.5	2.4

Tangible assets are detailed in the following table.

Tangible assets (millions of euros)				
	31.12.2011	31.12.2010	Change	Change %
Land and buildings	232.9	185.0	47.9	25.9
Plant and machinery	293.1	261.9	31.2	11.9
Industrial and sales equipment	10.0	10.9	(0.9)	-8.3
Other assets	29.5	32.4	(2.9)	-9.0
Tangible assets under construction and payments on account	116.8	123.0	(6.2)	-5.0
Total	682.3	613.2	69.1	11.3

Investments in programmes are represented mainly by TV fiction series (470.3 million euros) and films (313.5 million euros).

Investments in programmes (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
TV fiction series	470.3	490.1	(19.8)	-4.0
Films	313.5	335.3	(21.8)	-6.5
Other programmes	111.5	95.6	15.9	16.6
Total	895.3	921.0	(25.7)	-2.8

Equity investments amount to 12.2 million euros and present a reduction on the previous year (-4.0 million euros), largely due to the writedown of the investment in Rai Corporation following the decision to close this company down.

Other non-current assets are shown in the following table:

Other non-current assets (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
Digital terrestrial frequencies	14.6	17.9	(3.3)	-18.4
Alterations and improvements to leased properties	10.6	12.1	(1.5)	-12.4
Non-current receivables	8.9	6.1	2.8	45.9
Securities	3.7	3.8	(0.1)	-2.6
Other	12.1	10.9	1.2	11.0
Total	49.9	50.8	(0.9)	-1.8

Working capital

The change from 2010 (+73 million euros) is due mainly to normal developments in the business.

Working capital (millions of euros)

	31.12.2011	31.12.2010	Change	Change %
Inventories	3.5	4.5	(1.0)	-22.2
Trade receivables	704.9	656.3	48.6	7.4
Other assets	302.6	224.0	78.6	35.1
Trade payables	(855.6)	(807.4)	(48.2)	6.0
Provisions for risks and charges	(412.9)	(402.6)	(10.3)	2.6
Other liabilities	(247.6)	(252.9)	5.3	-2.1
Total	(505.1)	(578.1)	73.0	-12.6

Major changes relate to:

- **Trade receivables:** up 48.6 million euros due to increased lending positions mostly determined by fewer collections by the Parent Company for Special services relating to agreements with the government.
- **Other assets:** up 78.6 million euros largely due to advance payments made by the Parent Company to purchase the broadcasting rights for sports events held during the following year (particularly the European Football Championships and Olympic Games).
- **Trade payables:** up 48.2 million euros due to certain amounts payable relating to contracts with football clubs and for the purchase of sports broadcasting rights and the DEAR property.

Net financial position

The year-end **net financial position** is negative by 272.4 million euros, showing a considerable deterioration compared to the previous year (-154.2 million euros) and is comprised as follows:

Net Group financial position (millions of euros)				
	31.12.2011	31.12.2010	Change	Change %
Net amounts due from (to) banks and other lenders				
in the medium/long term	(212.8)	(3.7)	(209.1)	5651.4
in the short term - net	(53.7)	(145.5)	91.8	-63.1
	(266.5)	(149.2)	(117.3)	78.6
Other financial payables	(5.9)	(5.0)	(0.9)	18.0
Net financial position	(272.4)	(154.2)	(118.2)	76.7

Despite the substantially balanced economic result, the growth of the debt is determined significantly by the change in certain working capital entries, mainly due to delayed collections of receivables from services rendered to the government and relevant disbursements for future big sports events (European Football Championships, Olympic Games).

In May 2011, an unsecured loan of 295 million euros was taken out, at the best market conditions, by a pool of five bank counterparties, 210 million euros of which had been used at 31 December 2011. The loan, converted in observance of the company policy to fixed rate for about 70% via an Interest Rate Swap, envisages full repayment by 31 December 2015, with amortisation beginning in June 2013, in constant six-monthly instalments.

The loan envisages the respect of two parametric/equity indexes:

- Net Financial Debt, net of government receivables for licence fees/Shareholders' equity ≤ 1.5
- Net Financial Debt, net of government receivables for licence fees/Gross Operating Margin ≤ 1

These indexes were fully respected at 31 December, settling at 0.49 and 0.36 respectively.

The average financial position is negative by about 254 million euros and has deteriorated compared to the previous year (-188 million euros).

The analysis carried out on the basis of additional **balance sheet and income statement ratios** highlighted that:

- the **net invested capital coverage ratio**, calculated as the ratio between net invested capital and own capital, is 1.51 (1.29 at 31 December 2010);
- the **financial debt coverage ratio**, calculated as the ratio between net financial debt and own capital, is 0.51 (0.29 at 31 December 2010);
- the **current ratio**, identified in the ratio between current assets (inventories, current assets, cash and cash equivalents and financial receivables) and current liabilities (current liabilities and financial debts), is 0.87 (0.73 at 31 December 2010);
- the **self-coverage ratio** of non-current assets, calculated as the ratio of shareholders' equity to non-current assets, is 0.33 (unchanged from 31 December 2010).

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 220 million dollars during 2011. 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. In relation to the taking out of the medium-term loan described above, Interest Rate Swap agreements were entered into for 205 million euros (of which 131 with start delayed until 31 December 2011), with the aim of transforming the cost of the loan, issued at floating rate and therefore subject to market volatility, to fixed rate.
- 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 2011.
- As regards the **liquidity risk**, the Group, faced with a period of considerable uncertainty on the monetary market, consolidated its financial structure by taking out the medium-term loan described above, of which, at 31 December 2011, 210 million euros had been used (thanks to the possibility for use extended to the whole of the first year following subscription). With the banking system, short-term and reversible loan lines were opened for a maximum amount of about 515 million euros which, during recent tensions on the financial markets, presented problems relating to complete usability. Stand-by loans are also active for a total of 130 million euros, maturing in February 2012 and renewed during the first quarter of 2012 for the amount of 90 million euros. The loans in place allow coverage of overdrafts during the year, on condition that payment of the fees by the Ministry of the Economy and Finance takes place without significant delays on the contractual quarter-end deadlines. In the absence of relevant public funds, preparatory activities continued with the European Investment Bank for a specific medium/long-term loan to provide further coverage of the relevant requirements of the progress of the DTT project.





**Consolidated Balance Sheet
and Income Statement** (in statutory form)

Consolidated Balance Sheet - Assets (millions of euros)

	31.12.2011	31.12.2010
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	642.3	648.0
4.- Concessions, licences, trademarks and similar rights	14.7	18.1
6.- Intangible assets under development and payments on account	261.9	283.0
7.- Other intangible assets	13.7	15.6
TOTAL INTANGIBLE ASSETS	932.6	964.7
II. TANGIBLE ASSETS		
1.- Land and buildings	232.9	185.0
2.- Plant and machinery	293.1	262.0
3.- Industrial and sales equipment	10.0	11.0
4.- Other assets	29.5	32.4
5.- Tangible assets under construction and payments on account	116.8	123.0
TOTAL TANGIBLE ASSETS	682.3	613.4
III. FINANCIAL ASSETS		
1.- Equity investments in		
a) non-consolidated subsidiaries	1.7	-
b) associated companies	9.7	8.7
d) other companies	0.8	0.8
	12.2	9.5
2.- Receivables		
d) from others		
. amounts due within one year	0.2	0.7
. amounts due after one year	8.7	5.6
	8.9	6.3
3.- Other securities	3.7	3.8
TOTAL NON-CURRENT FINANCIAL ASSETS	24.8	19.6
TOTAL NON-CURRENT ASSETS	1,639.7	1,597.7

follows

Consolidated Balance Sheet - Assets (millions of euros)

	31.12.2011	31.12.2010
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	1.3	2.2
3.- Contract work in progress	0.2	0.1
4.- Finished products and merchandise	2.0	2.2
TOTAL INVENTORIES	3.5	4.5
II. RECEIVABLES		
1.- Customers	703.7	655.6
2.- Non-consolidated subsidiaries	..	..
3.- Associated companies	0.3	0.1
4bis.- Tax receivables	52.9	56.3
4ter.- Deferred tax assets		
. amounts due within one year	30.7	43.9
. amounts due after one year	5.6	4.3
5.- Others		
. amounts due within one year	161.5	57.7
. amounts due after one year	7.0	20.2
TOTAL RECEIVABLES	961.7	838.1
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	18.4	2.5
2.- Cheques	..	..
3.- Cash and cash equivalents on hand	0.4	0.5
TOTAL CASH AND CASH EQUIVALENTS	18.8	3.0
TOTAL CURRENT ASSETS	984.0	845.6
D) ACCRUED INCOME AND PREPAID EXPENSES	45.8	42.2
TOTAL ASSETS	2,669.5	2,485.5

Consolidated Balance Sheet - Liabilities (millions of euros)

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. PARENT COMPANY EQUITY		
I. Share Capital	242.5	242.5
IV. Legal reserve	7.0	7.0
VII. Other reserves	281.7	379.5
IX. Group profit (loss) for the year	4.1	(98.2)
TOTAL GROUP SHAREHOLDERS' EQUITY	535.3	530.8
II. MINORITY INTERESTS	-	-
TOTAL SHAREHOLDERS' EQUITY	535.3	530.8
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	155.6	151.8
2.- Current and deferred taxes	11.5	12.0
3.- Other	245.8	238.9
TOTAL PROVISIONS FOR RISKS AND CHARGES	412.9	402.7
C) PROVISION FOR STAFF SEVERANCE PAY	326.9	339.4
D) PAYABLES		
4.- Due to banks		
. amounts due within one year	72.6	148.0
. amounts due after one year	210.7	0.8
5.- Due to other lenders		
. amounts due within one year	1.3	1.3
. amounts due after one year	0.7	1.6
6.- Advances		
. amounts due within one year	3.4	4.3
. amounts due after one year	-	1.5
7.- Suppliers	846.3	796.2
9.- Non-consolidated subsidiaries	7.5	-
10.- Associated companies	4.3	5.6
12.- Taxes payable	71.4	77.6
13.- Welfare and social security institutions	52.7	50.3
14.- Other payables	77.9	74.7
TOTAL PAYABLES	1,348.8	1,161.9
E) ACCRUED EXPENSES AND DEFERRED INCOME	45.6	50.7
TOTAL LIABILITIES	2,669.5	2,485.5

Consolidated Memorandum accounts (millions of euros)

	31.12.2011	31.12.2010
1.- Unsecured guarantees granted		
a) Sureties:		
- for associated companies	2.6	2.6
- for others	61.7	82.5
	64.3	85.1
c) Other:		
- for others	2.0	1.9
Total unsecured guarantees granted	66.3	87.0
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
Total secured guarantees granted	54.3	54.3
3.- Purchase and sale commitments	1.9	71.0
4.- Other memorandum accounts	550.9	443.7
	673.4	656.0

Consolidated Income Statement (millions of euros)

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,923.6	2,962.0
2.- Changes in inventories of work in progress, semi-finished and finished products	..	0.2
3.- Changes in contract work in progress	0.1	(0.6)
4.- Internal cost capitalisations	24.4	27.6
5.- Other production-related income		
a) operating grants	9.2	8.2
b) gains on disposal of assets	3.1	1.7
c) miscellaneous	80.9	102.2
	<u>93.2</u>	<u>112.1</u>
TOTAL PRODUCTION VALUE	3,041.3	3,101.3
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(28.0)	(29.1)
7.- Services	(700.2)	(735.7)
8.- Use of third-party assets	(436.5)	(535.0)
9.- Personnel		
a) wages and salaries	(733.1)	(725.9)
b) social security contributions	(207.9)	(205.8)
c) staff severance pay provision	(55.0)	(52.8)
d) pension and similar costs	(15.2)	(14.0)
e) other costs	(16.6)	(16.0)
	<u>(1,027.8)</u>	<u>(1,014.5)</u>
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(512.9)	(532.9)
b) depreciation of tangible assets	(117.1)	(108.6)
c) other non-current asset writedowns	(30.0)	(43.4)
d) writedowns of current receivables and cash and cash equivalents	(6.3)	(8.4)
	<u>(666.3)</u>	<u>(693.3)</u>
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(1.1)	(0.1)
12.- Provisions for risks	(13.7)	(17.2)
13.- Other provisions	(4.5)	(2.2)
14.- Other operating costs		
a) capital losses on disposals	(4.4)	(1.5)
b) concession fee	(28.0)	(28.2)
c) other	(68.0)	(63.9)
	<u>(100.4)</u>	<u>(93.6)</u>
TOTAL PRODUCTION COSTS	(2,978.5)	(3,120.7)
Difference between production value and costs (operating result)	62.8	(19.4)

follows

Consolidated Income Statement (millions of euros)

	31.12.2011	31.12.2010
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
a) from non-current receivables		
. other	..	..
b) from non-current securities other than	0.1	0.1
. equity investments		
d) financial income other than the above	1.1	1.6
. interest and commissions from others and miscellaneous income	1.2	1.7
17.- Interest and other financial expenses		
b) interest and commissions payable to associated companies	..	..
d) interest and commissions payable to others and miscellaneous charges	(9.6)	(5.1)
	(9.6)	(5.1)
17bis.- Foreign exchange gains and losses - net	(0.9)	3.0
TOTAL FINANCIAL INCOME AND EXPENSE	(9.3)	(0.4)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) equity investments	1.1	1.1
19.- Writedowns		
a) equity investments	(6.8)	(0.1)
b) of non-current securities other than equity investments	(0.2)	..
	(7.0)	(0.1)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	(5.9)	1.0
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
b) contingent assets and reversal of non-existent liabilities	0.1	0.6
	0.1	0.6
21.- Exceptional expense		
b) prior years' taxes	(2.5)	(0.3)
c) contingent liabilities and reversal of non-existent assets	..	(0.5)
d) other	(4.4)	(45.4)
	(6.9)	(46.2)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(6.8)	(45.6)
Result before taxes	40.8	(64.4)
22.- Current income taxes for the year, and deferred tax assets and liabilities	(36.7)	(33.8)
23.- Profit (loss) for the year	4.1	(98.2)
Of which:		
- pertaining to the Parent Company	4.1	(98.2)
- pertaining to minority interests	-	-





**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 financial statements at 31 December 2011 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 2011, which is the year-end date for all consolidated companies.

The financial statements of consolidated companies are those approved by their relevant corporate bodies.

The consolidated financial statements and the accounts of the individual consolidated companies have been audited by PricewaterhouseCoopers SpA.

The reconciliation between Rai and Group results and equity for 2011 and 2010 is presented on page 269.

2) Scope of consolidation

Rai and all companies 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 2011):

- *Rai Cinema SpA*; registered office in Rome, Piazza Adriana 12, share capital 200,000,000.40 euros; shareholders: Rai 100%.
- *Rai World SpA*; registered office in Rome, Viale Mazzini 14, share capital 1,300,000 euros; shareholders: Rai 100%.
- *RaiNet SpA*; registered office in Milan, Corso Sempione 27, share capital 5,160,000 euros; shareholders: Rai 100%.
- *Rai Way SpA*; registered office in Rome, Via Teulada 66, share capital 70,176,000 euros; shareholders Rai 100%.
- *Sipra SpA*; registered office in Turin, Corso Bernardino Telesio 25, share capital 10,000,000 euros; shareholders: Rai 100%.

With the deed of merger dated 23 February 2011, backdated to 1 January 2011, Rai Trade SpA was merged by incorporation into Rai.

Also, with the deed of merger dated 21 March 2011, backdated to 1 January 2011, 01 Distribution Srl was merged by incorporation into Rai Cinema SpA.

Lastly, on 29 November 2011, Rai's Board of Directors resolved the closure of Rai Corporation. In this situation the condition by which the company must be considered as a going concern ceased to exist and the company's financial statements were prepared in compliance with liquidation criteria. Consequently, the company is no longer consolidated using the line-by-line method, but is valued at equity. In the reclassified statements, comprised of tables for the analysis of the balance sheet and income statement, and of cash flows, the comparative values reflect the effects of deconsolidation of the company.

The following companies are recorded using the equity method:

- *Audiradio Srl in liquidation*; registered office in Milan, Largo Toscanini 1, share capital 258,000 euros; shareholders: Rai 27%, others 73%.
- *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 Lyon Ecully (France), 60 Chemin des Mouilles; share capital 3,848,610 euros; shareholders: Rai 21.54%, others 78.46%.
- *Rai Corporation - Italian Radio TV System*; registered office in New York, 32 Avenue of the Americas; share capital 500,000 US\$; shareholders: Rai 100%.
- *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%.
- *Tivu' Srl*; registered office in Rome, 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) 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 group 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. 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 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 estimated period of use from the date the service is activated.
- d) Trademarks are amortised 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 (insofar as it is related to real properties). 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 with 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 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, the figure is allocated to the specific risk provision.

- 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 932.6 million euros, with a net reduction of 32.1 million euros on the preceding year, represented by the balance between new investments (517.1 million euros), the amortisation charge for the year (512.9 million euros), writedowns and eliminations (30.0 million euros), disposals (1.0 million euros), as well as other decreases for (5.3 million euros, 2.8 million euros of which due to the change in the scope of consolidation).

As shown in schedule no. 1, the caption is composed as follows:

Intangible assets (millions of euros)											Schedule 1			
31.12.2010 (a)				Changes during the year							31.12.2011			
	Cost	Write-downs	Amortisat.	Book value	Change in scope of consolidation	Increases and capitalis.	Disposals (b)	Reclassific.	Write-downs/ Eliminat.	Amortisat.	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)	1,397.8	(45.8)	(709.4)	642.6	-	349.5	-	174.5	(29.3)	(499.8) (d)	1,912.3	(40.3)	(1,234.5)	637.5
other (e)	9.5	-	(4.1)	5.4	-	3.8	..	..	-	(4.4)	13.3	-	(8.5)	4.8
	1,407.3	(45.8)	(713.5)	648.0	-	353.3	..	174.5	(29.3)	(504.2)	1,925.6	(40.3)	(1,243.0)	642.3
Concessions, licences, trademarks and similar rights														
digital terrestrial	40.5	-	(22.6)	17.9	-	-	-	-	-	(3.3)	40.5	-	(25.9)	14.6
other	0.6	-	(0.4)	0.2	-	..	-	-	-	(0.1)	0.4	-	(0.3)	0.1
	41.1	-	(23.0)	18.1	-	..	-	-	-	(3.4)	40.9	-	(26.2)	14.7
Intangible assets under development and payments on account:														
programmes (f)	278.4	-	-	278.4	-	155.5	(1.0)	(174.5)	(0.6)	-	257.8	-	-	257.8
long-term costs relating to third-party property	1.7	-	-	1.7	-	0.2	-	(1.4)	-	-	0.5	-	-	0.5
other	2.9	-	-	2.9	-	0.7	-	..	-	-	3.6	-	-	3.6
	283.0	-	-	283.0	-	156.4	(1.0)	(175.9)	(0.6)	-	261.9	-	-	261.9
Other:														
long-term costs relating to third-party property (g)	55.5	-	(42.3)	13.2	(2.8)	3.6	-	(1.1)	-	(2.8)	40.3	-	(30.2)	10.1
accessory charges on loans	1.6	-	(1.0)	0.6	-	2.3	-	-	-	(0.8)	3.9	-	(1.8)	2.1
other	4.9	(0.6)	(2.5)	1.8	-	1.5	-	..	(0.1)	(1.7)	6.3	(0.3)	(4.5)	1.5
	62.0	(0.6)	(45.8)	15.6	(2.8)	7.4	-	(1.1)	(0.1)	(5.3)	50.5	(0.3)	(36.5)	13.7
	1,793.5	(46.4)	(782.4)	964.7	(2.8)	517.1	(1.0)	(2.5)	(30.0)	(512.9)	2,279.0	(40.6)	(1,305.8)	932.6

(a) Reflects only value which are not completely amortised at 31 December 2010

(b) Of which:

Cost	(1.0)
Amortisation and depreciation	..
	(1.0)

(c) Programmes, with book values:

not fully amortised	1,397.8	(45.8)	(709.4)	642.6							1,381.6	(40.3)	(703.8)	637.5
fully amortised	694.8	-	(694.8)	-							530.7	-	(530.7)	-
	2,092.6	(45.8)	(1,404.2)	642.6							1,912.3	(40.3)	(1,234.5)	637.5

(a) net of the use of the provision for impairment of programmes for 34.8 million euros

(c) With book values:

not fully amortised	9.5	-	(4.1)	5.4							10.6	-	(5.8)	4.8
fully amortised	1.4	-	(1.4)	-							2.7	-	(2.7)	-
	10.9	-	(5.5)	5.4							13.3	-	(8.5)	4.8

(e) Costs for the right to use intellectual property under production at 31 December 2011 and not yet transferred by the end of December 2011 to non-current assets under amortisation, refer to rights becoming valid after 31 December 2011 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.

(g) Long-term charges on third-party property, with book values:

not fully amortised	55.5	-	(42.3)	13.2							38.8	-	(28.7)	10.1
fully amortised	(0.2)	-	0.2	-							1.5	-	(1.5)	-
	55.3	-	(42.1)	13.2							40.3	-	(30.2)	10.1

Formation, start-up and expansion costs. These are booked to the financial statements of Rai World for an insignificant amount (at 31 December 2010: insignificant).

Industrial patents and intellectual property rights. These amount to 642.3 million euros and are comprised as follows:

- 637.5 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 reduction of 5.1 million euros compared to the figure relating to 31 December 2010. This reduction is represented by the difference between new assets for 524.0 million euros (of which 174.5 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 29.3 million euros and the amortisation charge for the year of 499.8 million euros;
- 4.8 million euros for software rights, showing a net increase of 0.6 million euros compared to the figure relating to 31 December 2010. The aforementioned reduction is particularly represented by the difference between new assets for 3.8 million euros and the amortisation charge for the year of 4.4 million euros.

As regards television and film products available for use, at 31 December 2011 the item total, gross of writedowns, was split between:

- rights to television programmes owned or held under unlimited-term licences amounting to 265.3 million euros (at 31 December 2010: 250.3 million euros);
- rights to third-party television programmes held under fixed-term licences amounting to 412.5 thousand euros (at 31 December 2010: 438.3 million euros).

Overall investment in television programmes made in 2011 amounts to 505 million euros, including 155.5 million euros in programmes which were not yet available at 31 December 2011, which are carried under *intangible assets under development and payments on account*.

Analysing investments by type, at 31 December 2011, 344.4 million euros have been invested in fiction programmes (series, miniseries, TV movies, soap operas etc.), 79.8 million euros in films, 28.4 million euros in cartoons and comedy programmes, 13.1 million euros in documentaries, 10.6 million euros in classical music and drama, 8.3 million euros in football libraries and 20.4 million euros in other categories.

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. These amount to 14.7 million euros (at 31 December 2010: 18.1 million euros) of which 14.6 million euros referring to digital frequencies (at 31 December 2010: 17.9 million euros).

Non-current assets under development and payments on account. These amount to 261.9 thousand euros, including:

- 257.8 million euros for the cost of television programmes and films which are not yet available, and therefore not subject to amortisation, and compared with the figure as at 31 December 2010, showing a net reduction of 20.6 million euros. In particular, the aforementioned reduction is equal to the balance between increases for new assets (155.5 million euros), decreases for items transferred to *Industrial patents and intellectual property rights* in that they relate to productions and/or purchases that became usable during the year (174.5 million euros), to eliminations and disposals for 1.6 million euros;
- 1.6 million euros for software programs and analysis, showing a net increase of 0.5 million euros compared to the figure relating to 31 December 2010, due to increases for new assets;
- 0.5 million euros refer to alterations and improvements underway on property under leasehold or concession and, compared with the figure as at 31 December 2010, show a net reduction of 1.2 million euros;
- 2.0 million euros refer to the cost to purchase options on agreements for the commercial exploitation of products held in football libraries recorded in the financial statements of the Parent Company and, compared with the figure as at 31 December 2010, show a net increase of 0.2 million euros.

For television programmes and films that have not yet become available, the total of 257.8 million euros includes:

- 131.4 million euros for television programmes owned by the Company that were not ready at 31 December 2011 or for which usage rights began after 31 December 2011 (at 31 December 2010: 158.8 million euros). These comprise costs of 9.0 million euros relating to the production of a long-running fiction series which has been interrupted for the moment following production problems with the company responsible for production;
- 126.4 million euros regarding third-party television programmes held on fixed-term licence beginning after 31 December 2011 (at 31 December 2010: 119.6 million euros).

Other intangible assets. The amount of 13.7 million euros includes:

- 10.1 million euros for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (31 December 2010: 13.2 million euros);
- 2.1 million euros, net of accumulated amortisation, relating to long-term loan agreements to be distributed throughout their duration (at 31 December 2010: 0.6 million euros);
- 1.5 million euros relating to investments in software programs and analyses (at 31 December 2010: 1.7 million euros).

The amount relating to the purchase of a right to the first negotiation and option on the broadcasting of football matches was zeroed: (at 31 December 2010: 0.1 million euros).

Tangible assets

These comprise the costs and related revaluations of non-current tangible 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 9% to 33.3%
- industrial and sales equipment from 14.3% to 19%
- other assets from 12% to 30%

At 31 December 2011, *tangible assets* amount to 682.3 million euros and show, overall, a net increase of 68.9 million euros compared with 31 December 2010, comprised of the balance between new assets (189.1 million euros), depreciation (117.1 million euros), disposals and other reductions (5.6 million euros, 0.2 million euros of which due to the change in the scope of consolidation) and other increases for 2.5 million euros, as specified in Schedule 2.

Tangible assets and accumulated depreciation (millions of euros)											Schedule 2				
31.12.2010						Changes during the year					31.12.2011				
	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value	Change in scope of consolidation	Increases and capitalis.	Reclassificat.	Net eliminations and transfers (a)	Depreciation	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value
Land and buildings	542.7	626.1	(36.5)	(947.3)	185.0	-	59.2	8.3	(3.6)	(16.0)	612.3	583.0	(36.5)	(925.9)	232.9
Plant and machinery	1,703.2	13.7	-	(1,454.9)	262.0	(0.1)	57.9	64.0	(0.7)	(90.0)	1,767.8	8.3	-	(1,483.0)	293.1
Industrial and sales equipment	108.0	3.3	-	(100.3)	11.0	-	1.6	1.4	..	(4.0)	101.6	3.0	-	(94.6)	10.0
Other assets	120.8	1.0	..	(89.4)	32.4	(0.1)	3.7	0.6	..	(7.1)	116.8	1.0	..	(88.3)	29.5
Assets under construction and advances	123.0	-	-	-	123.0	-	66.7	(71.8)	(1.1)	-	116.8	-	-	-	116.8
	2,597.7	644.1	(36.5)	(2,591.9)	613.4	(0.2)	189.1	2.5	(5.4)	(117.1)	2,715.3	595.3	(36.5)	(2,591.8)	682.3

(a) including:

. Costs	(82.9)
. Revaluations	(48.8)
. Depreciation	126.3
	(5.4)

It should be noted that new assets recorded, which reflect investments made in the year, comprise 7.0 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 *non-current tangible assets* is reported below, listed according to the applicable regulations:

- 0.2 million euros gross in implementation of Law 823 of 19 December 1973;
- 38.3 million euros gross in implementation of Law 576 of 2 December 1975 and law 72 of 19 March 1983;
- 57.4 million euros gross in implementation of Law 413 of 30 December 1991;
- 499.3 million euros gross in implementation of Law 650 of 23 December 1996.

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 24.8 million euros and are comprised as follows:

Equity investments in non-consolidated subsidiaries. These amount to 1.7 million euros (at 31 December 2010: no value) and represent the Shareholders' equity of Rai Corporation following the change in the method used to evaluate the investment as specified earlier.

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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Audiradio	27%	30.23%	0.1	0.3
Auditel	33%	33%	0.4	0.4
San Marino	50%	50%	2.7	2.9
Euronews	21.54%	22.84%	4.6	4.0
Tivù	48.16%	48.16%	1.9	1.1
Gross value			9.7	8.7
Impairment provisions			(0.0)	(0.0)
Net value			9.7	8.7

Equity investments in the associated companies are all held in Rai portfolio.

Equity investments in other companies. These total 0.8 million euros and are comprised as follows:

(millions of euros)		
	31.12.2011	31.12.2010
Almaviva	0.3	0.3
Istituto Enciclopedia Treccani	0.5	0.5
Others	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 8.9 million euros (at 31 December 2010: 6.3 million euros) and are comprised as follows:

- guaranteed minimums relating to mandates for the sale of rights and other commercial initiatives for 6.5 million euros;
- guarantee deposits of 2.0 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

	31.12.2010				Changes during the year					31.12.2011			
	Costs	Revaluat.	Writedowns	Book value	Change in scope of consolidation	Acquisitions Subscriptions Disbursements	Disposals Redemptions	Reclassificat.	Writedowns (-) Writebacks (+)	Costs	Revaluat.	Writedowns	Book value
Receivables:													
Subsidiaries	-	-	-	-	-	..	..	..	..	-	-	-	-
Due from others:													
- employees	0.6	-	(0.2)	0.4	..	0.1	(0.1)	-	-	0.6	-	(0.2)	0.4
- guarantee deposits	2.7	-	(0.2)	2.5	(0.2)	0.1	(0.4)	-	..	2.0	-	-	2.0
- guaranteed minimums on sales mandates	15.9	-	(12.5)	3.4	-	4.1	(0.8)	-	(0.2)	18.5	-	(12.0)	6.5
	19.2	-	(12.9)	6.3	(0.2)	4.3	(1.3)	-	(0.2)	21.1	-	(12.2)	8.9
Other securities	3.8	..	..	3.8	-	-	-	-	..	3.8	..	(0.1)	3.7

Other securities. These amount to 3.7 million euros (at 31 December 2010: 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 3.5 million euros net of the inventory provision (at 31 December 2010: 4.5 million euros). As shown in Schedule 4, they comprise:

- *Raw materials, supplies and consumables:* these amount to 1.3 million euros net of the inventory provision for 14.2 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 0.2 million euros in Rai Way's financial statements, relating to costs incurred on developing the Isoradio network.
- *Finished goods and merchandise:* these amount to 2.0 million euros net of the inventory provision of 0.5 million euros, mostly relating to the books and periodicals business, home video distribution and inventories of items acquired in exchange for advertising.

Inventories (millions of euros)

Schedule 4

	31.12.2010	Changes during the year		31.12.2011
		Increases (+) Reductions (-)	Balance of provisions made (-) and released (+)	
Raw materials, supplies and consumables	16.6	(1.1)	-	15.5
Impairment provision	(14.4)	-	0.2	(14.2)
	2.2	(1.1)	0.2	1.3
Contract work in progress	0.1	0.1	-	0.2
Finished products and merchandise	2.7	(0.2)	-	2.5
Impairment provision	(0.5)	-	..	(0.5)
	2.2	(0.2)	-	2.0
Total	4.5	(1.2)	0.2	3.5

Receivables

Receivables total 961.7 million euros, showing an increase of 123.6 million euros on 31 December 2010, as can be seen in Schedule 5, which gives a breakdown of receivables, and in 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

	31.12.2010	Changes during the year			31.12.2011
		Change in scope of consolidation	Balance of entries (+) repayments (-)	Uses/release Allocation to provisions	
Customers					
. government and other public entities for public broadcasting services	83.8	-	23.3	-	107.1
. net receivables for licence fees	34.2	-	(22.0)	-	12.2
. other receivables	597.3	-	42.1	-	639.4
<i>less</i>					
. bad debts provision	(59.7)	-	-	10.2	(55.0)
	655.6	-	43.4	10.2	703.7
Non-consolidated subsidiaries					
. Rai Corporation	-	0.2	(0.2)	-	-
	-	0.2	(0.2)	-	-
Associated companies					
. Auditel	..	-	..	-	-
. San Marino RTV	0.1	-	..	-	0.1
. Tivù	..	-	0.2	-	0.2
	0.1	-	0.2	-	0.3
Tax receivables	56.3	(0.1)	(3.3)	-	52.9
Deferred tax assets	48.2	-	(11.9)	-	36.3
Others					
. future sports events	35.8	-	87.6	-	123.4
. payments on account to suppliers, collaborators, agents	12.5	-	2.5	-	15.0
. social security departments	10.9	-	3.3	-	14.2
. personnel	6.6	-	0.2	-	6.8
. other	14.3	(0.1)	(2.2)	-	12.0
<i>less</i>					
. bad debts provision	(2.2)	-	-	0.1	(2.9)
	77.9	(0.1)	91.4	0.1	168.5
Total	838.1	-	119.8	10.3	961.7

**Receivables, accrued income and prepaid expenses,
distributed by maturity and type** (millions of euros)

Schedule 6

	31.12.2011 Amounts due				31.12.2010 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	0.2	7.7	1.0	8.9	0.7	4.5	1.1	6.3
	0.2	7.7	1.0	8.9	0.7	4.5	1.1	6.3
CURRENT RECEIVABLES								
Financial receivables								
other	..	-	-	..	..	-	-	..
	-	-	-	-	..	-	-	..
Trade and other receivables								
Customers	703.7	-	-	703.7	655.6	-	-	655.6
Subsidiaries	..	-	-	..	-	-	-	-
Associated companies	0.3	-	-	0.3	0.1	-	-	0.1
Tax receivables	52.9	-	-	52.9	56.3	-	-	56.3
Deferred tax assets	30.7	5.6	-	36.3	43.9	4.3	-	48.2
Due from others:								
- future sports events	117.6	5.8	-	123.4	15.7	20.1	-	35.8
- other	43.9	1.2	-	45.1	42.0	0.1	-	42.1
	949.1	12.6	-	961.7	813.6	24.5	-	838.1
Accrued income and prepaid expenses								
Accrued income	..	-	-	..	0.1	-	-	0.1
Prepaid expenses	45.8	..	-	45.8	41.4	..	0.7	42.1
	45.8	-	-	45.8	41.5	..	0.7	42.2
Total	995.1	20.3	1.0	1,016.4	855.8	29.0	1.8	886.6

Receivables - Distribution by geographical area (millions of euros)

Schedule 7

	31.12.2011				31.12.2010			
	Italy	EU	Non-EU	Book value	Italy	EU	Non-EU	Book value
Non-current financial receivables								
other	8.8	0.1	..	8.9	6.0	0.1	0.2	6.3
	8.8	0.1	..	8.9	6.0	0.1	0.2	6.3
Current receivables								
customers	686.1	13.7	3.9	703.7	615.6	17.6	22.4	655.6
subsidiaries	-	-	..	..	-	-	-	-
associated companies	0.2	-	0.1	0.3	..	-	0.1	0.1
tax receivables	52.9	-	-	52.9	56.2	-	0.1	56.3
deferred tax assets	36.3	-	-	36.3	48.2	-	-	48.2
other:								
- future sports events	26.8	9.6	87.0	123.4	18.4	10.6	6.8	35.8
- other	43.2	1.6	0.3	45.1	38.5	3.4	0.2	42.1
	845.5	24.9	91.3	961.7	776.9	31.6	29.6	838.1
Total	854.3	25.0	91.3	970.6	782.9	31.7	29.8	844.4

**Receivables, cash and equivalents and accrued income
in foreign currency or exposed to exchange rate risk** (millions of euros)

Schedule 8

	31.12.2011				31.12.2010			
	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	21.1	..	(12.2)	8.9	19.0	0.2	(12.9)	6.3
	21.1	..	(12.2)	8.9	19.0	0.2	(12.9)	6.3
Current receivables								
customers	754.0	4.7	(55.0)	703.7	710.1	5.2	(59.7)	655.6
subsidiaries	-	..	-	..	-	-	-	-
associated companies	0.3	-	-	0.3	0.1	-	-	0.1
tax receivables	52.9	-	-	52.9	56.2	0.1	-	56.3
deferred tax assets	36.3	-	-	36.3	48.2	-	-	48.2
other:								
- future sports events	112.1	11.3	-	123.4	18.1	17.7	-	35.8
- miscellaneous	47.6	0.4	(2.9)	45.1	44.1	0.2	(2.2)	42.1
	1,003.2	16.4	(57.9)	961.7	876.8	23.2	(61.9)	838.1
Cash and cash equivalents								
Bank and post office deposits	16.8	1.6	-	18.4	0.8	1.7	-	2.5
Cheques	..	-	-	..	..	-	-	..
Cash and cash equivalents on hand	0.4	..	-	0.4	0.5	..	-	0.5
	17.2	1.6	-	18.8	1.3	1.7	-	3.0
Accrued income								
	..	-	-	..	0.1	-	-	0.1
Total	1,041.5	18.0	(70.1)	989.4	897.2	25.1	(74.8)	847.5

Receivables from customers. These are trade receivables. They total 703.7 million euros, with a nominal value of 758.7 million euros which has been written down by 55.0 million euros to bring them to their estimated realisable value and compared with 31 December 2010 they show an increase of 48.1 million euros.

Details of the caption are divided into:

- *receivables from Sipra customers for advertising services sold:* exposed for a nominal value of 326.4 million euros, they show a 18.6 million euro increase on 31 December 2010;
- *receivables for services rendered by Rai to the Government under specific agreements:* as shown in the following table, these amount to a nominal 107.1 million euros, up 23.3 million euros on 31 December 2010, equivalent to the balance between the increase in invoices issued and for amounts accrued for 2011 less collections.

Receivables for services rendered to the government and other public entities under specific agreements (millions of euros)

	2011	2010
Prime Minister's Office:		
- Operating grant to be transferred to San Marino RTV	3.1	3.1
- Radio, television and multimedia offering for the foreign market	45.2	24.1
- Broadcasting from Trieste in Slovenian	6.5	19.6
- Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	2.0	1.9
- 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	30.2	14.8
- Extension of the Rai 1 signal to Tunisia and subsequent maintenance	..	0.5
Total Prime Minister's Office	87.0	64.0
Ministries:		
- Economy and Finance: management of television licence fee collection	11.1	11.2
Regions:		
- Autonomous Region of Valle d'Aosta: management of equipment for reception of programmes from the French-speaking area	9.0	8.6
Total	107.1	83.8

- *net receivables for licence fees*: these amount to 12.2 million euros, down 22.0 million euros on 31 December 2010, representing licence fees not yet transferred to Rai. Activities, already successfully pursued in the previous year, will be launched 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 2012, in order to allow recovery, with liquidation of the fourth instalment of transfer of the fees, envisaged to take place in December 2012;
- *other receivables*: these amount to a nominal value of 313.0 million euros, up 23.5 million euros compared with 31 December 2010, and represent, among the most significant entries, receivables from customers of Rai for the sale of rights and various services for 257,8 million euros, receivables from customers of Rai Cinema for 44.6 million euros, receivables from customers of Rai Way for 8.8 million euros and receivables from customers of Rai World for 1.6 million euros.

Receivables from associated companies. These amount to 0.3 million euros (at 31 December 2010: 0.1 million euros), and represent the balance of non-financial receivables from the companies San Marino RTV and Tivù which are carried in the Parent Company financial statements.

Tax receivables. These are carried at a nominal value of 52.9 million euros (at 31 December 2010: 56.3 million euros). They relate for the most part to receivables recorded in the Parent Company financial statements (48.6 million Euros) for Group VAT (41.0 million euros) and tax reimbursements requested (7.4 million euros), while the remainder consists of minority captions.

Deferred tax assets. These represent the amount receivable deriving from entries subject to deferred deductibility. They total 36.3 million euros (at 31 December 2010: 48.2 million euros) comprising deferred tax assets recorded by the individual companies (35.1 million euros) and deferred tax assets from consolidation adjustments (1.2 million euros). They are down 11.9 million euros as detailed in Schedule 9. They relate mainly to:

- 27.9 million euros booked to the Parent Company financial statements;
- 4.5 million euros booked to Rai Way's financial statements;
- 2.1 million euros booked to Sipra's financial statements;
- 0.6 million euros booked to Rai Cinema's financial statements.

Deferred tax assets (millions of euros)

Schedule 9

	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.5% (average)	
Situation at 31.12.2010:					
Tax loss	137.4	37.8	0.0	0.0	37.8
Writedown of programmes	0.4	0.1	43.2	1.9	2.0
Other provisions	11.2	3.1	40.8	1.9	5.0
Statutory/fiscal difference	3.4	0.9	7.3	0.3	1.2
Deferred tax assets 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
Changes in the year:					
Tax loss	(79.9)	(22.0)	0.0	0.0	(22.0)
Writedown of programmes	19.3	5.3	(3.2)	0.0	5.3
Other provisions	5.5	1.7	3.8	0.3	2.0
Statutory/fiscal difference	13.8	3.8	(6.5)	(0.2)	3.6
Deferred tax assets from consolidation adjustments	(2.2)	(0.6)	(2.2)	(0.1)	(0.7)
Other	0.0	0.0	0.1	(0.1)	(0.1)
Total	(43.5)	(11.8)	(8.0)	(0.1)	(11.9)

	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.9% (average)	
Situation at 31.12.2011:					
Tax loss	57.5	15.8	0.0	0.0	15.8
Writedown of programmes	19.7	5.4	40.0	1.9	7.3
Other provisions	16.7	4.8	44.6	2.2	7.0
Statutory/fiscal difference	17.2	4.7	0.8	0.1	4.8
Deferred tax assets from consolidation adjustments	3.7	1.0	3.7	0.2	1.2
Other	0.7	0.2	0.7	0.0	0.2
Total	115.5	31.9	89.8	4.4	36.3

Receivables from others. These amount to 168.5 million euros (at 31 December 2010: 77.9 million euros). Net of writedowns of 2.9 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 123.4 million euros;
- *miscellaneous advances to suppliers* carried at a nominal value of 15.0 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 14.2 million euros;
- *receivables from personnel* carried at nominal 6.8 million euros. They are entirely composed of advances of various types, mainly for travel expenses and production expenses;
- *receivables from others*, carried at a nominal value of 12.0 million euros.

Cash and cash equivalents

These amount to 18.8 million euros (at 31 December 2010: 3.0 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 18.4 million euros (at 31 December 2010: 2.5 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 0.4 million euros (at 31 December 2010: 0.5 million euros) and include liquid funds in the form of cash and equivalent instruments (duty stamps, cashier's cheques or bank-guaranteed cheques etc) in hand 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 45.8 million euros (at 31 December 2010: 42,2 million euros) and consist of prepaid expenses for 45.8 million euros and accrued income for an insignificant value.

The composition is detailed in Schedule 10.

Accrued income and prepaid expenses (millions of euros)			Schedule 10
	Changes in the year		
	31.12.2010	Balance of movements	31.12.2011
Prepaid expenses:			
• sports event filming rights	34.0	1.2	35.2
• rent and hire costs	3.8	0.9	4.7
• software licenses	2.1	0.6	2.7
• services for acquisition and production of programmes	1.6	(1.1)	0.5
• services for documentation and assistance for information systems	-	..	..
• maintenance and repairs	0.3	..	0.3
• insurance and accident prevention	0.1	0.1	0.2
• other	0.2	2.0	2.2
	42.1	3.7	45.8
Accrued income:			
• premiums earned on foreign currency hedges	0.1	(0.1)	..
• interest income	-	..	..
	0.1	(0.1)	..
Total	42.2	3.6	45.8

Liabilities

Shareholders' equity

Shareholders' equity amounts to 535.3 million euros, up 4.5 million euros on 31 December 2010 mainly due to the result for the year (4.1 million euros).

The components of Shareholders' equity and the effects of operations carried out in 2011 and the previous year are shown in Schedule 11.

Changes in consolidated Shareholders' equity (millions of euros)

Schedule 11

	Balance of 31.12.2009	Transfer result	Dividends	Mergers/ Incorpor.	Other movements	Differences conversion	Result for year	Balance of 31.12.2010	Transfer result	Dividends	Mergers/ Incorpor.	Other movements	Result for year	Balance of 31.12.2011
<i>Equity:</i>														
<i>Group equity:</i>														
Share Capital	242.5							242.5						242.5
Legal reserve	7.0							7.0						7.0
<i>Other reserves:</i>														
- Merger surplus	327.5	(79.9)		6.1				253.7	(128.4)		13.4			138.7
- Reserve for conversion differences	(1.3)					0.5		(0.8)						(0.8)
- Other reserves	117.6	17.8	(0.3)	(5.5)	(3.0)			126.6	30.2		(13.4)	0.4		143.8
Group profit (loss) for the year	(62.1)	62.1					(98.2)	(98.2)	98.2				4.1	4.1
Total Group equity	631.2	0.0	(0.3)	0.6	(3.0)	0.5	(98.2)	530.8	0.0	0.0	0.0	0.4	4.1	535.3
<i>Minority interest in equity:</i>														
Minority interest capital and reserves	0.3	0.3		(0.6)				0.0						0.0
Minority interest profit (loss) for the year	0.3	(0.3)						0.0						0.0
Total minority interest in equity	0.6	0.0	0.0	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	4.1	0.0
Total shareholders' equity	631.8	0.0	(0.3)	0.0	(3.0)	0.5	(98.2)	530.8	0.0	0.0	0.0	0.4	4.1	535.3

Share Capital

At 31 December 2011, 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 281.7 million euros. This combination of items comprises:

- 138.7 million euros, of merger surplus;
- 143.0 million euros of other reserves.

Group profit for the year

This amounts to 4.1 million euros.

Provisions for risks and charges

These amount to 412.9 million euros, up 10.2 million euros net on 31 December 2010. 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
	31.12.2010	Provisions	Direct utilisations	Any absorptions to income statement	Other movements	Change in scope of consolidation	31.12.2011	
Provision for pension and similar liabilities								
- Provision for supplementary seniority benefits	1.5	0.1 (a)	(0.3)	(0.1)	..	-	1.2	
- Retirement fund	0.3	..	..	..	..	-	0.3
- Supplementary company pension fund	150.0	15.6 (b)	(11.5)	-	-	-	154.1	
	151.8	15.7	(11.8)	(0.1)	..	-	155.6	
Provision for taxes	12.0	-	(0.5) (c)	..	-	-	11.5	
Other:								
- litigation	110.7	16.9 (d)	(14.8)	(0.2)	-	(0.1)	112.5	
- litigation with social security institutions	17.0	-	-	-	-	-	17.0	
- renovation and restructuring of properties	21.6	-	(1.3)	-	-	-	20.3	
- accrued costs	8.0	29.5 (e)	(3.6)	-	-	-	33.9	
- disputes with controlling bodies	3.0	-	(0.1)	(1.1)	-	-	1.8	
- lease disputes	3.3	0.1 (f)	-	-	-	-	3.4	
- risks of non-usability of non-current assets (*)	3.0	2.8 (g)	(0.6)	(0.2)	-	-	5.0	
- expenses for staff resignation incentives	17.8	-	(12.3)	-	(5.5)	-	-	
- miscellaneous:								
. for risks	30.4	8.3 (h)	(6.3)	(2.8)	..	-	29.6	
. for liabilities	24.1	2.3 (i)	(1.0)	(3.1)	-	-	22.3	
	238.9	59.9	(40.0)	(7.4) (l)	(5.5)	(0.1)	245.8	
	402.7	75.6	(52.3)	(7.5)	(5.5)	(0.1)	412.9	
(*) including:								
- programmes under development	0.6						1.6	
- technical	2.4						3.4	
	3.0						5.0	
(a) contra-account: item B 9 d) pension and similar liabilities				(f) contra-account: item B 12 provisions for risks				
(b) contra-accounts: item B 9 d) pension and similar liabilities	1.7			(g) contra-account: item B 13 other provisions			2.8	
item B 14 c) other operating costs	13.9			(h) contra-accounts: item B 12 provisions for risks			7.2	
(c) contra-accounts: item E 21 exceptional expense	1.5			item A 1 Revenues from sales and services			1.0	
item E 22 income taxes for the year	(2.0)			item C 17 d) various financial charges			0.1	
(d) contra-accounts: item B 9 e) other personnel costs	10.5			(i) contra-accounts: item B 9 a) wages and salaries			0.6	
item B 12 provisions for risks	6.4			item B 13 other provisions			1.7	
(e) contra-accounts: item B 9 a) wages and salaries	23.3			(l) contra-account: item A 5 c) Other production-related income miscellaneous				
item B 9 b) welfare and social security charges	6.2							

Provision for pension and similar liabilities. These amount to 155.6 million euros (at 31 December 2010: 151.8 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 1.2 thousand euros (at 31 December 2010: 1.5 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 2010: 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 seniority benefits* amounts to 154.1 million euros (at 31 December 2010: 150.0 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 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 11.5 million euros (at 31 December 2010: 12.0 million euros) represented by provisions booked to the financial statements of the individual companies, particularly Rai (7.2 million euros), Rai Way (1.8 million euros) and Sipra (1.8 million euros) and those resulting from consolidation adjustments (0.7 million euros). They are down 0.5 million euros as detailed in Schedule 13.

Provision for deferred taxes (millions of euros)

Schedule 13

	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.5% (average)	
Situation at 31.12.2010:					
Disputes					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
Statutory/fiscal difference on amortisation/depreciation of 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
Changes in the year:					
Disputes					1.5
Capital gains	2.3	0.6	0.0	0.0	0.6
Exchange rate valuations	0.3	0.1	0.0	0.0	0.1
Statutory/fiscal difference on amortisation/depreciation of non-current assets	(7.6)	(2.0)	(18.7)	(0.8)	(2.8)
Deferred taxes from consolidation adjustments	0.5	0.1	0.5	0.0	0.1
Other	0.0	0.0	0.0	0.0	0.0
Total	(4.5)	(1.2)	(18.2)	(0.8)	(0.5)
	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.9% (average)	
Situation at 31.12.2011:					
Disputes					1.8
Capital gains	2.3	0.6	0.0	0.0	0.6
Exchange rate valuations	1.2	0.4	0.0	0.0	0.4
Statutory/fiscal difference on amortisation/depreciation of non-current assets	20.8	5.8	37.4	1.8	7.6
Deferred taxes from consolidation adjustments	2.2	0.6	2.2	0.1	0.7
Other	1.6	0.4	0.0	0.0	0.4
Total	28.1	7.8	39.6	1.9	11.5

Other provisions. These amount to 245.8 million euros (at 31 December 2010: 238.9 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 6.9 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 326.9 million euros (at 31 December 2010: 339.4 million 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 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 breakdown of the caption and changes during the year are shown in Schedule 14.

Provision for staff severance pay (millions of euros)							Schedule 14
31.12.2010	Provisions	Severance pay disbursed	Changes during the year				31.12.2011
			Advances	Staff transfers	Transfer to INPS supplementary retirement funds	Other movements	
339.4	55.0	(22.4)	(0.1)	..	(42.4)	(2.6)	326.9

Payables

Payables amount to 1,348.8 million euros, up 186.9 million euros on 31 December 2010. More specifically, financial debt payable to banks totals 283.3 million euros, with a net increase of 134.5 million euros on the figure disclosed in the 2010 financial statements. No payables covered by collateral in the form of company assets were 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, about 87% relates to Italian residents and about 9% relates to non-EU residents.

The notes indicated hereunder provide further details on the contents of the individual items.

Payables (millions of euros)

Schedule 15

	31.12.2010	Changes during the year		31.12.2011
		Change in scope of consolidation	Balance of new positions (+) and repayments (-)	
Due to banks	148.8	-	134.5	283.3
Due to other lenders	2.9	-	(0.9)	2.0
Advances	5.8	(1.6)	(0.8)	3.4
Suppliers	796.2	(0.3)	50.4	846.3
Non-consolidated subsidiaries	(a) -	6.7	0.8	7.5
Associated companies	(b) 5.6	-	(1.3)	4.3
Taxes payable	77.6	-	(6.2)	71.4
Social security institutions	50.3	-	2.4	52.7
Other payables	74.7	(0.4)	3.6	77.9
	1,161.9	4.4	182.5	1,348.8
(a) including:				
- Rai Corporation	-	6.7	0.8	7.5
(b) including:				
- Audiradio	0.3	-	(0.3)	-
- San Marino RTV	4.6	-	(1.0)	3.6
- Tivù Srl	0.7	-	-	0.7
	5.6	-	(1.3)	4.3

**Payables, and accrued expenses and deferred income,
by maturity and type** (millions of euros)

Schedule 16

	31.12.2011				31.12.2010			
	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	0.1	210.2	0.5	210.8	..	0.3	0.5	0.8
Due to other lenders	1.3	0.3	0.4	2.0	1.3	1.1	0.5	2.9
	1.4	210.5	0.9	212.8	1.3	1.4	1.0	3.7
Short-term financial debt								
Due to banks	72.5	-	-	72.5	148.0	-	-	148.0
Suppliers	-	-	-	-	0.1	-	-	0.1
Non-consolidated subsidiaries	5.5	-	-	5.5	-	-	-	-
Associated companies	0.4	-	-	0.4	1.6	-	-	1.6
Other payables	..	-	-	..	-	-	-	-
	78.4	-	-	78.4	149.7	-	-	149.7
Trade and other payables								
Advances	3.4	-	-	3.4	4.3	0.6	0.9	5.8
Suppliers	846.3	-	-	846.3	796.1	-	-	796.1
Non-consolidated subsidiaries	2.0	-	-	2.0	-	-	-	-
Associated companies	3.9	-	-	3.9	4.0	-	-	4.0
Taxes payable	71.4	-	-	71.4	77.6	-	-	77.6
Welfare and social security institutions	52.7	-	-	52.7	50.3	-	-	50.3
Other payables	77.9	-	-	77.9	74.7	-	-	74.7
	1,057.6	-	-	1,057.6	1,007.0	0.6	0.9	1,008.5
Total payables	1,137.4	210.5	0.9	1,348.8	1,158.0	2.0	1.9	1,161.9
Accrued expenses	..	-	-	..	0.1	-	-	0.1
Deferred income	45.6	-	-	45.6	50.6	-	-	50.6
Total	1,183.0	210.5	0.9	1,394.4	1,208.7	2.0	1.9	1,212.6

**Payables and accrued expenses in foreign currency
or exposed to exchange rate risk** (millions of euros)

Schedule 17

	31.12.2011			31.12.2010		
	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	283.3	..	283.3	148.8	..	148.8
Due to other lenders	2.0	-	2.0	2.9	-	2.9
Suppliers	828.8	17.5	846.3	756.4	39.8	796.2
Non-consolidated subsidiaries	-	7.5	7.5	-	-	-
Associated companies	4.3	-	4.3	5.6	-	5.6
Taxes payable	71.4	..	71.4	77.6	..	77.6
Social security institutions	52.7	-	52.7	50.3	-	50.3
Other payables	77.8	0.1	77.9	74.2	0.5	74.7
Total payables (a)	1,320.3	25.1	1,345.4	1,115.8	40.3	1,156.1
Accrued expenses	..	-	..	0.1	-	0.1
Total	1,320.3	25.1	1,345.4	1,115.9	40.3	1,156.2

(a) Does not include Advances.

Due to banks. These amount to 283.3 million euros (at 31 December 2010: 148.8 million euros), representing current account overdrafts with certain banks for 72.5 million euros and medium/long-term loans for 210.8 million euros. As regards the latter, the amount of 210.0 million euros booked to the Parent Company financial statements is related to an unsecured loan taken out in May 2011 with five banks. The loan, which can be extended up to a maximum of 295 million euros, envisages full repayment by 31.12.2015, amortisable from June 2013, in constant six-monthly instalments. This loan, converted in observance of the company policy for about 70% at a fixed rate through an *Interest Rate Swap* is destined to hedge investments in Digital Terrestrial and on the radio and television offering, as well as other production investments. The loan envisages the observance of two parametric/equity indexes to calculate on the consolidated financial statements, and they have been fully observed.

Due to other lenders. They total 2.0 million euros (at 31 December 2010: 2.9 million euros), with 1.2 million euros representing 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, and 0.8 million euros representing payables booked to Rai Way's financial statements.

Advances. These amount to 3.4 million euros (at 31 December 2010: 5.8 million euros) relating entirely to miscellaneous advances.

Due to suppliers. They total 846.3 million euros (at 31 December 2010: 796.2 million euros) and show an increase of 50.1 million euros with respect to the figure disclosed for the previous year. They refer entirely to non-financial payables (796.1 million euros at 31 December 2010); financial payables were zeroed during the year (at 31 December 2010: 0.1 million euros).

Due to non-consolidated subsidiaries. These amount to 7.5 million euros (at 31 December 2010: no value) and regard Parent Company payables to Rai Corporation not subject to derecognition as a consequence of the change in the method used to evaluate the investment as specified earlier. They comprise 5.5 million euros of financial debts and 2.0 million euros of other debts.

Due to associated companies. These amount to 4.3 million euros (at 31 December 2010: 5.6 million euros) and concern Parent Company payable to San Marino RTV for 3.6 million euros and with Tivù for 0.7 million euros. They consist of 0.4 million euros in financial debts (at 31 December 2010: 1.6 million euros) and other debts of 3.9 million euros (at 31 December 2010: 4.0 million euros).

Taxes payable. These amount to 71.4 million euros (at 31 December 2010: 77.6 million euros) and show a decrease of 6.2 million euros with respect to the figure for the previous year. They consist of:

(millions of euros)		
	2011	2010
- Tax withholdings on earnings of employees and free-lance workers to be paid over	33.4	33.9
- IRES	21.9	38.1
- IRAP	9.4	1.9
- VAT	5.8	2.9
- Other withholdings and "substitute" taxes	0.9	0.7
- Other	..	0.1
	71.4	77.6

Welfare and social security institutions. These amount to 52.7 million euros (at 31 December 2010: 50.3 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)		
	2011	2010
- ENPALS	18.1	15.6
- INPGI	17.2	16.3
- Contributions on assessed remuneration	7.9	8.3
- INPS	7.3	7.8
- Other	2.2	2.3
	52.7	50.3

Other payables. These amount to 77.9 million euros (at 31 December 2010: 74.7 million euros). They show a net increase of 3.2 million euros, as follows:

(millions of euros)		
	2011	2010
- Employees for assessed remuneration	51.7	49.6
- Other for assessed pertinent remuneration	11.2	9.6
- FCPGI	9.7	9.9
- CRAIPI	..	..
- Other	5.3	5.6
	77.9	74.7

Accrued expenses and deferred income

These total 45.6 million euros (at 31 December 2010: 50.7 million euros). Details and a comparison with the previous year are provided in Schedule 18.

Accrued expenses and deferred income (millions of euros)		Schedule 18	
	Changes during the year		
	31.12.2010	Balance of movements	31.12.2011
Deferred income:			
. contribution for switchover to digital terrestrial broadcasting	46.8	(4.2)	42.6
. special subscriptions	0.4	-	0.4
. teletext services	0.1	-	0.1
. Law 488/92 subsidised loans	0.4	(0.1)	0.3
. investment properties	0.5	-	0.5
. broadcasting and related rights on own productions	0.5	-	0.5
. other	1.9	(0.7)	1.2
	50.6	(5.0)	45.6
Accrued expenses:			
. commissions	-	..	..
. other	0.1	(0.1)	..
	0.1	(0.1)	..
Total	50.7	(5.1)	45.6

The caption contains the entire amount contributed of 42.6 million euros, net of the amount already booked to the income statement, disbursed by the Ministry for Communications since 2007 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.

6) Memorandum accounts

These amount to 673.4 million euros (at 31 December 2010: 656.0 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	
	31.12.2011	31.12.2010	
Unsecured guarantees: sureties			
- for associated companies	2.6	2.6	
- for others:			
. Financial Administration for Group VAT	57.2	77.8	
. other	4.5	4.7	
	61.7	82.5	
Total sureties granted	64.3	85.1	
Unsecured guarantees: other			
- for others	2.0	1.9	
Total	66.3	87.0	

Memorandum accounts - secured guarantees (millions of euros)			
	31.12.2011	31.12.2010	
Secured guarantees granted for own commitments other than payables			
Assets pledged as collateral:			
- fixed-income securities	3.7	3.7	
Secured guarantees for debt recorded in the balance sheet			
Mortgages on:			
- land and industrial buildings	25.3	25.3	
Other secured guarantees	25.3	25.3	
Total secured guarantees for debt recorded in the balance sheet	50.6	50.6	
Total	54.3	54.3	

Memorandum accounts - commitments and other (millions of euros)

Schedule 20

	31.12.2011	31.12.2010
Purchase and sale commitments		
- Purchase commitments	1.9	66.7
- Sales commitments	-	4.3
	1.9	71.0
Other		
Secured guarantees received	1.0	1.0
Unsecured guarantees received:		
- Miscellaneous banks and insurance companies covering full performance of contracts for the production of radio/television programmes	151.7	133.9
- Other	217.9	185.2
Guarantees granted by other parties for Group obligations:		
- Banca Intesa - Surety of DEAR Srl	35.0	-
- San Paolo IMI for guarantee granted to FIFA covering payment of sporting rights relating to the 2010 World Football Championships	35.0	17.5
- San Paolo IMI for guarantees granted to tax authorities covering prize competitions	23.7	23.8
- Banca Intesa San Paolo SpA for guarantees granted to different companies for presentation of bids for tender	21.8	-
- UniCredit for guarantee granted to UEFA for sports rights relating to the 2012 European Football Championship	21.0	-
- Banca Intesa for guarantee granted to UEFA for sports rights relating to the 2006/2009 Champions League	13.5	40.5
- Other	19.4	25.4
Leased assets received	-	..
Third-party assets held by the company	-	-
Company assets held by third parties	9.7	15.8
Other cases	1.2	0.6
	550.9	443.7

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 31.12.2011 million USD	Fair value at 31.12.2011 million euros
Derivative financial instruments for hedges		
- on exchange rates (1):		
. futures purchased and swaps	10.5	0.1
. optional currency purchase strategies (collars)	97.7	6.0
. currency options	3.7	0.2
	111.9	6.3
- on interest rates (2):		
. Interest Rate Swap	see note (3)	(6.1)
		(6.1)

(1) The transactions are carried out to hedge commercial agreements in USD, in observance of the Group policy.

(2) Irs transactions to hedge the medium-term loan of Rai SpA.

(3) Reference notional 205 million euros.

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.

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 2011 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.

Lastly, 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 2,923.6 million euros, down 38.4 million euros on 31 December 2010, 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.

Revenues from sales and services (millions of euros)	Schedule 22	
	Year 2011	Year 2010
Revenues from sales	2.5	3.4
Revenues from services:		
- Licence fees		
. private subscriptions	1,624.9	1,600.5
. special subscriptions	64.2	60.9
	1,689.1	1,661.4
- General-interest TV advertising		
. tabular	764.3	824.9
. TV promotions	34.9	45.2
. sponsorships	36.6	44.3
. product placement	2.1	0.3
	837.9	914.7
- Radio advertising:		
. tabular	38.6	43.5
. radio promotions	1.1	1.1
. sponsorships	5.9	7.2
	45.6	51.8
- Specialist channel TV advertising	51.5	30.1
- Other advertising	29.8	32.3
	964.8	1,028.9
- Special services under agreements	54.9	58.8
- Other services		
. sale of rights, musical publications and theme-based satellite channels	114.9	104.4
. film and home video distribution	43.4	41.4
. fees for hosting plant and equipment	31.0	30.1
. income from broadcasting, circuit hire, bridge and link services	8.0	12.7
. telephone facilities	5.1	6.4
. other	9.9	14.5
	212.3	209.5
	2,921.1	2,958.6
Total	2,923.6	2,962.0

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 2010, totalling over 1.7 billion euros, of which more than 300 million euros refer to 2010 alone. In 2011, Rai requested, issuing warnings to such effect, the payment of the sums owing to it, as highlighted on the separate accounting forms, as well as interest matured and to mature.

For 2011, 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, semifinished and finished goods. These are booked for an insignificant value (at 31 December 2010: 0.2 million euros) and express the change in the value of inventories associated with the commercial activity.

Changes in work contracts in progress. These amount to 0.1 million euros (at 31 December 2010: -0.6 million euros) 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 24.4 million euros (at 31 December 2010: 27.6 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 2011	Year 2010
Intangible assets	17.4	19.2
Tangible assets	7.0	8.4
Total	24.4	27.6

Other production-related income. This totals 93.2 million euros (at 31 December 2010: 112.1 million euros), as detailed in Schedule 24.

Other production-related income (millions of euros)	Schedule 24	
	Year 2011	Year 2010
Operating grants	9.2	8.2
Gains on disposals	3.1	1.7
Other		
Recovery and reimbursement of expenses	18.4	15.0
Prior-year license fees	19.3	24.0
Other out-of-period gains	31.0	39.7
Provisions released	8.8	20.0
Income from real estate investments	2.3	2.2
Miscellaneous	1.1	1.3
Total	93.2	112.1

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 tangible* and *intangible assets*, which are recorded under the respective asset accounts.

Raw materials, supplies, consumables and merchandise. These total 28.0 million euros (at 31 December 2010: 29.1 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.

Production costs raw materials, supplies, consumables and merchandise (millions of euros)

Schedule 25

	Year 2011	Year 2010
Technical materials for inventory	3.8	4.1
Miscellaneous programme production materials	6.3	5.4
Other materials	17.9	19.6
Discounts, allowances and premiums on purchases of goods	..	..
Total	28.0	29.1

Services. This totals 700.2 million euros (at 31 December 2010: 735.7 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 and reimbursement of expenses paid by the Parent Company to Directors for 1.9 million euros and to Statutory Auditors for 0.2 million euros. The caption includes independent auditors' fees for 0.2 million euros and other auditing services for 0.1 million euros.

Production costs for services (millions of euros)

Schedule 26

	Year 2011	Year 2010
Freelance services	141.8	148.3
Services for acquisition and production of programmes	224.6	242.6
Allowances, travel expenses and transfer of personnel	28.1	33.4
Ancillary personnel service costs	12.4	12.4
Maintenance and repairs	28.9	32.3
Documentation and information services	47.4	50.2
Insurance and accident prevention	18.9	19.5
Advertising and promotion	21.4	19.8
Promotion and distribution expenses	9.6	7.7
Supply services	34.3	31.3
General services	73.2	76.7
Third-party shares of sales figure	37.5	40.2
Other	22.1	21.3
Total	700.2	735.7

It should be noted that one Parent Company director and one statutory auditor have also performed similar functions in other subsidiaries for remuneration which is not of significant amount.

Use of third-party assets. These amount to 436.5 million euros (at 31 December 2010: 535.0 million euros), and express costs for rents, leases, usage rights and filming rights, as detailed in Schedule 27.

Production costs for use of third party assets (millions of euros)

Schedule 27

	Year 2011	Year 2010
Lease instalments	..	..
Rent and hire costs	112.3	119.3
Usage rights	102.0	113.5
Filming rights	212.6	293.1
Other rights	9.6	9.1
Total	436.5	535.0

Personnel costs. Employee-related costs amount to 1,027.8 million euros (at 31 December 2009: 1,014.5 million euros), broken down as indicated in the income statement. The average number of employees on the payroll in 2011 was 13,133, including employees on fixed-term contracts, work-introduction and apprenticeship contracts (at 31 December 2010: 13,295), distributed by category and by company, as shown in Schedule 28.

Average workforce (units)

Schedule 28

	Year 2011			Year 2010		
	permanent	fixed-term	Total	permanent	fixed-term	Total
Per Company						
Rai	10,170	1,659	11,829	10,110	1,747	11,857
Rai World	2	-	2	2	-	2
Rai Cinema	89	18	107	58	1	59
Rai Corporation	-	-	-	47	-	47
RaiNet	46	20	66	46	16	62
Rai Trade	-	-	-	87	9	96
Rai Way	637	44	681	651	50	701
Sipra	439	9	448	431	12	443
O1 Distribution	-	-	-	28	-	28
	11,383	1,750	13,133	11,460	1,835	13,295
Per category						
Managers	314	-	314	327	-	327
Journalists	1,641	331	1,972	1,675	344	2,019
Supervisors	1,318	-	1,318	1,398	-	1,398
Office workers	7,030	1,218	8,248	6,946	1,277	8,223
Blue collars	950	192	1,142	981	206	1,187
Orchestra members and other artistic staff	119	9	128	122	8	130
Medical staff	11	-	11	11	-	11
	11,383	1,750	13,133	11,460	1,835	13,295

Amortisation, depreciation and writedowns. These total 666.3 million euros (at 31 December 2010: 693.3 million euros), of which 512.9 million euros relates to amortisation of intangible assets and 117.1 million euros to depreciation of tangible assets, as detailed in Schedules 1 and 2. They include the writedown of programmes amounting to 29.3 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 a nominal value of 1.1 million euros (at 31 December 2010: 0.1 million euros) and represent the decrease in net *inventories* carried under current assets at 31 December 2011 with respect to the previous year.

Provisions for risks. These amount to 13.7 million euros (at 31 December 2010: 17.2 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 (9.6 million euros).

Other provisions. These amount to 4.5 million euros (at 31 December 2010: 2.2 million euros). The most significant items are shown in Schedule 12 and relate mainly to provisions booked to the financial statements of Rai (1.4 million euros) and Rai Way (2.9 million euros).

Other operating costs. These amount to 100.4 million euros (at 31 December 2010: 93.6 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 (92.3 million euros).

Miscellaneous operating costs (millions of euros)	Schedule 29	
	Year 2011	Year 2010
Capital losses:		
Tangible assets	4.4	1.5
Intangible assets	..	..
	4.4	1.5
Concession fee	28.0	28.2
Losses on current receivables	..	1.0
Other costs:		
gifts, prize contests and entertainment expenses	12.6	12.4
association dues	3.5	3.5
Municipal property tax	4.5	4.4
other indirect taxes and contributions	11.3	10.2
contribution to the Authority - Min. Decr. 16/07/99	6.1	5.1
payment of uninsured damages, fines and penalties	1.1	0.7
newspapers, books, periodicals, specific documentation and publications	2.9	3.3
prior-year charges	9.8	10.5
provision for pension fund - former employees	13.9	9.7
other	2.3	3.1
	68.0	62.9
Total	100.4	93.6

Financial income and expense

Other financial income. This totals 1.2 million euros (at 31 December 2010: 1.7 million euros) and is divided as shown in Schedule 30.

Financial income (millions of euros)	Schedule 30	
	Year 2011	Year 2010
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 banks	0.4	0.2
- interest on amount due from customers	0.5	0.7
- other	0.2	0.7
	1.1	1.6
Total	1.2	1.7

Interest and other financial expenses. These amount to 9.6 million euros (at 31 December 2010: 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 expenses (millions of euros)	Schedule 31	
	Year 2011	Year 2010
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	8.7	5.0
- interest on amounts payable to suppliers	0.5	..
- interest expense and charges on interest rate hedges	0.3	-
- other costs	0.1	0.1
	9.6	5.1
Total	9.6	5.1

Foreign exchange gains and losses. These show a loss of total 0.9 million euros (at 31 December 2010: a gain of 3.0 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 2011	Year 2010
Foreign exchange gains (losses) from valuation - net	1.4	1.2
Other foreign exchange gains (losses) - net	(2.3)	1.8
Total	(0.9)	3.0

Value adjustments to financial assets

Revaluations. These amount to 1.1 million euros (at 31 December 2010: 1.1 million euros), determined by the valuation at equity of investments in associated companies.

Writedowns. They total 7.0 million euros (at 31 December 2010: 0.1 million euros) and comprise writedowns of non-current financial assets following losses incurred for the year by the subsidiaries for 6.8 million euros, and of value adjustments of non-current assets for 0.2 million euros.

Exceptional income and expense

Exceptional items comprise income of 0.1 million euros and expense of 6.9 million euros, as detailed in Schedule 33.

Exceptional income/expense (millions of euros)	Schedule 33	
	Year 2011	Year 2010
Exceptional income		
b) Out-of-period gains	0.1	0.6
	0.1	0.6
Exceptional expense		
b) Prior years' taxes	(2.5)	(0.3)
c) Contingent liabilities and reversal of non-existent assets	..	(0.5)
d) Other:		
- Costs connected with the staff voluntary resignation incentive scheme	(4.4)	(45.4)
	(6.9)	(46.2)
Total	(6.8)	(45.6)

Current income taxes for the year, and deferred tax assets and liabilities

The amount of 36.7 million euros is comprised of current and deferred taxes for the year disclosed in the financial statements of the individual companies, and of theoretical 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	(22.5)	-	(22.5)
- IRAP	(42.8)	-	(42.8)
Deferred tax assets	27.3	(0.7)	26.6
Deferred tax liabilities	2.1	(0.1)	2.0
Total	(35.9)	(0.8)	(36.7)

8) Result for the year

The year closed with a profit of 4.1 million euros pertaining exclusively to the Group.

9) Reconciliation between Rai's statutory and consolidated financial statements at 31 December 2011 and 31 December 2010

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:

	Profit for the year		Shareholders' Equity	
	2011	2010	2011	2010
	Rai financial statements	39.3	(128.5)	427.5	374.8
Elimination of the book value of equity investments against the equities and the dividends distributed against profits for the year	(39.0)	31.8	114.0	166.5
Adjustment of the book value of associated companies valued on the equity method	0.6	1.1	8.1	7.1
Other consolidation adjustments	4.0	(2.4)	(14.8)	(18.9)
Deferred tax assets/liabilities on consolidation adjustments	(0.8)	(0.2)	0.5	1.3
Consolidated financial statements	4.1	(98.2)	535.3	530.8

10) Additional disclosures

As regards disclosures on related parties, no relevant transactions took place within the Group outside of normal market conditions.

As regards the rulings with which 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, against which all those implicated decided to appeal, it is noted that, in relation to the request for the non-application of the tax regulations presented by some of those implicated in relation to one of the rulings, after the Chamber of Council of the Court of Auditors held on 18 January 2012, the Board accepted the application for reduction, quantifying the sum those implicated are obliged to pay to Rai as 20% of the original sum of the ruling. The positive effects on the financial statements of Rai shall be disclosed in 2012.

For important events occurring after the closing date and the nature of the Group's activity, see the Report on Operations.





Consolidated supplementary schedules

In relation to the decision made by the Parent Company in 2011 to close Rai Corporation, from this year the company is no longer consolidated line-by-line. In order to ensure a consistent comparison between the results of this year and the previous one, the comparative values of the reclassification schedules, comprised of tables for the analysis of the balance sheet, for the analysis of income statement and of the cash flow statement, reflect the effects of the deconsolidation of the company.

Consolidated Balance Sheet reclassified in vertical form (millions of euros)

	31.12.2011	31.12.2010	Deconsolidation Rai Corporation	31.12.2010 homogeneous	
A. NON-CURRENT ASSETS - NET					
Intangible assets	932.6	964.7	(2.8)	961.9	
Tangible assets	682.3	613.4	(0.2)	613.2	
Financial assets	24.8	19.6	6.5	26.1	
	1,639.7	1,597.7	3.5	1,601.2	
B. WORKING CAPITAL					
Inventories	3.5	4.5	-	4.5	
Trade receivables	704.9	656.1	0.2	656.3	
Other assets	302.6	224.2	(0.2)	224.0	
Trade payables	(855.6)	(805.9)	(1.5)	(807.4)	
Provisions for risks and charges	(412.9)	(402.7)	0.1	(402.6)	
Other liabilities	(247.6)	(253.3)	0.4	(252.9)	
	(505.1)	(577.1)	(1.0)	(578.1)	
C. INVESTED CAPITAL, net of current liabilities	(A+B)	1,134.6	1,020.6	2.5	1,023.1
D. PROVISION FOR STAFF SEVERANCE PAY		326.9	339.4	(1.3)	338.1
E. INVESTED CAPITAL, net of current liabilities and provision for staff severance pay	(C-D)	807.7	681.2	3.8	685.0
financed by:					
F. EQUITY					
Parent Company equity	535.3	530.8	-	530.8	
Minority interest in equity	-	-	-	-	
	535.3	530.8	-	530.8	
G. NET MID-TERM/LONG-TERM FINANCIAL DEBT		212.8	3.7	-	3.7
H. NET SHORT-TERM FINANCIAL DEBT (NET MONETARY AVAILABILITY)					
- short-term financial debt	78.4	149.7	3.3	153.0	
- cash and short-term financial receivables	(18.8)	(3.0)	0.5	(2.5)	
	59.6	146.7	3.8	150.5	
	(G+H)	272.4	150.4	3.8	154.2
I. TOTAL, AS IN E	(F+G+H)	807.7	681.2	3.8	685.0

Consolidated Income Statement reclassified in vertical form (millions of euros)

	31.12.2011	31.12.2010	Deconsolidation Rai Corporation	31.12.2010 homogeneous
A. REVENUES	2,973.9	3,012.1	0.5	3,012.6
Changes in inventories of work in progress, semi-finished and finished products	-	0.2	-	0.2
Internal cost capitalisations	24.4	27.6	-	27.6
B. "TYPICAL" PRODUCTION VALUE	2,998.3	3,039.9	0.5	3,040.4
Cost of materials and external services	(1,250.8)	(1,383.7)	(5.5)	(1,389.2)
C. VALUE ADDED	1,747.5	1,656.2	(5.0)	1,651.2
Personnel costs	(1,027.8)	(1,014.5)	4.6	(1,009.9)
D. GROSS OPERATING MARGIN	719.7	641.7	(0.4)	641.3
Amortisation of programmes	(487.1)	(507.0)	-	(507.0)
Other amortisation and depreciation	(130.2)	(121.9)	0.7	(121.2)
Other value adjustments	(36.3)	(51.8)	-	(51.8)
Provisions for risks and charges	(18.1)	(19.1)	0.1	(19.0)
Miscellaneous income and charges - net	14.8	38.7	-	38.7
E. OPERATING RESULT	62.8	(19.4)	0.4	(19.0)
Financial income and expense	(9.5)	(0.4)	-	(0.4)
Income from equity investments	(5.7)	1.0	(0.5)	0.5
F. RESULT BEFORE EXCEPTIONAL ITEMS AND TAXES	47.6	(18.8)	(0.1)	(18.9)
Exceptional income and expense - net	(6.8)	(45.6)	-	(45.6)
G. RESULT BEFORE TAXES	40.8	(64.4)	(0.1)	(64.5)
Income taxes for the year	(36.7)	(33.8)	0.1	(33.7)
H. PROFIT (LOSS) FOR THE YEAR	4.1	(98.2)	-	(98.2)
including:				
- pertaining to the Parent Company	4.1	(98.2)	-	(98.2)
- pertaining to minority interests	-	-	-	-

Consolidated Cash Flow Statement (millions of euros)

	31.12.2011	31.12.2010	Deconsolidation Rai Corporation	31.12.2010 homogeneous
A. NET OPENING CASH FUNDS (NET OPENING SHORT- TERM FINANCIAL DEBT)	(150.5)	(148.8)	(3.0)	(151.8)
B. CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) for the year	4.1	(98.2)	-	(98.2)
Amortisation and depreciation	617.3	628.9	(0.7)	628.2
(Gains) losses on disposal of non-current assets	1.3	(0.2)	-	(0.2)
(Revaluations) writedowns of non-current assets	35.9	43.4	0.5	43.9
Change in working capital	(73.0)	101.2	(0.3)	100.9
Net change in staff severance pay provision	(11.2)	(18.8)	(0.1)	(18.9)
	574.4	656.3	(0.6)	655.7
C. CASH FLOW FROM INVESTING ACTIVITIES IN NON-CURRENT ASSETS				
Investment in non-current assets:				
. intangible assets	(504.0)	(517.3)	-	(517.3)
. tangible assets	(189.1)	(142.3)	-	(142.3)
. financial assets	(5.8)	(1.5)	0.1	(1.4)
Sale proceeds, or reimbursement value, of non-current assets and other changes	5.9	9.2	(0.3)	8.9
	(693.0)	(651.9)	(0.2)	(652.1)
D. CASH FLOW FROM FINANCING ACTIVITIES				
New loans	210.0	1.7	-	1.7
Loan repayments	(0.9)	(0.7)	-	(0.7)
Other equity movements	0.4	(3.0)	-	(3.0)
	209.5	(2.0)	-	(2.0)
E. PROFIT DISTRIBUTION	-	(0.3)	-	(0.3)
F. CASH FLOW FOR THE YEAR (B+C+D+E)	90.9	2.1	(0.8)	1.3
G. NET CLOSING CASH FUNDS (NET CLOSING SHORT- TERM FINANCIAL DEBT) (A+F)	(59.6)	(146.7)	(3.8)	(150.5)





**Report of the Board
of Statutory Auditors**

Report on the Consolidated Financial Statements

Shareholders,

The consolidated financial statements of the Rai Group at 31 December 2011, 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 operations.

The Consolidated Balance Sheet and Income Statement present comparative figures with those for 2010.

As regards the area of consolidation for 2011, Rai Trade, as mentioned in the report on operations of the Parent Company financial statements, was merged by incorporation into Rai SpA, with a merger surplus of 13.4 million.

The financial statements under examination close with a profit of 4.1 million against a loss of 98.2 million in 2010.

In the **Report on Operations**, the Directors illustrate the Group's overall performance, looking at and furthering much of that already said in relation to Rai SpA and adding the information with details on the individual aspects of the activity of the consolidated companies.

A review of the balance sheet, income statement and financial position is also provided to facilitate the reader's understanding of the comments on these areas, with information on the breakdown and contents of the main income statement and balance sheet items, highlighting the reasons for the differences compared to the Financial Statements for 2010.

The **Notes to the Consolidated Financial Statements** highlight the scope and the principles of 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 the figures in Rai's Statutory Financial Statements and the Consolidated Group Financial Statements at 31 December 2011 with regard to the Result for the year and Shareholders' equity, compared to the corresponding figures of the Financial Statements at 31 December 2010.

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 to 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. 127/91;
- 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 2011 and the accompanying Directors’ Report on operations have been drawn up in accordance with the provisions of the aforementioned Legislative Decree 127/1991.

Rome, 19 April 2012

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 2011. 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 3 June 2011.
- 3 In our opinion, the consolidated financial statements of the RAI – Radiotelevisione italiana Group as of 31 December 2011 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 result 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 Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion the report on operations is

PricewaterhouseCoopers SpA

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consistent with the consolidated financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2011.

Rome, 19 April 2012

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

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Rai Cinema SpA

Name:	Rai Cinema SpA
Date of incorporation:	01 December 1999
Object:	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 100%
Employees:	90 on permanent contracts 27 on fixed-term contracts
Board of Directors	
Chairman:	Franco Scaglia
Managing Director:	Paolo Del Brocco
Directors:	Angela Filipponio Tatarella Franco La Gioia Gloria Tassarolo
Board Secretary:	Massimiliano Orfei
General Manager	Giuseppe Sturiale
Board of Statutory Auditors	
Chairman:	Lanfranco Duo'
Standing Statutory Auditors:	Orlando Fazzolari Cesare Augusto Giannoni
Alternate Statutory Auditors:	Paolo Grasseti Leonardo Quagliata

Rai Cinema SpA

Balance Sheet - Assets (in euros)

	31.12.2011	31.12.2010
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	418,246,043	423,576,762
4.- Concessions, licences, trademarks and similar rights	1,297	-
6.- Intangible assets under development and payments on account	76,638,407	79,846,648
7. Other assets	192,157	115,963
TOTAL INTANGIBLE ASSETS	495,077,904	503,539,373
II. TANGIBLE ASSETS		
2.- Plant and machinery	12,474	17,840
3.- Industrial and sales equipment	1,457	-
4.- Other assets	114,976	90,257
TOTAL TANGIBLE ASSETS	128,907	108,097
III. FINANCIAL ASSETS		
1.- Equity investments in:		
a) subsidiaries	-	516,456
Total equity investments	-	516,456
2.- Receivables		
d) from others	251,592	261,136
Total receivables	251,592	261,136
TOTAL NON-CURRENT FINANCIAL ASSETS	251,592	777,592
TOTAL NON-CURRENT ASSETS	495,458,403	504,425,062
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished goods and merchandise	908,184	503,967
TOTAL INVENTORIES	908,184	503,967
II. RECEIVABLES		
1.- From customers	42,249,213	8,825,989
2.- From subsidiaries	-	24,638,744
4.- From parent companies	10,267,566	4,398,871
4.bis - Tax receivables	3,770,810	35,578
4.ter - Deferred tax assets	623,422	771,378
5.- Others		
- amounts due within one year	4,168,540	4,071,859
- amounts due after one year	1,237,998	-
Total others	5,406,538	4,071,859
TOTAL RECEIVABLES	62,317,549	42,742,419
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	75,047	-
Total cash and cash equivalents	75,047	-
TOTAL CURRENT ASSETS	63,300,780	43,246,386
D) ACCRUED INCOME AND PREPAID EXPENSES	59,924	158,334
TOTAL ASSETS	558,819,107	547,829,782

Rai Cinema SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. CAPITAL	200,000,000	200,000,000
IV. LEGAL RESERVE	14,437,585	11,500,340
VII. OTHER RESERVES	1,400,387	-
VIII. PROFITS (LOSSES) BROUGHT FORWARD	7,933,132	7,623,771
X. PROFIT (LOSS) FOR THE YEAR	17,960,457	58,744,899
TOTAL SHAREHOLDERS' EQUITY	241,731,561	277,869,010
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	6,482	497,239
2.- Current and deferred taxes	763	42,506
3.- Other	3,221,008	2,392,029
TOTAL PROVISIONS FOR RISKS AND CHARGES	3,228,253	2,931,774
C) PROVISION FOR STAFF SEVERANCE PAY	1,685,114	1,066,379
D) PAYABLES		
6.- Advances	50,207	50,000
7.- Suppliers	110,260,855	108,427,801
9.- Subsidiaries	-	12,762,748
11.- Parent companies	197,137,913	138,990,661
12. Taxes payable	558,817	1,405,395
13.- Welfare and social security institutions	378,070	196,838
14.- Other payables	3,784,672	3,215,601
TOTAL PAYABLES	312,170,534	265,049,044
E) ACCRUED EXPENSES AND DEFERRED INCOME	3,645	913,575
TOTAL LIABILITIES	558,819,107	547,829,782

Rai Cinema SpA**Memorandum accounts (in euros)**

	31.12.2011	31.12.2010
4.- Others	113,955,708	113,515,856
TOTAL MEMORANDUM ACCOUNTS	113,955,708	113,515,856

Rai Cinema SpA

Income Statement (in euros)

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	349,600,579	397,022,599
2.- Changes in inventories of work in progress, semifinished and finished goods	(33,717)	(41,056)
5.- Other production-related income		
a) operating grants	1,337,880	23,600
b) gains on disposal of assets	20,000	-
c) other	8,568,104	3,695,140
Total other production-related income	9,925,984	3,718,740
TOTAL PRODUCTION VALUE	359,492,846	400,700,283
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(1,235,066)	(1,049,321)
7.- Services	(59,914,133)	(52,496,540)
8.- Use of third-party assets	(2,036,999)	(1,477,979)
9.- Personnel		
a) wages and salaries	(6,086,696)	(3,446,567)
b) social security contributions	(1,766,790)	(1,039,230)
c) staff severance pay provision	(459,737)	(260,073)
d) pension and similar costs	(185,742)	(138,863)
e) other costs	(47,567)	(33,881)
Total for personnel	(8,546,532)	(4,918,614)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(247,078,580)	(240,205,651)
b) depreciation of tangible assets	(36,711)	(33,691)
c) other non-current asset writedowns	(767,620)	(6,951,443)
d) writedowns of current receivables, cash and cash equivalents	(1,904,923)	(207,527)
Total amortisation, depreciation and writedowns	(249,787,834)	(247,398,312)
12.- Provisions for risks	(250,505)	(100,000)
13.- Other provisions	(50,400)	-
14.- Other operating costs		
c) other	(2,066,660)	(3,161,882)
Total miscellaneous operating costs	(2,066,660)	(3,161,882)
TOTAL PRODUCTION COSTS	(323,888,129)	(310,602,648)
Difference between production value and costs (A-B)	35,604,717	90,097,635
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
a) from non-current receivables		
. other	3,733	2,579
Total income from non-current receivables	3,733	2,579
d) financial income other than the above		
. interest and commissions from parent companies	407	157
. interest and commissions from others and miscellaneous income	4,625	12,185
Total financial income other than the above	5,032	12,342
Total other financial income	8,765	14,921
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(4,235,375)	(2,804,498)
d) interest and commissions payable to others and miscellaneous charges	(84,199)	(55,857)
Total interest and other financial expense	(4,319,574)	(2,860,355)
17bis.- Foreign exchange gains and losses	(2,369,553)	(4,497)
TOTAL FINANCIAL INCOME AND EXPENSES	(6,680,362)	(2,849,931)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) contingent assets and reversal of non-existent liabilities	-	6,486
c) differences from round off to the nearest euro	-	1
Total income	-	6,487
21.- Expense		
b) prior years' taxes	(492,685)	(3,789)
Total expense	(492,685)	(3,789)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(492,685)	2,698
Result before taxes (A-B+/-C+/-D+/-E)	28,431,670	87,250,402
22.- Current income taxes for the year, and deferred tax assets and liabilities	(10,471,213)	(28,505,503)
23.- Profit (loss) for the year	17,960,457	58,744,899

Rai Corporation - Italian Radio TV System

Name:	Rai Corporation – Italian Radio TV System		
Date of incorporation:	20 January 1960		
Object:	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:	USD 500,000 50,000 shares of par value USD 10 each Rai 100%		
Ownership:	Rai Corporation Canada 100%		
Employees:	40 on permanent contracts		
Board of Directors		(from 9 February until 4 May 2011)	(since 20 May 2011)
Chairman:	Massimo Magliaro	Mauro Masi	Lorenza Lei
Directors:	(until 9 febbraio 2011)	(since 9 February 2011)	
	Filippo Bertolino Rubens Esposito	Antonio Marano Gianfranco Comanducci	
Board Secretary:	(until 9 febbraio 2011)	(since 9 February 2011)	
	Guido Corso	Alessandro Pagano	
General Manager	Guido Corso		

The financial statements presented below are drawn up in accordance with Italian GAAP.

Rai Corporation	Balance Sheet - Assets (in US dollars)	
	31.12.2011	31.12.2010
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
7. Other assets	-	3,730,961
TOTAL INTANGIBLE ASSETS		3,730,961
II. TANGIBLE ASSETS		
2.- Plant and machinery	-	122,500
4.- Other assets	23,000	120,978
TOTAL TANGIBLE ASSETS	23,000	243,478
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	72,342	284,735
. amounts due after one year	-	65,154
Total receivables	72,342	349,889
TOTAL NON-CURRENT FINANCIAL ASSETS	73,342	350,889
TOTAL NON-CURRENT ASSETS	96,342	4,325,328
C) CURRENT ASSETS		
I. INVENTORIES	-	-
II. RECEIVABLES		
1.- From customers	82,328	113,658
4.- From parent companies	9,643,991	8,982,441
4.bis- Tax receivables	-	171,129
5.- Others	60,375	102,986
TOTAL RECEIVABLES	9,786,694	9,370,214
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	344,986	666,838
3.- Cash and cash equivalents on hand	2,000	469
TOTAL CASH AND CASH EQUIVALENTS	346,986	667,307
TOTAL CURRENT ASSETS	10,133,680	10,037,521
D) ACCRUED INCOME AND PREPAID EXPENSES	-	-
TOTAL ASSETS	10,230,022	14,362,849

Rai Corporation**Balance Sheet - Liabilities** (in US dollars)

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. Capital	500,000	500,000
VII. Other reserves	4,822,000	10,000,000
VIII. Profits (losses) brought forward	(1,585,896)	(886,369)
X. Profit (loss) for the year	(1,593,611)	(699,527)
TOTAL SHAREHOLDERS' EQUITY	2,142,493	8,914,104
B) PROVISIONS FOR RISKS AND CHARGES		
3.- Other	5,458,822	138,823
TOTAL PROVISIONS FOR RISKS AND CHARGES	5,458,822	138,823
C) PROVISION FOR STAFF SEVERANCE PAY	1,761,313	1,757,721
D) PAYABLES		
6.- Advances		
. amounts due within one year	-	160,141
. amounts due after one year	-	1,983,945
7.- Suppliers	285,353	589,709
9.- Subsidiaries	1,000	1,000
11.- Parent companies	48,110	247,230
12.- Taxes payable	39,456	42,353
14.- Other payables	493,475	511,823
TOTAL PAYABLES	867,394	3,536,201
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	16,000
TOTAL LIABILITIES	10,230,022	14,362,849

Rai Corporation**Memorandum accounts** (in US dollars)

	31.12.2011	31.12.2010
3.- Purchase and sale commitments	-	10,977,348
4.- Other	2,600,025	2,785,024
TOTAL MEMORANDUM ACCOUNTS	2,600,025	13,762,372

Rai Corporation

Income Statement (in US dollars)

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	12,794,394	17,795,921
5.- Other production-related income		
c) other	2,197,425	102,523
Total other production-related income	2,197,425	102,523
TOTAL PRODUCTION VALUE	14,991,819	17,898,444
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(100,054)	(117,471)
7. Services	(3,132,526)	(5,762,035)
8.- Use of third-party assets	(2,863,192)	(4,921,135)
9. Personnel		
a) wages and salaries	(4,493,996)	(4,959,873)
b) social security contributions	(1,318,668)	(1,382,133)
c) staff severance pay provision	(162,196)	(29,065)
e) other costs	(280,822)	(50,000)
Total for personnel	(6,255,682)	(6,421,071)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(379,713)	(380,221)
b) depreciation of tangible assets	(95,784)	(523,524)
c) other non-current asset writedowns	(3,451,218)	-
d) writedowns of current receivables, cash and cash equivalents	(13,586)	-
Total amortisation, depreciation and writedowns	(3,940,301)	(903,745)
12.- Provisions for risks	-	(63,000)
14.- Other operating costs		
a) capital losses on disposals	(15,996)	-
c) other	(107,235)	(310,516)
Total miscellaneous operating costs	(123,231)	(310,516)
TOTAL PRODUCTION COSTS	(16,414,986)	(18,498,973)
Difference between production value and costs (A-B)	(1,423,167)	(600,529)
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	191	1,581
. interest and commissions from others and miscellaneous income	2,681	3,020
Total financial income other than the above	2,872	4,601
Total other financial income	2,872	4,601
17.- Interest and other financial expense		
d) interest and commissions payable to others and miscellaneous charges	(11,194)	(11,470)
Total interest and other financial expense	(11,194)	(11,470)
17bis.- Foreign exchange gains and losses	(113)	243
TOTAL FINANCIAL INCOME AND EXPENSES	(8,435)	(6,626)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
21.- Expense		
b) prior years' taxes	-	(5,853)
Total expense	-	(5,853)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	-	(5,853)
Result before taxes (A-B+/-C+/-D+/-E)	(1,431,602)	(613,008)
22.- Current income taxes for the year, and deferred tax assets and liabilities	(162,009)	(86,519)
23.- Profit (loss) for the year	(1,593,611)	(699,527)
Of which: pertaining to the Parent Company	(1,593,611)	(699,527)

Rai Corporation Canada - Italian Radio TV System

Name:	Rai Corporation Canada – Italian Radio TV System		
Date of incorporation:	18 February 1987		
Object:	The company is wholly owned by Rai Corporation and its objects are the distribution in Canada of the 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	(until 9 February 2011)	(from 9 February until 20 May 2011)	(since 20 May 2011)
Chairman:	Massimo Magliaro	Mauro Masi	Gianfranco Comanducci
Directors:	Guido Corso Rita Carbone-Fleury		
General Manager	Guido Corso		

The financial statements presented below are drawn up in accordance with Italian GAAP.

Rai Corporation Canada**Balance Sheet - Assets** (in Canadian dollars)

	31.12.2011	31.12.2010
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)

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. 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)

	31.12.2011	31.12.2010
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	-	-

RaiNet SpA

Name:	RaiNet SpA
Date of incorporation:	23 June 1999
Object:	The company's object is 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 22 on fixed-term contracts
Board of Directors	
Chairman:	Giampaolo Rossi
Vice Chairman:	(vacant office)
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)	
	31.12.2011	31.12.2010
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	39,175	88,080
6.- Intangible assets under development and payments on account	106,011	40,000
7. Other assets	88,027	113,835
TOTAL INTANGIBLE ASSETS	233,213	241,915
II. TANGIBLE ASSETS		
2.- Plant and machinery	74,768	121,883
3.- Industrial and sales equipment	462	-
4.- Other assets	1,018,642	1,186,937
TOTAL TANGIBLE ASSETS	1,093,872	1,308,820
III. FINANCIAL ASSETS	-	-
TOTAL NON-CURRENT ASSETS	1,327,085	1,550,735
C) CURRENT ASSETS		
I. INVENTORIES	-	-
II. RECEIVABLES		
1.- From customers	1,429,220	1,441,965
4.- From parent companies	13,783,653	10,752,907
4.bis- Tax receivables	793	26,699
5.- Others	83,617	86,539
TOTAL RECEIVABLES	15,297,283	12,308,110
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
TOTAL CURRENT ASSETS	15,297,283	12,308,110
D) ACCRUED INCOME AND PREPAID EXPENSES	207,961	177,229
TOTAL ASSETS	16,832,329	14,036,074

RaiNet SpA**Balance Sheet - Liabilities** (in euros)

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. Capital	5,160,000	5,160,000
IV. Legal reserve	366,629	293,407
VII. Other reserves	1,391,244	9
VIII. Profits (losses) brought forward	1,613,295	1,613,295
X. Profit (loss) for the year	1,720,346	1,464,456
TOTAL SHAREHOLDERS' EQUITY	10,251,514	8,531,167
B) PROVISIONS FOR RISKS AND CHARGES		
3.- Other	914,820	682,293
TOTAL PROVISIONS FOR RISKS AND CHARGES	914,820	682,293
C) PROVISION FOR STAFF SEVERANCE PAY	536,043	517,634
D) PAYABLES		
7.- Suppliers	2,208,634	2,694,176
11.- Parent companies	2,431,058	1,221,591
12.- Taxes payable	175,952	128,737
13.- Welfare and social security institutions	174,804	142,356
14.- Other payables	139,504	118,120
TOTAL PAYABLES	5,129,952	4,304,980
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES	16,832,329	14,036,074

RaiNet SpA**Memorandum accounts** (in euros)

	31.12.2011	31.12.2010
4.- Others	356,500	371,089
TOTAL MEMORANDUM ACCOUNTS	356,500	371,089

RaiNet SpA

Income Statement (in euros)

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	15,091,836	14,308,616
5.- Other production-related income		
c) other	663,434	999,495
Total other production-related income	663,434	999,495
TOTAL PRODUCTION VALUE	15,755,270	15,308,111
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(47,369)	(79,088)
7.- Services	(8,490,762)	(8,536,057)
8.- Use of third-party assets	(365,563)	(346,132)
9.- Personnel		
a) wages and salaries	(2,977,260)	(2,620,726)
b) social security contributions	(846,872)	(758,126)
c) staff severance pay provision	(211,357)	(192,063)
d) pension and similar costs	(60,759)	(56,471)
e) other costs	(73,882)	(17,793)
Total for personnel	(4,170,130)	(3,645,179)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(145,572)	(183,505)
b) depreciation of tangible assets	(439,917)	(447,534)
Total amortisation, depreciation and writedowns	(585,489)	(631,039)
12.- Provisions for risks	(10,609)	(84,956)
13.- Other provisions	(15,766)	-
14.- Other operating costs		
a) capital losses on disposals	(75,183)	(14,154)
c) other	(66,630)	(293,792)
Total miscellaneous operating costs	(141,813)	(307,946)
TOTAL PRODUCTION COSTS	(13,827,501)	(13,630,397)
Difference between production value and costs (A-B)	1,927,769	1,677,714
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	26,470	12,331
Total financial income other than the above	26,470	12,331
Total other financial income	26,470	12,331
17.- Interest and other financial expense		
d) interest and commissions payable to others and miscellaneous charges	(1,149)	(623)
Total interest and other financial expense	(1,149)	(623)
17bis.- Foreign exchange gains and losses	2,059	(5,803)
TOTAL FINANCIAL INCOME AND EXPENSES	27,380	5,905
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) contingent assets and reversal of non-existent liabilities	15,197	3,837
Total income	15,197	3,837
TOTAL EXCEPTIONAL INCOME AND EXPENSE	15,197	3,837
Result before taxes (A-B+/-C+/-D+/-E)	1,970,346	1,687,456
22.- Current income taxes for the year, and deferred tax assets and liabilities	(250,000)	(223,000)
23.- Profit (loss) for the year	1,720,346	1,464,456

Rai Way SpA

Name:	Rai Way SpA
Date of incorporation:	29 July 1999
Object:	<p>The company's object is 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 dissemination, 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 and of telecommunications services of any kind.</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 transmission services.</p>
Share capital:	<p>70,176,000 euros 13,600,000 shares of par value 5.16 euros each Rai 100%</p>
Employees:	<p>637 on permanent contracts 41 on fixed-term contracts</p>
Board of Directors	
Chairman:	Francesco De Domenico
Vice Chairman:	Franco Modugno
Managing Director:	Stefano Ciccotti
Directors:	<p>Cesare 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)

	31.12.2011	31.12.2010
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	1,553,883	3,340,364
6.- Intangible assets under development and payments on account	411,353	213,081
7. Other assets	239,941	280,646
TOTAL INTANGIBLE ASSETS	2,205,177	3,834,091
II. TANGIBLE ASSETS		
1.- Land and buildings	45,963,886	44,732,431
2.- Plant and machinery	191,455,995	150,086,877
3.- Industrial and sales equipment	5,598,294	5,828,083
4.- Other assets	257,536	330,299
5.- Tangible assets under development and payments on account	61,014,835	72,468,521
TOTAL TANGIBLE ASSETS	304,290,546	273,446,211
III. FINANCIAL ASSETS		
2.- Receivables		
d) from others	183,875	172,094
Total receivables	183,875	172,094
TOTAL NON-CURRENT FINANCIAL ASSETS	183,875	172,094
TOTAL NON-CURRENT ASSETS	306,679,598	277,452,396
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	767,897	1,523,716
3.- Contract work in progress	196,131	112,043
TOTAL INVENTORIES	964,028	1,635,759
II. RECEIVABLES		
1.- From customers	6,864,265	9,148,593
4.- From parent companies	100,835,314	73,314,592
4.bis- Tax receivables	333,163	319,824
4.ter- Deferred tax assets		
. amounts due within one year	2,497,309	1,283,752
. amounts due after one year	1,946,976	1,106,159
5.- Others	819,140	790,300
TOTAL RECEIVABLES	113,296,167	85,963,220
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
TOTAL CURRENT ASSETS	114,260,195	87,598,979
D) ACCRUED INCOME AND PREPAID EXPENSES	833,333	904,363
TOTAL ASSETS	421,773,126	365,955,738

Rai Way SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. Capital	70,176,000	70,176,000
IV. Legal reserve	5,283,612	4,173,612
VII. Other reserves	29,501,716	29,164,518
X. Profit (loss) for the year	16,883,455	22,119,197
TOTAL SHAREHOLDERS' EQUITY	121,844,783	125,633,327
B) PROVISIONS FOR RISKS AND CHARGES		
1.- Provision for pension and similar liabilities	771,674	768,299
2.- Current and deferred taxes	1,752,648	1,103,757
3.- Other	17,969,151	14,288,464
TOTAL PROVISIONS FOR RISKS AND CHARGES	20,493,473	16,160,520
C) PROVISION FOR STAFF SEVERANCE PAY	21,751,558	22,140,770
D) PAYABLES		
4.- Due to banks		
. amounts due within one year	60,867	57,934
. amounts due after one year	756,199	817,066
5.- Due to other lenders		
. amounts due within one year	74,479	74,108
. amounts due after one year	726,413	800,892
7.- Suppliers	66,088,531	70,421,270
11.- Parent companies	180,730,363	119,906,620
12.- Taxes payable	1,911,761	2,401,195
13.- Welfare and social security institutions	2,257,872	2,100,316
14.- Other payables	4,595,166	4,627,706
TOTAL PAYABLES	257,201,651	201,207,107
E) ACCRUED EXPENSES AND DEFERRED INCOME	481,661	814,014
TOTAL LIABILITIES	421,773,126	365,955,738

Rai Way SpA**Memorandum accounts (in euros)**

	31.12.2011	31.12.2010
4.- Others	58,869,149	52,601,958
TOTAL MEMORANDUM ACCOUNTS	58,869,149	52,601,958

Rai Way SpA

Income Statement (in euros)

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	224,895,109	223,853,597
3.- Changes in contract work in progress	84,088	(560,182)
4.- Internal cost capitalisations	2,929,918	2,485,892
5.- Other production-related income		
a) operating grants	187,746	295,370
b) gains on disposal of assets	2,861,734	-
c) other	4,981,182	5,779,459
Total other production-related income	8,030,662	6,074,829
TOTAL PRODUCTION VALUE	235,939,777	231,854,136
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(1,990,038)	(2,352,945)
7.- Services	(41,873,896)	(45,128,703)
8.- Use of third-party assets	(41,106,926)	(44,211,808)
9.- Personnel		
a) wages and salaries	(36,903,015)	(36,171,647)
b) social security contributions	(10,146,027)	(9,955,384)
c) staff severance pay provision	(2,949,902)	(2,791,737)
d) pension and similar costs	(924,833)	(939,201)
e) other costs	(211,097)	(216,303)
Total for personnel	(51,134,874)	(50,074,272)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(2,032,358)	(2,189,693)
b) depreciation of tangible assets	(55,515,523)	(45,279,405)
d) writedowns of current receivables, cash and cash equivalents	(158,000)	(158,000)
Total amortisation, depreciation and writedowns	(57,705,881)	(47,627,098)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(755,819)	(115,073)
12.- Provisions for risks	(2,335,000)	(793,000)
13.- Other provisions	(2,920,000)	(1,510,000)
14.- Other operating costs		
a) capital losses on disposals	(771,629)	(343,786)
c) other	(4,265,655)	(4,312,137)
Total miscellaneous operating costs	(5,037,284)	(4,655,923)
TOTAL PRODUCTION COSTS	(204,859,718)	(196,468,822)
Difference between production value and costs (A-B)	31,080,059	35,385,314
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
a) from non-current receivables		
. other	170	241
Total income from non-current receivables	170	241
d) financial income other than the above		
. interest and commissions from others and miscellaneous income	2,884	5,649
Total financial income other than the above	2,884	5,649
Total other financial income	3,054	5,890
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(2,820,615)	(1,290,744)
d) interest and commissions payable to others and miscellaneous charges	(31,007)	(38,684)
Total interest and other financial expense	(2,851,622)	(1,329,428)
17bis.- Foreign exchange gains and losses	56,562	303,070
TOTAL FINANCIAL INCOME AND EXPENSES	(2,792,006)	(1,020,468)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) contingent assets and reversal of non-existent liabilities	-	46,835
Total income	-	46,835
21.- Expense		
b) prior years' taxes	(84,644)	(52,112)
c) contingent liabilities and reversal of non-existent assets	-	(177,779)
e) other	-	(429,826)
Total expense	(84,644)	(659,717)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(84,644)	(612,882)
Result before taxes (A-B+/-C+/-D+/-E)	28,203,409	33,751,964
22.- Current income taxes for the year, and deferred tax assets and liabilities	(11,319,954)	(11,632,767)
23.- Profit (loss) for the year	16,883,455	22,119,197

Rai World SpA

Name:	Rai World SpA
Date of incorporation:	28 February 2003
Object:	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 100%
Employees:	2 on permanent contracts
Board of Directors	
Chairman:	(vacant position)
Managing Director:	Claudio Cappon
Directors:	Antonio Bettanini Giovanni Galoppi Manuela Maffioli Daniele Maria Renzoni (in office from 8 March 2011)
General Manager	Mario Benotti
Board of Statutory Auditors	
Chairman:	Marco Buttarelli
Standing Statutory Auditors:	Giuseppe Ferrazza Luca Anselmi
Alternate Statutory Auditors:	Antonio Falsetti Eugenio Quaglia

Rai World SpA**Balance Sheet - Assets (in euros)**

	31.12.2011	31.12.2010
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
Values gross of amortisation and writedowns	2,886,873	2,901,651
Amortisation and writedowns	(2,867,774)	(2,843,452)
TOTAL INTANGIBLE ASSETS	19,099	58,199
II. TANGIBLE ASSETS		
Values gross of depreciation and writedowns	48,471	48,471
Depreciation and writedowns	(21,323)	(12,228)
TOTAL TANGIBLE ASSETS	27,148	36,243
III. FINANCIAL ASSETS	-	-
TOTAL NON-CURRENT ASSETS	46,247	94,442
C) CURRENT ASSETS		
II. RECEIVABLES	7,678,976	5,670,598
TOTAL RECEIVABLES	7,678,976	5,670,598
TOTAL CURRENT ASSETS	7,678,976	5,670,598
D) ACCRUED INCOME AND PREPAID EXPENSES	459	568
TOTAL ASSETS	7,725,682	5,765,608

Rai World SpA**Balance Sheet - Liabilities** (in euros)

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. Capital	1,300,000	1,300,000
VII. Other reserves	1,736,186	4,000,000
IX. Profit (loss) for the year	940,615	(3,014,088)
partial coverage of loss for the year	-	750,274
TOTAL SHAREHOLDERS' EQUITY	3,976,801	3,036,186
B) PROVISIONS FOR RISKS AND CHARGES	1,571,958	975,100
C) PROVISION FOR STAFF SEVERANCE PAY	17,394	9,487
D) PAYABLES	2,159,529	1,744,835
TOTAL PAYABLES	2,159,529	1,744,835
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES	7,725,682	5,765,608

Rai World SpA**Memorandum accounts** (in euros)

	31.12.2011	31.12.2010
4.- Others	297,268	297,268
TOTAL MEMORANDUM ACCOUNTS	297,268	297,268

Rai World SpA**Income Statement (in euros)**

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	5,298,450	5,230,000
5.- Other production-related income		
c) other	58,973	60,418
Total other production-related income	58,973	60,418
TOTAL PRODUCTION VALUE	5,357,423	5,290,418
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(12,574)	(12,646)
7.- Services	(2,976,206)	(3,822,913)
8.- Use of third-party assets	(473,137)	(817,282)
9.- Personnel		
a) wages and salaries	(124,741)	(114,247)
b) social security contributions	(31,295)	(45,820)
c) d) e) staff severance pay provision, pension and similar liabilities, other costs	(7,974)	(9,042)
Total personnel costs	(164,010)	(169,109)
10.- Amortisation, depreciation and writedowns		
a) b) c) amortisation of intangible assets, tangible assets, and other non-current asset writedowns	(48,196)	(2,270,647)
d) writedowns of current receivables, cash and cash equivalents	-	(105,000)
Total amortisation, depreciation and writedowns	(48,196)	(2,375,647)
12.- Provisions for risks	(553,640)	(975,100)
13.- Other provisions	(52,176)	-
14.- Other operating costs	(82,974)	(118,093)
TOTAL PRODUCTION COSTS	(4,362,913)	(8,290,790)
Difference between production value and costs (A-B)	994,510	(3,000,372)
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	26,905	219
Total financial income other than the above	26,905	219
Total other financial income	26,905	219
17.- Interest and other financial expense		
. interest and commissions payable to parent companies	-	(46,536)
. other	(53)	(30)
Total interest and other financial expense	(53)	(46,566)
17bis.- Foreign exchange gains and losses	60	(324)
TOTAL FINANCIAL INCOME AND EXPENSES	26,912	(46,671)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income	4,065	-
TOTAL EXCEPTIONAL INCOME AND EXPENSE	4,065	-
Result before taxes (A-B+/-C+/-D+/-E)	1,025,487	(3,047,043)
22.- Current income taxes for the year, and deferred tax assets and liabilities	(84,872)	32,955
23.- Profit (loss) for the year	940,615	(3,014,088)

Sipra SpA - Società Italiana Pubblicità per Azioni

Name:	Sipra – Società Italiana Pubblicità per Azioni
Date of incorporation:	09 April 1926
Object:	<p>The company object is the acquisition and exploitation of any kind of advertising, specifically advertising through radio broadcasting stations; the acquisition of control or a share, both directly and 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 object.</p>
Share capital:	<p>10,000,000 euros 100,000 shares of par value 100 euros each Rai 100%</p>
Employees:	<p>439 on permanent contracts 8 on fixed-term contracts</p>
Board of Directors	
Chairman:	Roberto Sergio
Managing Director:	Aldo Reali
Directors:	<p>Mauro Miccio Giuseppe Pasciucco Ugo Ottaviano Zanello</p>
Board Secretary:	Laura Paschetto
General Manager	Nicola Sinisi
Board of Statutory Auditors	
Chairman:	Carlo Maccallini
Standing Statutory Auditors:	<p>Antonino Parisi Marco Tani</p>
Alternate Statutory Auditors:	<p>Luigi Lausi (since 14 February 2011) Eugenio Quaglia</p>

Sipra SpA

Balance Sheet - Assets (in euros)

	31.12.2011	31.12.2010
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
7. Other assets	1,455,381	1,680,213
TOTAL INTANGIBLE ASSETS	1,455,381	1,680,213
II. TANGIBLE ASSETS		
1.- Land and buildings	24,269,800	25,356,595
2.- Plant and machinery	2,015,576	3,032,606
4.- Other assets	1,483,805	1,864,815
5.- Tangible assets under development and payments on account	115,829	486,574
TOTAL TANGIBLE ASSETS	27,885,010	30,740,590
III. FINANCIAL ASSETS		
2.- Receivables		
d) from others	41,010	90,975
Total receivables	41,010	90,975
TOTAL NON-CURRENT FINANCIAL ASSETS	41,010	90,975
TOTAL NON-CURRENT ASSETS	29,381,401	32,511,778
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished goods and merchandise	266,334	508,593
TOTAL INVENTORIES	266,334	508,593
II. RECEIVABLES		
1.- From customers	317,116,455	296,424,806
4.- From parent companies	37,683,726	51,784,053
4.bis- Tax receivables	140,942	164,726
4.ter- Deferred tax assets		
. amounts due within one year	42,784	27,819
. amounts due after one year	2,015,402	1,840,567
5.- Others	4,696,918	4,146,202
TOTAL RECEIVABLES	361,696,227	354,388,173
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	67,267	34,606
3.- Cash and cash equivalents on hand	38,414	38,640
TOTALE CASH AND CASH EQUIVALENTS	105,681	73,246
TOTAL CURRENT ASSETS	362,068,242	354,970,012
D) ACCRUED INCOME AND PREPAID EXPENSES	438,585	588,755
TOTAL ASSETS	391,888,228	388,070,545

Sipra SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2011	31.12.2010
A) SHAREHOLDERS' EQUITY		
I. Capital	10,000,000	10,000,000
II. Share premium reserve	1,113,870	1,113,870
IV. Legal reserve	2,000,000	2,000,000
VII. Other reserves	12,616,473	12,369,457
IX. Profit (loss) for the year	6,161,708	4,247,016
TOTAL SHAREHOLDERS' EQUITY	31,892,051	29,730,343
B) PROVISIONS FOR RISKS AND CHARGES		
2.- Current and deferred taxes	1,773,491	345,181
3.- Other	10,325,593	9,344,227
TOTAL PROVISIONS FOR RISKS AND CHARGES	12,099,084	9,689,408
C) PROVISION FOR STAFF SEVERANCE PAY	6,840,775	7,174,842
D) PAYABLES		
6.- Advances	240,998	713,730
7.- Suppliers	10,607,248	14,302,147
11.- Parent companies	323,624,967	318,432,498
12.- Taxes payable	1,035,172	1,368,840
13.- Welfare and social security institutions	2,118,878	2,343,031
14.- Other payables	2,945,915	3,825,502
TOTAL PAYABLES	340,573,178	340,985,748
E) ACCRUED EXPENSES AND DEFERRED INCOME	483,140	490,204
TOTAL LIABILITIES	391,888,228	388,070,545

Sipra SpA**Memorandum accounts (in euros)**

	31.12.2011	31.12.2010
3.- Purchase and sale commitments	1,879,981	3,317,063
4.- Others	57,264,491	72,200,859
TOTAL MEMORANDUM ACCOUNTS	59,144,472	75,517,922

Sipra SpA

Income Statement (in euros)

	31.12.2011	31.12.2010
A) PRODUCTION VALUE		
1.- Revenues from sales and services	967,401,672	1,033,437,029
5.- Other production-related income		
a) operating grants	7,588	-
b) gains on disposal of assets	-	110
c) other	5,973,104	6,310,726
Total other production-related income	5,980,692	6,310,836
TOTAL PRODUCTION VALUE	973,382,364	1,039,747,865
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(2,145,088)	(3,164,298)
7.- Services	(917,695,316)	(982,961,891)
8.- Use of third-party assets	(4,149,371)	(3,803,575)
9.- Personnel		
a) wages and salaries	(19,718,564)	(20,863,413)
b) social security contributions	(6,537,500)	(6,793,251)
c) staff severance pay provision	(1,669,179)	(1,584,354)
e) other costs	(1,108,595)	(1,378,468)
Total for personnel	(29,033,838)	(30,619,486)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(1,572,678)	(1,965,322)
b) depreciation of tangible assets	(3,373,058)	(3,412,082)
c) other non-current asset writedowns	(71,633)	(175,738)
d) writedowns of current receivables, cash and cash equivalents	-	(3,000,000)
Total amortisation, depreciation and writedowns	(5,017,369)	(8,553,142)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(242,259)	(272,212)
12.- Provisions for risks	(1,004,000)	(839,500)
13.- Other provisions	(75,299)	(128,345)
14.- Other operating costs		
a) capital losses on disposals	-	(2,003)
c) other	(1,698,390)	(1,854,668)
Total miscellaneous operating costs	(1,698,390)	(1,856,671)
TOTAL PRODUCTION COSTS	(961,060,930)	(1,032,199,120)
Difference between production value and costs (A-B)	12,321,434	7,548,745
C) FINANCIAL INCOME AND EXPENSE		
16.- Other financial income		
a) from non-current receivables		
. other	123	158
Total income from non-current receivables	123	158
d) financial income other than the above		
. interest and commissions from parent companies	354,605	112,568
. interest and commissions from others and miscellaneous income	432,379	721,636
Total financial income other than the above	786,984	834,204
Total other financial income	787,107	834,362
17.- Interest and other financial expense		
c) interest and commissions payable to parent companies	(14,161)	(12,078)
d) interest and commissions payable to others and miscellaneous charges	(59)	(31,233)
Total interest and other financial expense	(14,220)	(43,311)
17bis.- Foreign exchange gains and losses	(45)	(43)
TOTAL FINANCIAL INCOME AND EXPENSES	772,842	791,008
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) contingent assets and reversal of non-existent liabilities	89,359	112,601
Total income	89,359	112,601
21.- Expense		
b) prior years' taxes	(1,504,370)	(663)
c) contingent liabilities and reversal of non-existent assets	(25,417)	-
Total expense	(1,529,787)	(663)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(1,440,428)	111,938
Result before taxes (A-B+/-C+/-D+/-E)	11,653,848	8,451,691
22.- Current income taxes for the year, and deferred tax assets and liabilities	(5,492,140)	(4,204,675)
23.- Profit (loss) for the year	6,161,708	4,247,016



**Financial Statements
of Associated Companies**
(summary schedules)

Audiradio Srl in liquidation

Date of incorporation:	22 March 1996
Object:	The objective and impartial measurement with the most appropriate, modern methodologies and the systematic dissemination of Italian radio audience data at national, regional and local levels for advertising purposes.
Share Capital:	258,000 euros
Held by:	Rai 27%; minorities 73%

Auditel Srl

Date of incorporation:	03 July 1984
Object:	The objective and impartial measurement with the most appropriate, modern methodologies and the systematic dissemination of Italian television audience data at national, regional and local levels for advertising purposes.
Share Capital:	300,000 euros
Held by:	Rai 33%; minorities 67%

Euronews - Soci t  Anonyme

Date of incorporation:	30 June 1992
Object:	Multilingual satellite news broadcasting.
Share Capital:	3,848,610 euros 256,574 shares of par value 15.00 euros each
Held by:	Rai 21.54%; minorities 78.46%

San Marino RTV SpA

Date of incorporation:	08 August 1991
Object:	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.
Share 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
Object:	The company engages in the following activities: promotion of the "Tivù" digital terrestrial platform and the "Tivù Sat" digital terrestrial 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 the digital terrestrial platform and the complementary satellite platform.
Share 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 2011 financial statements of associated companies

Balance Sheet - Assets at 31.12.2011

	AUDIRADIO 2010(*)	AUDITEL 2010(*)	SAN MARINO RTV	EURONEWS	TIVÙ
SUBSCRIBED CAPITAL UNPAID	-	-	-	-	-
NON-CURRENT ASSETS					
Intangible assets	-	143,727	309,432	2,510,445	299,498
Tangible assets	-	92,004	210,013	4,811,919	195,679
Financial assets	986	31,284	8,149	2,122,971	-
CURRENT ASSETS					
Inventories	-	-	4,525	415,038	225,440
Receivables	101,519	1,757,048	3,508,861	21,662,314	4,043,289
Current financial assets	-	-	1,600,769	33,392,676	300,000
Cash and cash equivalents	2,234,730	886,029	1,104,584	3,450,988	1,969,924
ACCRUED INCOME AND PREPAID EXPENSES	15,295	36,716	88,651	1,563,398	70,896
TOTAL ASSETS	2,352,530	2,946,808	6,834,984	69,929,749	7,104,726

(*) last figure available for 2010.

Balance Sheet - Liabilities at 31.12.2011

	AUDIRADIO 2010(*)	AUDITEL 2010(*)	SAN MARINO RTV	EURONEWS	TIVÙ
SHAREHOLDERS' EQUITY					
Share capital, reserves and shareholder contributions to capital	1,125,672	1,256,331	5,754,966	20,021,069	2,196,860
Profit (loss) for the year	(5,387,673)	7,134	(367,721)	1,309,059	1,655,117
PROVISIONS FOR RISKS AND CHARGES	-	-	27,500	7,640,350	6,644
PROMSION FOR STAFF SEVERANCE PAY	76,605	566,847	159,742	-	12,405
PAYABLES	6,536,806	1,114,737	1,260,497	39,102,650	3,227,920
ACCRUED EXPENSES AND DEFERRED INCOME	1,120	1,759	-	1,856,621	5,780
TOTAL LIABILITIES	2,352,530	2,946,808	6,834,984	69,929,749	7,104,726
MEMORANDUM ACCOUNTS	-	40,321,670	2,264,554	-	30,889

(*) last figure available for 2010.

Income Statement at 31.12.2011

	AUDIRADIO 2010(*)	AUDITEL 2010(*)	SAN MARINO RTV	EURONEWS	TIVÙ
PRODUCTION VALUE	1,593,223	17,332,254	5,121,902	68,925,674	10,901,849
PRODUCTION COSTS	(6,991,441)	(17,310,948)	(5,534,701)	(66,844,478)	(8,380,802)
FINANCIAL INCOME AND EXPENSE	10,544	57,591	29,806	250,101	36,841
VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-	-	-	-
EXCEPTIONAL INCOME AND EXPENSE	1	(1)	15,272	(373,843)	1
Income taxes for the year	-	(71,762)	-	(648,395)	(902,772)
PROFIT (LOSS) FOR THE YEAR	(5,387,673)	7,134	(367,721)	1,309,059	1,655,117

(*) last figure available for 2010.





Corporate Directory

Corporate Directory

Management headquarters

Viale Mazzini, 14
00195 Rome

Via Cernaia, 33
10121 Turin

Research

Corso Giambone, 68
10135 Turin

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

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Rai Cinema SpA	Piazza Adriana, 12 00193 - Rome Tel. 06.684701 info@raicinema.it
Rai Corporation	32 Avenue of the Americas 25 th Floor New York - NY 10013 USA Tel. 001.212.468.2500
Rai World SpA	Viale Mazzini, 14 00195 - Rome Tel. 06.36869583
RaiNet SpA	Via Teulada, 66 00195 - Rome Tel. 06.38781 rai-net@rai.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
Shared capital: 242,518,100,00 euros fully paid in
Registered office: Viale Giuseppe Mazzini, 14 - 00195 Rome

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